

AN INTERNSHIP REPORT
ON
GENERAL BANKING ACTIVITIES of IFIC BANK LIMITED
(A STUDY ON DINAJPUR BRANCH)

This report is submitted to the faculty of postgraduate studies, Hajee Mohammad Danesh
Science and Technology University as a partial Requirement for the fulfillment of the
Degree Masters of Business Administration (MBA) Evening Program

SUBMITTED BY

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Major in Finance

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SUBMITTED TO

Jesmin Ara

Lecturer

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FACULTY OF POSTGRADUATE STUDIES
HAJEE MOHAMMAD DANESH SCIENCE AND TECHNOLOGY UNIVERSITY,
DINAJPUR-5200

May, 2016

Letter of Transmittal

Date: 09/05/2016

To
Jesmin Ara
Lecturer
Department of Finance and Banking
Faculty of Business Studies
HSTU, Dinajpur.

Subject: Submission of Internship Report.

Dear Madam,

With due respect, I hereby submit my Internship report General Banking Activities of IFIC Bank Limited. I have tried my best to prepare good report with providing all of my effort. The entire report is based on my working experience with IFIC Bank Limited Dinajpur Branch. During my internship period I have tried my best to use my theoretical knowledge into practical works.

I am grateful to you for your guidance and kind cooperation at every step of my endeavor on this report. I shall remain deeply grateful if you accept the report and evaluate my performance.

Yours sincerely,

Aktara Khatun

Student ID: E130501075

MBA (Evening) 1th Batch

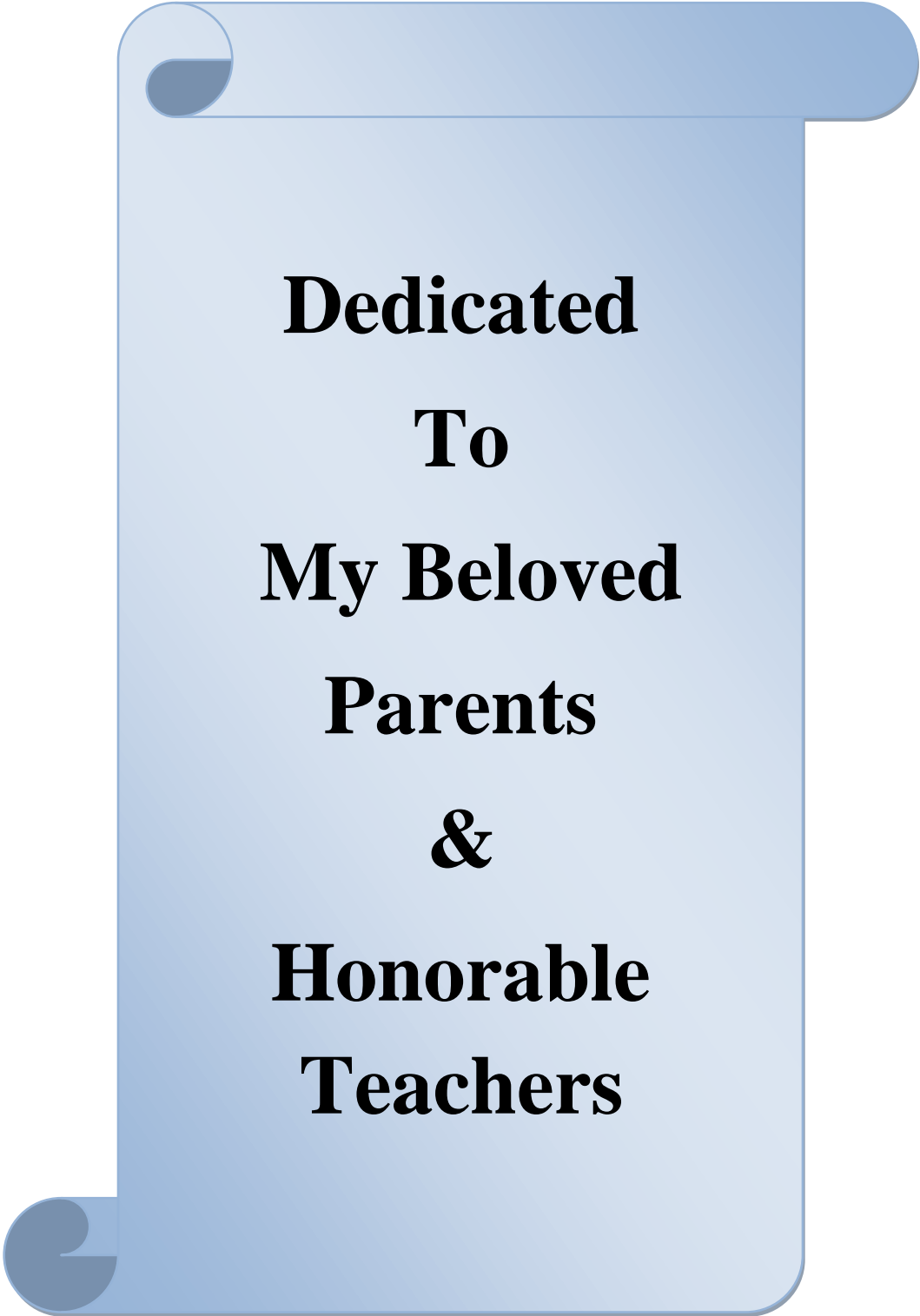
Major in Finance

Faculty of Postgraduate Studies

HSTU, Dinajpur.

Title of the Study

**General Banking
Activities of IFIC Bank
Limited**



**Dedicated
To
My Beloved
Parents
&
Honorable
Teachers**

Declaration of Supervisor

I hereby declare that the concerned report entitled “**General Banking Activities of IFIC Bank Limited**” is an original work by **Aktara Khatun**, Student ID. E130501075, MBA (Evening), major in Finance, Faculty of Postgraduate Studies, Hajee Mohammad Danesh Science & Technology University, Dinajpur-5200, completed her internship under my supervision & guidance and submitted for the partial fulfillment of the requirement of the degree of Masters of Business Administration (MBA) at Hajee Mohammad Danesh Science & Technology University, Dinajpur.

Therefore, she is directed to submit her report for evaluation. I wish her success at every sphere of her life.

Supervisor
Jesmin Ara
Lecturer
Department of Finance and Banking
Faculty of Business Studies
HSTU, Dinajpur.

Declaration of Co-Supervisor

It's my pleasure to write that **Aktara Khatun**, Student ID. E130501075, MBA (Evening), major in Finance, Faculty of Postgraduate Studies, HSTU, Dinajpur-5200, has successfully completed MBA internship program titled on “**General Banking Activities of IFIC Bank Limited**” under my supervision and guidance. I am acknowledging that this an original report on the said titled which is prepared by the mentioned candidate.

Therefore, she is directed to submit her report for evaluation. I wish her every success in her life.

Co-Supervisor
Md. Kutub Uddin
Associate professor
Department of Management
Faculty of Business Studies
HSTU, Dinajpur.

Student's Declaration

The discussing report is the terminal formalities of the internship program for the degree of Masters of Business Administration (MBA) Evening, Faculty of Postgraduate Studies at Hajee Mohammad Danesh Science and Technology University, Dinajpur which is compact professional progress rather than specialized. This report has prepared as per academic requirement after the successfully completing of 45 days internship program under the supervision of my honorable supervisor **Jesmin Ara**, Lecturer, Department of Finance and Banking. It is my pleasure and great privilege to submit my report titled "**General Banking Activities of IFIC Bank Limited**" as the presenter of this report; I have tried my level best to get together as much information as possible to enrich the report. I believe that it was fascinating experience and it has enriched both my knowledge and experience.

However, after all this, as a human being, I believe everyone is not beyond of limitation. There might have problems regarding lack and limitation in some aspects and also some minor mistake such as syntax error or typing mistake or lack of information. Please pardon me for that mistake and clarify these of my further information on those matters.

Aktara Khatun

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MBA (Evening) 1th Batch

Major in Finance

Faculty of Postgraduate Studies

HSTU, Dinajpur.

Acknowledgement

For the very first of all I would like to express my gratefulness and harmony to the **Almighty Allah**, the supreme authority of the universe. Next I would like to express my kindness to my **Beloved Parents** whose continuous inspiration encourages me to make a right move in my life.

I am grateful towards some respected persons for their advice, directions and cooperation, which enable me to get an experience in the real work environment.

First of all I would like to thank my honorable supervisor **Jesmin Ara**, Lecturer, Department of Finance and Banking, HSTU, Dinajpur. Without her help, advice and cooperation the report will be valueless.

I am also grateful to my honorable co-supervisor Md. **Kutub Uddin**, Associate Professor, Department of Management, HSTU, Dinajpur, for his important advice and cooperation to prepare this report.

I would like to place my gratitude to the HR of IFIC Bank Limited to allow me to complete my internship in their esteemed organization. Very special thanks go to **Md. Mostaque Hossain Chowdhury**, Manager, IFIC Bank Limited, Dinajpur Branch and other officers and employees of the branch, for helping me in all phase of the internship process. Their overwhelming support for my internship gave me the inspiration to do a better report.

I would like to thank from the deep of my heart to those people who are related with making of this report and make it a success.

At last but not the least, the Hajee Mohammad Danesh Science and Technology University, Dinajpur for giving me an opportunity to complete my MBA degree and give me a scope to gather practical experience and enrich my knowledge.

May Allah bless all of them.

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Acronym

IFIC	: International Finance Investment & Commerce
LLC	: Local Leasing Company
NBBL	: Nepal Bangladesh Bank Limited
NDLC	: National Development Leasing Corporation
NIB	: National Insurance Board
MISYS	: Manufacturing Information System
VISA	: Virtual Important Stamp for Authorization
WAN	: Wide Area Network
CD	: Current Deposit Account
SB	: Saving Deposit Account
STD	: Short-Term-Deposit
FDR	: Fixed Deposit Receipt
PSS	: Pension Savings Scheme
MIS	: Monthly Income Scheme
PO	: Pay Order
DD	: Demand Draft
TT	: Telegraphic Transfer
IBCA	: Inter Bank Credit Advice
IBC	: Inward bills for collection
OCC	: Outward Clearing Cheque

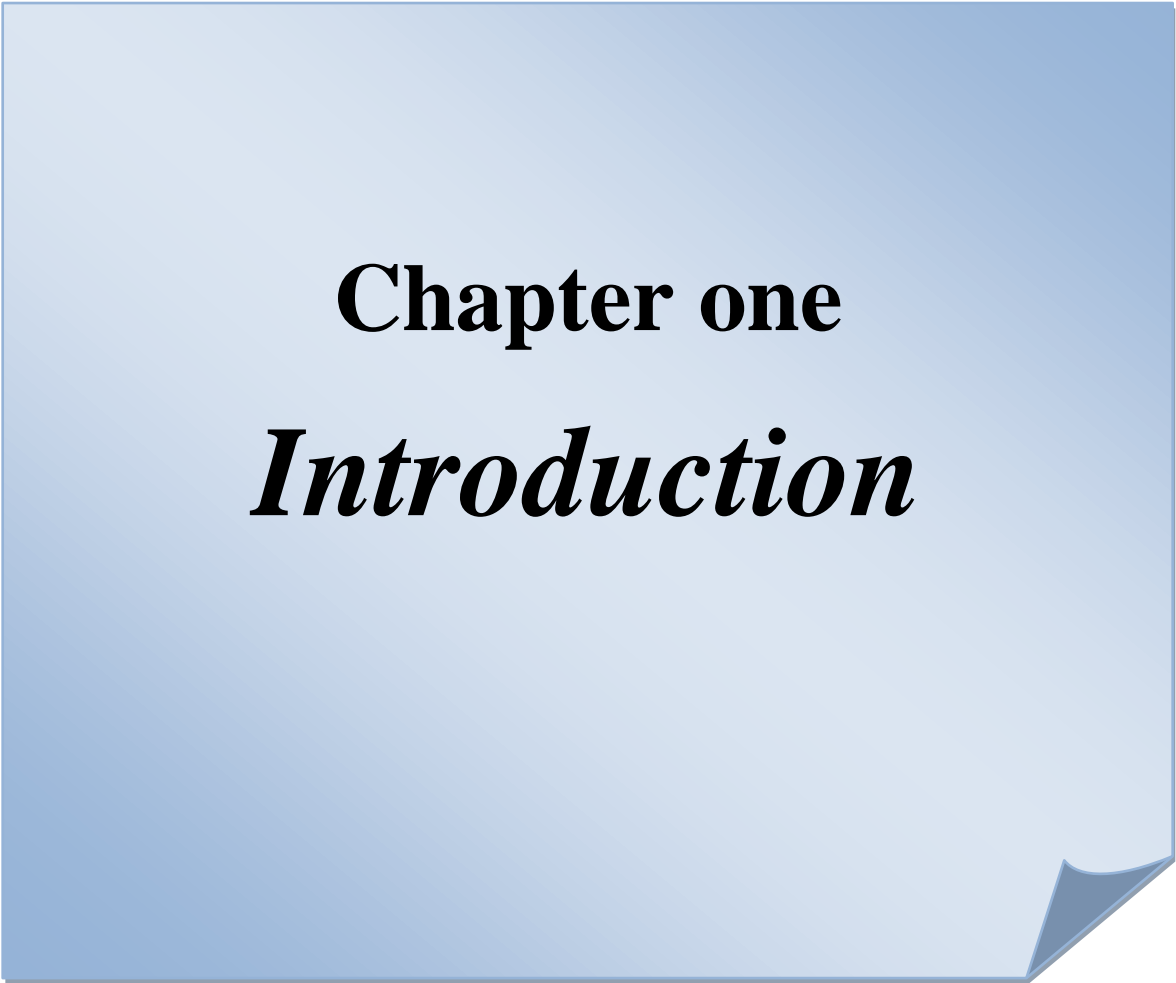
Abstract

The principal reason of banks chartered by the government and the central bank is to make loans to their customers. Banks are expected to support their communities with an adequate supply of credit for all legitimate business and financial needs of consumer and to price that credit reasonably in line with competitively determined interest rates. Indeed, making loans is the principal economic function of banks to fund consumption and investment spending by businesses, individuals, and units of government. How well a bank performs its function has a great deal to do with the economic health of any region, because banking performance support the growth of new businesses and jobs within the banks trade territory and promote economic vitality. Moreover, bank loans often seem to convey positive information to the marketplace about a borrower's credit quality, enabling a borrower to obtain more and perhaps somewhat cheaper funds from other sources.

The internship report is a partial requirement for the Master of Business Administration (MBA). As a part of internship program, I was placed at Dinajpur Branch of IFIC Bank Limited. During the 45 days internship program I have learned extensively about commercial banking operation.

This report explores IFIC Bank's activities as one of the leading non-government organization. This report contains information about all commercial activities that the bank deals with. I have mainly focused on General Banking system of IFIC Bank Limited in this report.

General banking operation includes all the general activities performed by the bank. I have discussed about different types of account holder and different types of account such as Saving Account, Current Account, Fixed Deposit Rate (FDR), Pension Saving Scheme (PSS) & other existing accounts with their rates and other activities of General Banking in detail.



Chapter one
Introduction

1.1 Origin of the report

A forty five days internship program in a particular organization and a report assigned by the academic supervisor is mandatory for every student of Masters of Business Administration of Hajee Mohammad Danesh Science and Technology University. Students who have completed all the required courses are eligible for this program. The main purpose of internship is to introduce the student to the job world. It helps individuals to learn how to translate the theoretical concepts into real life experience. Internship program helps to develop professional work habits; provides an understanding of corporate cultures. The experience that got by an intern during the internship period will make them self-confident and professional in their future job sector.

In our country there are many banks particularly the esteemed private sector banks and elite business firms provide this program of internship. I got the opportunity to do my internship in “The IFIC Bank Limited”, one of the most renowned private banks in Bangladesh. I was placed at the Dinajpur Branch of IFIC Bank Limited. I started my internship in IFIC Bank Limited-Dinajpur Branch from 7th March, 2016 and ended in 20th April, 2016.

A report on a particular topic is a mandatory part of the internship program. The report topic was approved by the supervisor to satisfy the organizational requirements and fulfillment of the internship program. As the requirement of the completion of the internship program, I was approved by my academic supervisor Jesmin Ara to make a report on the “General Banking Activities of IFIC Bank Limited”.

In this whole report I tried to connect my own knowledge to the financial data of IFIC Bank Limited. I tried my level best to make a quality report on “General Banking Activities of IFIC Bank Limited”

1.2 Objective of the report

Specific Objective

More specifically, this study entails the following aspects:

- i. To provide a brief overview of IFIC Bank Limited and their historical background

- ii. To evaluate the existing activities and techniques of IFIC Bank Limited.
- iii. To study the operational efficiency of IFIC Bank Limited.
- iv. To provide the recommendation for improvement to IFIC Bank Limited.

1.3 Methodology of data collection

For achieving the specific objective of this study I have used both primary and secondary data. The sources that have been used to gather and collect data is given below-

1.3.1 Primary Sources of data

- i. Interviewing and interacting with the customers of IFIC Bank.
- ii. Observing different organizational activities.
- iii. Conversation with the staffs of IFIC bank.

1.3.2 Secondary Sources of data

- i. The annual reports of IFIC Bank from 2009 to 2013.
- ii. Prospectus of IFIC Bank.
- iii. Various records of IFIC Bank, unpublished data.
- iv. Different textbooks, journals, booklets
- v. Web site of IFIC Bank.

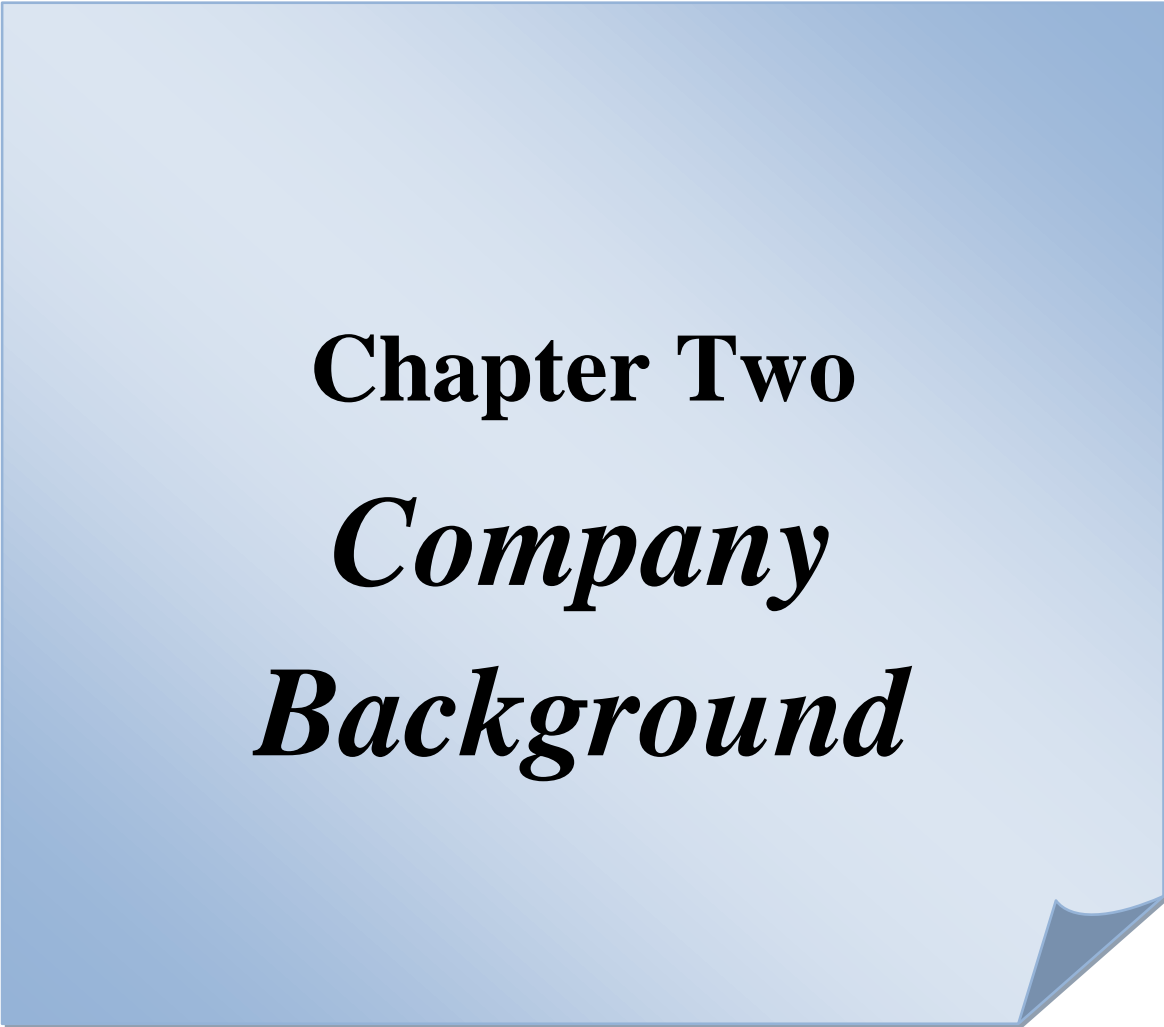
1.4 Limitation of the report

There are some limitations in the study. The time period of the study is very short. I had only forty five (45) days in my hand to complete this report, which was not enough. So I could not go in depth of the study.

To prepare this report I have faced the following limitations:

- i. Getting the information and interpreting it, on the basis of my understanding and then implementing it.
- ii. As I have done this kind of report for the first time and the subject matter is very complex that's why it was difficult to organize the report in a simple manner.
- iii. Although I have obtained wholehearted co-operation from employees and customers of IFIC Bank Limited- Dinajpur branch but they could not manage enough time to deal with my report.

- iv. The annual report and web sites are the main secondary sources of the information but this information was not enough to complete the report.
- v. Besides all these “Time constraint” is another problem for which many aspects of IFIC Bank Limited are dropped in this report.



Chapter Two
Company
Background

2.1 About IFIC Bank Limited

International Finance Investment and Commerce Bank Limited (IFIC Bank) is banking company incorporated in the People's Republic of Bangladesh with limited liability. It was set up at the instance of the Government in 1976 as a joint venture between the Government of Bangladesh and sponsors in the private sector with the objective of working as a finance company within the country and setting up joint venture banks/financial institutions abroad. In 1983 when the Government allowed banks in the private sector, IFIC was converted into a fully fledged commercial bank. The Government of the People's Republic of Bangladesh now holds 32.75% of the share capital of the Bank. Directors and Sponsors having vast experience in the field of trade and commerce own 11.31% of the share capital and the rest is held by the general public.

The Bank had been widely welcome by the business community, from small entrepreneurs for forward-looking business outlook business outlook and innovative financing solutions. Thus, within this very short period it has been able to create an image for itself and has earned significant reputation in the country's banking sector as a bank with vision.

2.2 Vision

The IFIC Bank Limited wants to be the preferred financial service provider through innovative, sustainable and inclusive growth and deliver the best in class value to all stakeholders.

2.3 Mission

The mission of IFIC Bank Limited is to provide service to their clients with the help of a skilled and dedicated workforce whose creative talents, innovative actions and competitive edge make its position unique in giving quality service to all institutions and individuals that its care for.

They are committed to the welfare and economic prosperity of the people and the community, for they derive from them their inspiration and drive for onward progress to prosperity.

In an intensely competitive and complex financial and business environment, they particularly focus on growth and profitability of all concerned.

2.4 Core values

- i. Integrity: Upholding integrity in all that they do, always, everywhere.
- ii. Fairness: Striving to offer the best to their customers equitably with transparency.
- iii. Innovation: Encouraging and nurturing creativity.
- iv. Commitment: Committed to excellence in customer service and maximization of stakeholders' value through teamwork.

2.5 Strategic priority

- i. To strive for sound business growth by ensuring customer satisfaction through quality and timely services.
- ii. To manage and operate the Bank in the most efficient manner to ensure achievement of goal.
- iii. To maintain adequate capital flow to support further growth.
- iv. To ensure effective and efficient risk management for sustainable business growth.
- v. To diversify loan portfolio through structured finance and expansion of Corporate, SME, Agricultural and Retail businesses.
- vi. To mount state-of-the-art technologies and adopt innovative ideas for financial inclusion.
- vii. To groom human resources for serving customers efficiently.
- viii. To increase brand visibility by creating positive image of the Bank.
- ix. To be a trend-setter in serving the society and remain responsive to the environment.
- x. To ensure sound corporate governance.
- xi. To facilitate mobility in banking by up-gradation of internet and Mobile Banking.
- xii. To add value for all stakeholders.

2.6 Milestones

1976- Established as a joint venture Investment & Finance Company with the Govt. of Bangladesh.

1980- Commenced operation in Foreign Exchange Business in a limited scale.

1982- Obtained permission from the Govt. to operate as a commercial Bank, Set up its first overseas joint venture (Bank of Maldives Limited) in Maldives (IFIC's share in Bank of Maldives limited was sold to Maldives Govt. in 1992).

1983- Commenced operation as a full-fledged commercial bank in Bangladesh.

1985- Set up a joint venture Exchange Company in the Sultanate of Oman, titled Oman Bangladesh Exchange Company (Subsequently renamed as Oman International Exchange, LLC).

1987- Set up its first overseas branch at Karachi, Pakistan.

1993- Set up its second overseas branch at Lahore, Pakistan.

1994- Set up its first joint venture in Nepal, titled Nepal Bangladesh Bank Ltd.

1999- Set up second joint venture in Nepal for lease financing, titled Nepal Bangladesh Finance & Leasing Co. Ltd. (merged with NBBL in 2007).

2003- Set up a new Bank in Pakistan, NDLC-IFIC Bank Ltd. (Subsequently renamed as NIB Bank Ltd.) and the Overseas Branches of IFIC and a local leasing company, NDLC were amalgamated with and into it.

2005- Acquired MISYS solution for real time online banking, Implementation of Core Risk Management.

2007- Launched VISA branded Credit Card (completed full range of Cards i.e. Debit, Credit & Prepaid by 2010).

2010- Set up Off-shore Banking Unit (OBU).

2011- Established a fully owned exchange company named IFIC Money Transfer (UK) Ltd.

2012- Inauguration of 100th Branch at Tejgaon-Gulshan Link Road in Dhaka.

2013- Achieved the landmark of BDT 100 billion deposit.

2.7 Management Structure

The thirteen members of the Board of Directors are responsible for the strategic planning and overall policy guidelines of the Bank. Further, there is an Executive Committee of the Board to dispose of urgent business proposals.

Besides, there is an Audit Committee in the Board to oversee compliance of major regulatory and operational issues.

The CEO and Managing Director, Deputy Managing Director and Head of Divisions are responsible for achieving business goals and overseeing the day to day operation.

The CEO and Managing Director are assisted by a Senior Management Group consisting of Deputy Managing Director and Head of Divisions who supervise operation of various Divisions centrally and co-ordinates operation of branches.

Key issues are managed by a Management Committee headed by the CEO and Managing Director. This facilitates rapid decisions.

There is an Asset Liability Committee comprising member of the Senior Executives headed by CEO and Managing Director to look into all operational functions and Risk Management of the Bank.

2.8 Organization hierarchy

Organization hierarchy of IFIC Bank Limited is given bellow-

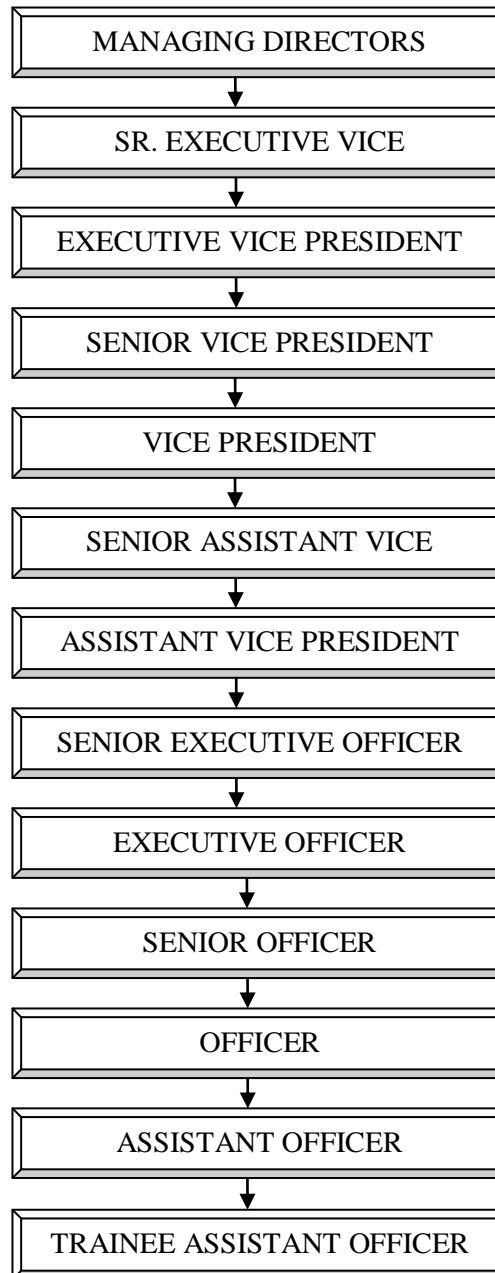


Fig 1: Organization hierarchy of IFIC Bank Limited

(Source: Annual Report of IFIC Bank Limited)

2.9 Products and services of IFIC Bank Limited

Main products of IFIC Bank Limited are given bellow-

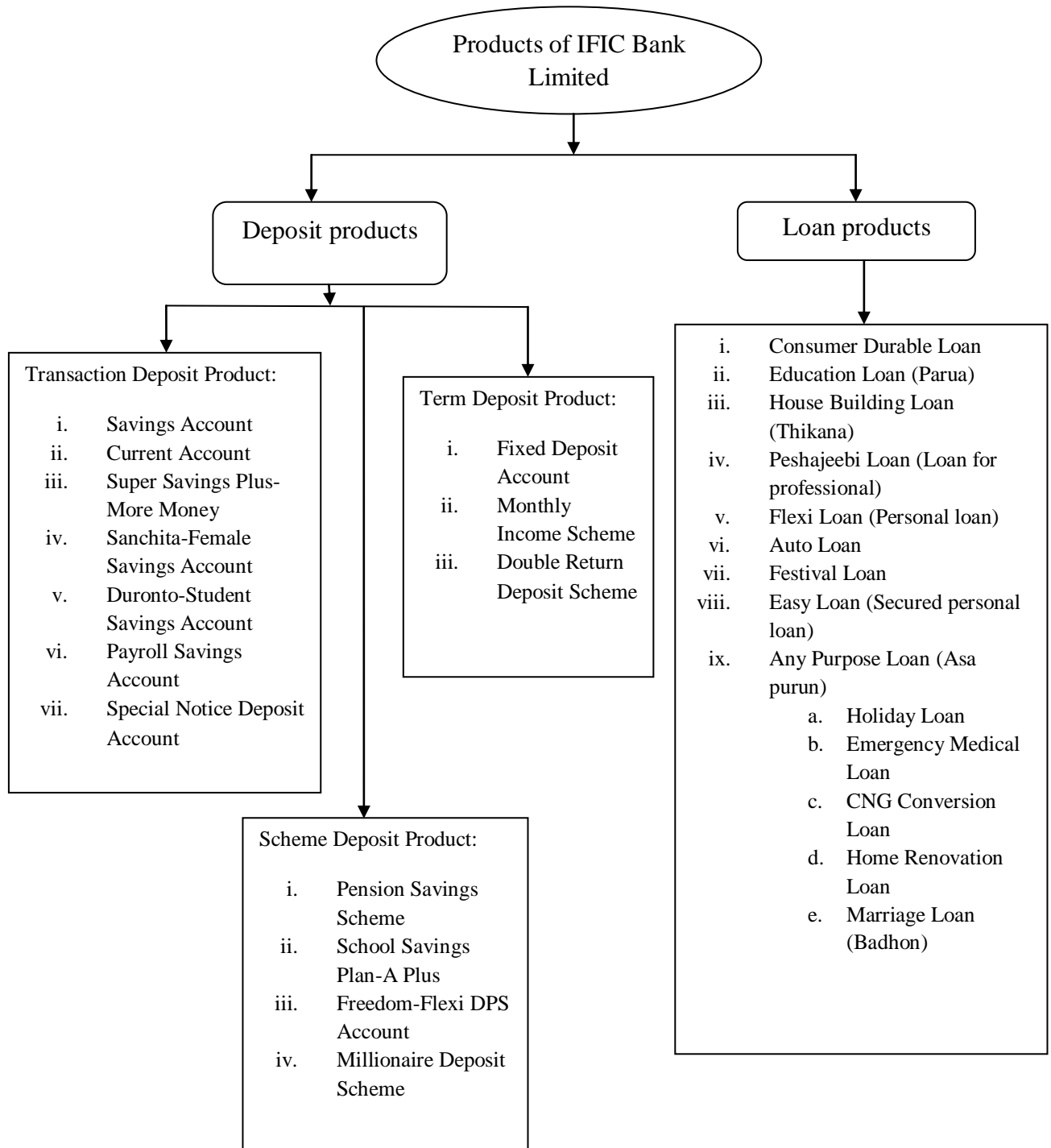


Fig 2: Products of IFIC Bank Limited

(Source: Annual Report of IFIC Bank Limited)

Main services of IFIC Bank Limited are given bellow-

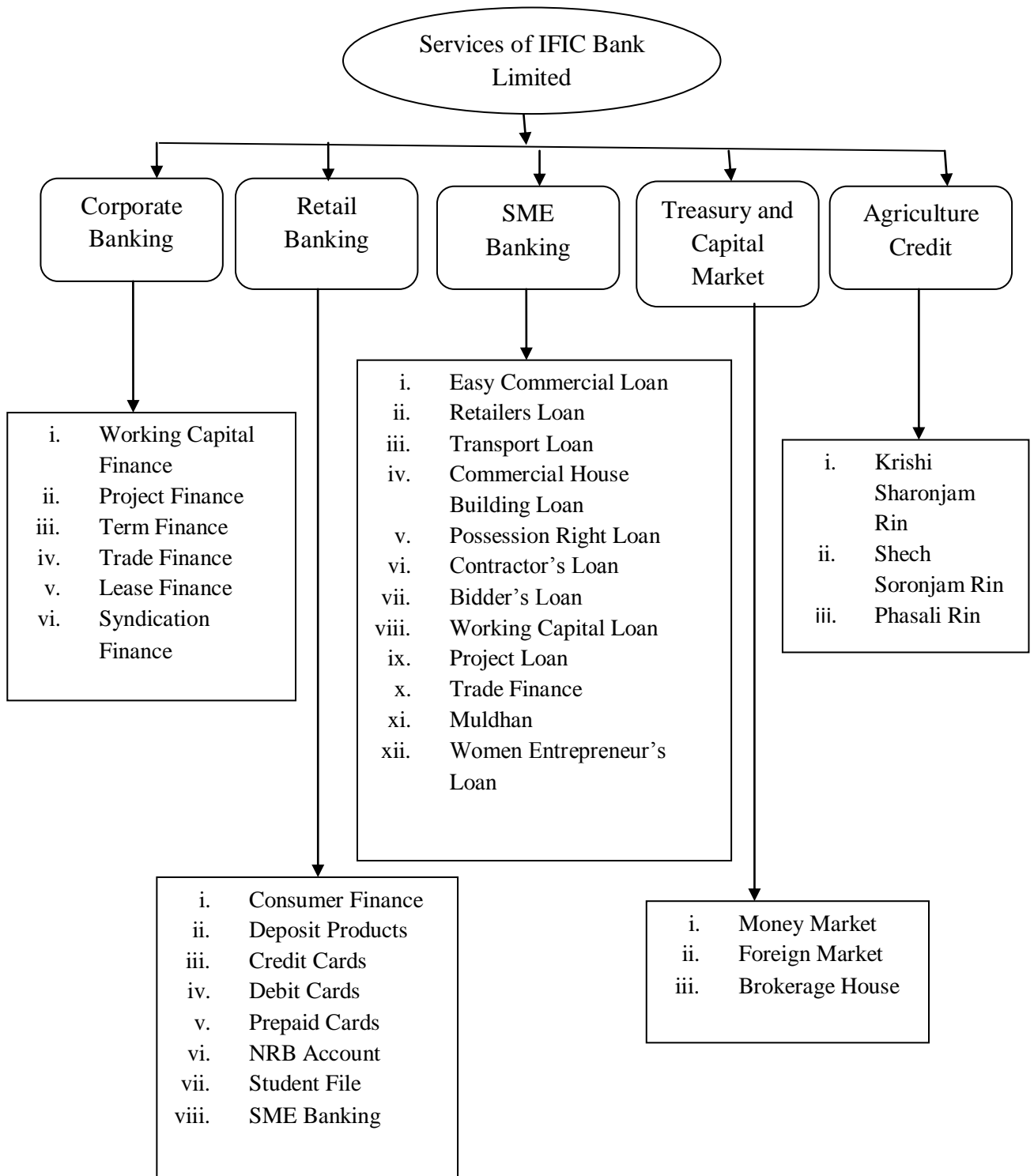


Fig 3: Services of IFIC Bank Limited

(Source: Annual Report of IFIC Bank Limited)

Chapter 3
General Banking
Activities
of
IFIC Bank Limited

3.1 Introduction

Generally by the word “bank” we can easily understand that the financial institution dealing with money. Banks are among the most important financial institutions in the economy. There are different types of banks like Central Banks, Commercial Banks, Savings Banks, Investment Banks, Industrial Banks, and Co-operative banks etc. But when we use the term “bank” without any prefix or restriction, it refers to the Commercial Banks. Commercial Banks are the primary contributors to the economy of a country. Commercial bank is a profit-making institution that deposits of individuals and business at the lowest possible cost and provide loans and advances at higher cost. The differences between two are the profit for the bank.

Banks today are under great pressure to perform- to meet the objectives of their stockholders, employees, depositors, and borrowing customers, while somehow keeping government regulations satisfied that the bank’s policies, loans, and investments are sound. At the same time, competition for banks’ traditional loan deposit customers has increased dramatically. Credit unions, money market mutual funds, insurance companies are fighting for a slice of nearly every credit and deposit market traditionally served by banks. Bankers have been called upon to continually reevaluate their loan and deposit policies, review their plans for expansion and growth, and assess their returns and risk in light of new competitive environment.

Financial performance refers to the act of performing financial activity. In broader sense, financial performance refers to the degree to which financial objectives being or has been accomplished. It is the process of measuring the results of a firm's policies and operations in monetary terms. It is used to measure firm's overall financial status over a given period of time.

Financial analysis is a process of evaluating the relationship between component of a financial statement to obtain a better understanding of a firm position and performance. The purpose of financial analysis is to diagnose the information contained in financial statements so as to Judge the profitability and financial soundness of the firm.

Most important performance dimensions for any banks’ are profitability and risk. The financial performance of IFIC Bank Limited in this report was analyzed by profitability ratio and some other determinants of performance analysis.

3.2 Financial data of IFIC Bank Limited from 2009 to 2013

Table 1: Financial data of IFIC Bank Limited

Particulars	2013	2012	2011	2010	2009
Authorized capital	20,000	20,000	5,350	5,350	5,350
Paid-up capital	3,807	3,460	2,768	2,180	1,744
Shareholders' equity	9,098	7,753	6,568	5,748	4,197
Deposits	107,778	92,433	73,106	54,660	50,018
Borrowings	432	874	1,419	-	1,250
Total liabilities	122,919	106,975	84,939	63,817	58,704
Loans and advances	84,110	77,160	64,641	47,563	37,794
Investments	21,171	15,671	12,199	9,635	9,083
Fixed assets	2,337	2,342	2,204	2,060	616
Interest earning assets	109,474	94,235	78,675	58,896	54,405
Non-interest earning assets	22,543	20,494	12,866	10,669	8,497
Total assets	132,017	114,729	91,541	69,565	62,902
Total off-balance sheet items	42,304	36,502	36,232	33,112	21,367
Interest income	11,111	10,443	6,696	4,641	3,872
Non-interest income	3,911	3,372	3,547	4,280	2,622
Investment income	2,170	1,814	1,778	1,541	1,391
Interest expenses	8,494	7,637	4,655	2,565	2,770
Non-interest expenses	3,581	3,068	2,870	2,529	1,765
Profit before provision and tax	2,948	3,110	2,718	3,827	1,960
Provision for loans and assets	240	1720	857	660	310
Profit after provision before tax	2,708	1,390	1,861	3,167	1,650
Tax including deferred tax	1,362	285	1113	1,520	750
Profit after tax	1,346	1,105	748	1,647	900
Number of shares outstanding	380.65	346.05	276.84	217.98	174.39
Number of shareholders	49,196	40,295	38,007	37,773	34,152
Average total assets (Million BDT)	123,373	103,135	80,553	66,234	54,316
Average equity (Million BDT)	8,426	7,161	6,158	4,973	3,997
Market price per share (BDT)	34.30	36.20	67.60	142.08	92.03
Operating profit per share (BDT)	7.74	8.99	9.82	17.56	11.24

Earnings per share (BDT)	3.53	2.90	2.16	5.95	4.12
Dividend (Proposed for 2013)	15.00%	10.00%	30.00%	27.00%	25.00%
Price earnings ratio (times)	9.72	12.48	31.30	23.88	22.34
Return on average assets (ROA)	1.09%	1.07%	0.93%	2.49%	1.66%
Return on average equity (ROE)	15.98%	15.43%	12.15%	33.12%	22.52%
Loans and advances to deposits ratio	78.04%	83.48%	88.42%	87.02%	75.56%
Net interest margin on average earning assets	2.57%	3.25%	2.97%	3.66%	2.34%
Cost to income ratio	54.86%	49.66%	51.36%	39.79%	47.40%
Gross profit ratio	43.46%	44.72%	54.55%	71.25%	57.35%
Profit per employee	1.15	1.28	1.14	1.65	0.89
Equity to debt ratio	7.40%	7.25%	7.73%	9.01%	7.15%
Cash reserve ratio (CRR)	6.00%	6.18%	6.15%	6.22%	5.22%
Statutory liquidity ratio (SLR)	24.56%	21.95%	20.97%	20.04%	24.15%
Number of employees	2,574	2,422	2,383	2,315	2,193
Number of branches	112	106	99	95	82

(source: Annual Report of IFIC Bank Limited)

3.3 Online Branch Banking

This bank has set up a wide area network (WAN) across the country to provide online branch banking facility to its valued clients. Under this scheme, clients of any branch shall be able to do banking transaction at other branches of the bank. Under this system a client will be able to do following type of transactions :

- ❖ Cash withdrawal from his / her account at any branch of the bank.
- ❖ Cash deposit in his / her account at any branch of the bank irrespective of the location.
- ❖ Cash deposit in other's account at any branch of the bank irrespective of the location.
- ❖ Transfer of money from his / her account with any branch of the bank.

Deposit portrait of IFIC Bank Ltd. (Dinajpur Branch):

Table 2: Deposit portrait of IFIC Bank Ltd.

Type of account	No. of account	Amount in Tk.
CD	1139	14,707,516.94
SB	2712	41,820,317.92
STD	33	15,004,033.77
FDR	1144	39,36,20427
PSS	649	29,142,336
MIS	84	32,250,000

3.4 Daily work plan

The bank works Five days a week from 10.00 am to 6.00 pm. No transaction is held after 4.00pm with customers. There are formal break for launch and prayer time. Generally the daily meeting held after the work time. The work time and the policies regarding attendance are very much rigid.

3.5 Communication

Communication within the branch is often described as formal or informal. Formal communication refers to communication that follows the official chain of command or is part of the communication required to do one's job. For example, when a manager asks an employee to complete a task, he or she is communicating formally. Any communication that takes places within prescribed organizational work arrangements would be classified as formal.

Informal communication is organizational communication that is not defined by the organization's structural hierarchy. When employees talk with each other in the launch room, as they pass time here and there, that's informal communication. Informal communication system fulfills two purposes in organizations:

It permit the employees to satisfy their need for social interaction, and it can improve the organization performance by creating alternative, and frequently faster and more efficient, channels of communication.

3.6 General Banking

During my practical orientation I was placed in General Banking of IFIC Bank Limited at Dinajpur Branch. General Banking is the starting point and main function of all the banking operations. It is the department which provides day-to-day service to the customers. It is associated with financial transactions to facilitate customer service. However, there are other departments for successful banking operations.

3.7 Functions of General Banking

This department maintains following functions:

- ❖ Accounts Opening section.
- ❖ Cash section
- ❖ Clearing section.
- ❖ Remittance section.

3.7.1 Accounts Opening Section

This section opens different types of account for their valued customers. Selection of customer is very important for the bank because bank's success and failure largely depends on their customers. If customers are bad they create fraud and forgery by their account with bank and, this destroys the goodwill of the bank. So, this section takes extreme caution in selecting its valued customer.

Types of Accounts:

Accounts can be classified into two types:

Operative Account

Current Deposit Account

PSS A/ C

Savings Deposit Account

MIS A/C

STD A/C

Non-Operative Accounts

FDR A/C

Current Account (CD)

Current account is convenient for the business persons who needs frequent transaction. In case of Current Account no interest is given to the account holder. There are current accounts for individual, joint current account, proprietorship current account, partnership current account, and limited company current account. It is a running and active account, which may be operated upon any number of times during a working day. There is no restriction on the number and the amount of withdrawals from a current account.

Documentation: Proprietorship :

- ✓ Attested photocopy of Trade License
- ✓ Two copies of passport size photographs of account holder.
- ✓ National ID Card photocopy
- ✓ Documentation: Partnership
- ✓ Attested photocopy of Trade License
- ✓ Two copies of passport size photographs of account holder
- ✓ National ID Card photocopy
- ✓ Attested photocopy of Partnership deed.

Documentation: Private Limited Company:

- ✓ Attested photocopy of Trade License
- ✓ Two copies of passport size photographs of directors With
- ✓ National Id card photocopy
- ✓ Certified copies of Memorandum and Articles of Associations
- ✓ Certificate of Incorporation and copy of TIN certificate.
- ✓ List of directors as per return of Joint Stock Company with signature
- ✓ Resolution for opening account with the bank.

Documentation: Public Limited Company:

- ✓ Attested photocopy of Trade License
- ✓ Two copies of passport size photographs of directors with

- ✓ national Id card photocopy
- ✓ Certified copies of Memorandum and Articles of Associations
- ✓ Certificate of Incorporation
- ✓ Certificate of Commencement of business and copy of TIN certificate.
- ✓ List of directors as per return of Joint Stock Company with signature
- ✓ Resolution for opening account with the bank.

Operational Nature of Accounts:

Current Deposit Accounts (CD account)

- ❖ A current account may be opened by any individual, firm, company, club, associates, etc. Bank: may, however, refuse without assigning any reasons to open current account to any body.
- ❖ Minimum balance of Tk. 2000 while opening.
- ❖ No current account will be opened with Cheques.
- ❖ Fund in the current deposit account shall be payable on demand.
- ❖ Minimum balance to be maintained of Tk. 2000.
- ❖ If minimum balance falls then incidental charges of Tk. 150 will be realized half yearly.
- ❖ No interest is payable on the balance of CD.
- ❖ In case of closing of current account Tk. 150 is to be realized against incidental charges.

Closing of Current Account:

A customer's account with a banker may be closed for the following circumstances:

- (a) The customer may inform the banker in writing of his/her intension to close the account
- (b) The banker may itself ask the customer to close the account when the banker find that the account is not been operated for a long time.

Formalities (When customer informs):

- ❖ Application to Branch in charge for closing
- ❖ Making the account balance nil
- ❖ Signing the revenue stamp by the client
- ❖ Payment of closing charge.
- ❖ Surrender of the unused Cheque leaves by the bank
- ❖ Closing of the account by the bank

Formalities (When bank informs):

- ❖ Bank communicates with the client if the account is not operated for six months and in case of non response account becomes a dormant account.
- ❖ In case non operation for two years then the account becomes “inoperative” account.
- ❖ If the current account paying in “Inoperative Current Account for more than one years then the account becomes an “Unclaimed Deposit” account.
- ❖ For withdrawal at any amount from that account, permission from head office or controlling office is required.

Saving Deposit Account (SB)

Saving Accounts are especially for the middle-income groups who are generating limited income and have the tendency to save to meet their future need and intend to earn an income from their savings. It aims at encouraging savings of non-trading person(s), institution's society, clubs etc. by depositing small amount of money in the bank. 5.5% interest is paid to the accountholder. Both the elements of time and demand deposit are present in this account.

For opening a savings account these documentations are required:**Documentations:**

- ✓ Two copies of passport size photographs
- ✓ National Id card photocopy
- ✓ Introductory reference.

- ✓ One choppy Photograph of Nominee with
- ✓ National Id card photocopy

Closing Formalities of Savings Account:

Formalities for savings account opening and closing are same as current account.

Restriction on Withdrawals and Deposit

- ❖ The number of withdrawals over a period of time is limited. Two withdrawals per week are permitted. But more than that no interest will be paid on rest amount for that month.
- ❖ The total amount of one or more withdrawals on any date should not exceed Tk.20000.00

Short-Term-Deposit (STD)

Minimum balance is required in this account is Tk. 25,000 and interest is given to the depositors at the rate of 4%. It is also a time deposit account. The formalities for opening of this account are same to those required for current account. The only difference is that 21(Twenty one) days notice is to be given for withdrawal of any sum of money from Account.

Fixed Deposit Receipt (FDR)

These are the deposits, which are made with the bank for a fixed period specified in advance. It is purely a time deposit account. The bank does not maintain cash reserves against these deposits and therefore the bank offers higher rates of interest on such deposits. Interest is paid at rate determined by the length of the period for, with the deposit is made. Obviously, the longer is the period of deposit, the higher is the rate of interest. At present the rate of interest for Fixed Deposit Receipt (FDR) in the IFIC Bank Limited is presented in the following Table

Fixed Deposit Rate:

Table 3: Fixed Deposit Rate

Duration	Rate
1(One) Month	6.50%
3 (Three)Months	9.00%
6(Six) Months	9.50.%
1 (One) Year	10.00%

Opening of Fixed Deposit Account:

The depositor has to fill up an application form wherein he/her mentions the amount of deposit, the period for which deposit is to be made and the name(s) in which the fixed deposit receipt is to be issued. In case of a deposit in joint names, the banker also takes the instructions regarding payment of money on maturity of deposit i.e. whether payable jointly or payable to survivor etc. the banker also takes the specimen signatures of the depositor(s). A Fixed Deposit Receipt is then given to the depositor acknowledging receipt of the sum of money mentioned therein. It also contains the rate of interest and the date on which the deposit will fall due for payment. In this account no transaction are allowed and no Cheque book is issued. Customers are given Fixed Deposit Receipt only.

Payment of interest:

It is usually paid on the maturity of the fixed deposit. IFIC Bank Ltd, calculate the interest at each maturity date and provision is made on that "Miscellaneous creditor expenditure payable account" is debited for the accrued interest.

Encashment of FDR:

In case of the premature FDR IFIC Bank Ltd, is not bound to accept the surrender of the deposit before its maturity date. In order to deter such a tendency the interest on such a fixed deposit is made a certain percentage less than the agreed rate. Normally savings bank deposit is allowed.

Renewal of FDR:

In IFIC Bank Ltd, the instrument is automatically renewed within 7 (Seven) days after the date of maturity if the customer does not come to encash the FDR. If the customers don't want to renew automatically then they need to specify this option when they open that particular FDR.

Pension Savings Scheme (PSS)

This is a scheme to make the customer introduced to the banking system under this schemes the customers are to pay a certain of money at monthly interval up to a period of 3 to 5 years and after the period they will get the returns along with the full interest earned during the period and the principal amount. Most of the clients under this scheme are middle class and lower middle class people

- ❖ Generally opened by small saver.
- ❖ Minimum Amount Tk. 500 and maximum Tk. 50000
- ❖ Interest rate 10.00%
- ❖ Maturity 3 to 5 years.

Liquidation of PSS:

In case of premature encashment if the period is below 1 year then no interest will be provide.

If above 1-year interest will be given.

Monthly Income Scheme (MIS)

This is another attractive scheme offered by this bank under this scheme the depositors to deposit a fixed amount to the bank and for their fixed amount they are entitled to earn monthly payment from the bank. This is an attractive scheme for the retired person. This is also a kind of FDR, but here the interest is given monthly to the customers the deposit will be 50,000, 10,00,000, respectively.

- ❖ The rate of interest is 10.00 %
- ❖ Maturity is 03 years.

- ❖ Liquidation of MIS
- ❖ Tk.200 charge for premature encashment as out access duty.
- ❖ Closing before 6 months no benefit will be providing.
- ❖ Pre cashment between 6 months to 1-year interest are provide according to savings rate. – Pre encashment between 1 to 3 years savings interest are provide 1.00 + saving rate

Kinds of Account Holders :

Branch may open accounts of the following categories of depositors:

1. Individuals: Individuals are adult persons of 18 years age or more who are competent to enter into contracts.
2. Joint accounts: More than one adult jointly or adult with minor's may constitute joint accounts.
3. Sole Proprietorship concern: A business trading concern owned by a single adult person is sole proprietorship concern.
4. Partnership firms: A business concern owned and managed by more than one person who may be registered or not registered is a partnership firm.
5. Private limited: A body corporate formed and registered under companies Act 1994, with limited members.
6. Public limited: A body corporate formed & registered under companies Act 1994 with limited liability of the shareholders and with no upper ceiling of shareholding both certificate of incorporation and certificate of commencement has given by registrar.
7. Trusts: Trusts are created by trust deed in accordance with the law.
8. Liquidators: Liquidators are appointed by court of law for companies going into liquidation.
9. Executor: Executors are appointed by a deceased himself before his death by "with" to settle the accounts of the person after his death.
10. Club/Associations/Societies: There are organizations created & registered or not registered under societies registration act.

11. Co-operatives: There are corporate bodies registered under society's registration Act or companies Act or the co-operative societies Act.

12. Non-Govt. Organization: NGOs are voluntary organizations created & registered under society's registration Act or co-operative societies Act.

13. Non-Trading concern: These are organization registered under society's registration Act or companies Act or co-operative societies Act.

3.7.2 Cash Section

Cash department is the most vital and sensitive organ of a branch as it deals with all kinds of cash transactions. This department starts the day with cash in vault. Each day some cash i.e. opening cash balance are transferred to the cash officers from the cash vault. Net figure of this cash receipts and payments are added to the opening cash balance. The figure is called closing balance. This closing balance is then added to the vault. And this is the final cash balance figure for the bank at the end of any particular day.

Functions of cash department:

- ❖ Cash payment
- ❖ Cash receipt

Cash payment:

- ❖ Cash payment is made only against cheque and pay order.
- ❖ This is the unique functions of the banking system which is known as "payment on demand"
- ❖ It makes payment only against its printed valid cheque.
- ❖ Cheque cancels when amount in figure and in word does differ, cheque is torn or mutilated.

Cash receipt:

- ❖ Another important function of this department is receipt of cash. Depositors deposit money in the account through this section by deposit slip.
- ❖ It receives deposit from depositors in form of cash.

- ❖ So it is the “mobilization unit” of the banking system.
- ❖ It collects money only its receipts from.
- ❖ It receives cash for issuing pay order TT, DD.

Books maintained by this section:

- ❖ Vault register: It keeps accounts of cash balance in vault at the bank.
- ❖ Cash receipt register: Cash receipt in whole of the day is recorded here.
- ❖ Cash payment register: Cash payments are made in a day are entries here.
- ❖ Rough vault register: Cash collection for final entry in vault registers done here, as any error and correction is not acceptable.
- ❖ Cash balance book: Balance here is compared with vault register. If no deference is found, indicate no error and omission.

Local Remittance

Sending money from one place to another place for the customer is another important service of the bank. This service is an important part of transaction system. In this service system, people, especially businessman can transfer funds from one place to another place easily. There are three kinds of technique for remitting money from one place to another these are:

- ❖ Pay order (PO)

Pay Order (P.O):

Pay order gives the right to claim from the issuing bank A payment is an instrument from one branch to another branch of the bank to pay a specific sum of money. Unlike cheque there is no possibility of dishonoring because before issuing pay order the bank takes money in advance. There are three reasons behind use of P.O:

- ❖ Remitting Purpose
- ❖ Advice to Pay
- ❖ Payment against bill submitted to the bank.

Pay Order consists of three parties:

- ❖ Beneficiary
- ❖ Applicant
- ❖ Counter Part.

Commission and charges of P.O:

Table 4: Commission and charges of P.O

Amount of P.O	Commission on Remittance	15% VAT on Commission
Up to TK. 100,000	25	4
100,001 to 500,000	50	8
Above 500,000	100	25

Table: Commission and charges of P.O

Payment Process of Paying Bank:

Payment is made through clearing A PO issued by the bank is crossed one it is not paid over the counter. On the contrary the amount is transferred to the payees' account. To transfer the amount the payee must duly stamp the PO.

The steps of issuing a Pay Order to be followed by the client & the bank are as follows:

- ❖ The applicants have to fill up the relevant part of the prescribed application form duly signed & give it to the officer of the remittance department.
- ❖ The officers fill up the commission & VAT (15% on commission) part meant for the bank's use & request the applicant to deposit the amount by cash/cheque to the cash department.
- ❖ The cash department completes their formalities & then returns back the form to the remittance department.
- ❖ After receiving the form the remittance department prepares the Pay Order facing all the information along with the amount in three parts duly crossed "A/C payee" in the main part & also give entry in the Pay Order issue register.

❖ After signed the three parts of Pay Order by two authorized officer of the bank two parts are given to the client & after signed at the back of the counter part of the Pay Order.

Cancellation of P. O:

Step-1: Application writes to the manager of the account maintaining branch.

Step-2: Verification of specimen signature.

Encasement of P.O:

To encashment of that P.O. the payee of the instrument deposits the P.O. to his bank. The bank sends the pay order to the issuing bank through clearing. Then the P. O. is passed through the deposit section and the P. O. is send back to the clearing house again and later the amount of P.O. credited to payee's account.

3.7.3 Clearing Section

This section receives all kinds of cheque in favor of the valued client for clearing on the part of their banking services. After receiving cheque it is necessary to endorse it and cross it specially. Clearing of cheque is done through the clearing house in Bangladesh Bank.

Types of cheque for clearing :

There are four types of cheque for clearing:

- 1) Inward clearing cheque.
- 2) Outward clearing cheque.
- 3) Inward bills for collection.
- 4) Outward bills for collection.

Inward clearing cheque:

It refers the instruments drawn on IFIC bank received by other banks in the clearing house from the representative of other bank.

Outward bills for collection:

When our branch sends Cheques to other branch of IFIC bank is called OBC.

Accounting treatment of this process:

IFIC general (Sender's Branch)	Dr.
Depositor's A/C	Cr.

Inward bills for collection (IBC):

There are two types of clearing;

Firstly cheque collects from the other branch of IFIC bank These Cheques are settled by sending to the debiting depositors account and crediting sender's branch account.

Secondly cheque collects from another bank outside the clearing house. These cheque are settled debiting depositors account and sending DD or TT in favor of senders bank.

Outward Clearing Cheque (OCC):

Cheque drawn of another branch of IFIC bank is called Outward Clearing Cheque. These types of cheque are directly sent to the respective branch and request them to send IBCA.

Chapter 4
*Findings,
Recommendations
&
Conclusion*

4.1 Findings of the study

IFIC Bank Limited is one of the potential banks in the banking sector. Dinajpur branch of IFIC Bank Limited is a small branch. It was a wonderful experience working at IFIC Bank Limited. The employees of the bank were very helpful and nice to me. In spite it was not an easy job to find so many things during the very short period of practical orientation program. Now, I would like to present my observations and give, my opinion to improve the banking service and make their customer more satisfied.

(1)Lack of dynamic and prompt customer service:

Since a number of new banks are coming to existence with their extended customer service pattern in a completely competitive manner. Customer services must be made dynamic and prompt. Now a day, people have very little time to waste but want fastest and unique services in short time. Moreover they seek the bank which will provide more facilities and attractive offer compare to other bank. Therefore IFIC Bank Limited should think sincerely about the renovation of their customer service and facilities which will be more attractive and innovative rather than traditional one.

(2)Lack of Proper Division of Labor and man power: There is lack of division of labor in the branch. Therefore everybody has to handle every type of banking services. Moreover if one personnel is absence in a department then extra burden will fall to another. This decreases the level of performance of the personnel, though it reduces monotonousness. But lack of division of labor hampers the discipline of working environment. So customers have to wait for some time for the desired service, which is contrary to the Premium Banking objective.

(3)Lack of Proper compilations &Maintenance of Files: IFIC Bank Limited Dinajpur Branch gives personalized services. All the officers have to give concentration to the customers, while doing this they cannot properly completed and maintain the customer files. In many cases, most of the files and papers are kept here and there by the officers during the busy hour.

(4)Shortage of availability of Machineries: Dinajpur Branch is supposed to be very well equipped by advance and available machineries. But there are shortages of and printing machine therefore most of the time employees activities are hampered for

maintaining serial as well as it create gathering on their short space. This loses its glamour. Moreover as because of lacking of maintenance and over used when one machine of any department stops working then the load shift to another department badly.

(5)Employee Dissatisfaction: Because of late promotion and longer probationary period there is dissatisfaction among the employees. More over some sort of internal politics also another reason behind proper recognition and promotion of employees. In addition most of the time over duties and huge working pressure makes their life monotonous and hamper their family life.

(6)Lack of effective advertising and promotion: Advertising and promotion is one of the weak point of IFIC Bank Limited, IFIC Bank Limited does not have any effective promotional activities through advertisement, but other banks have better promotional strategy.

(7)Lack of Computer Knowledge: All the organizations including banks are now mostly depends on computer but employees do not have much knowledge on computer.

(8)Absence of proper Decoration and congested office area: Decoration of the IFIC Bank Limited (Dinajpur Branch) has become old. So, young people are not attracted to this branch as well as employees are not getting the congenial environment. Customers are also facing the problem with as because of its congested office area. Most of the time at busy hour customer rarely get any seat which hamper their service as well as such gathering also hamper office environment.

(9)Unsatisfactory software performance: IFIC Bank Limited use Ultimus software for performing their banking activities. But the software often hanged as because of slower upgrade of data by vender. Therefore it delays to performing banking activities at time.

(10)No desk and specific task for internee: IFIC Bank Limited doesn't arrange any desk and fixed any task for their internee. Therefore they don't get any chance to learn banking activities by doing practical task. It is not possible for any fresh graduate to learn banking activities by getting few lecture from specific personnel rather if they involve them to some specific activities it would be easy for them to learn more and fell

confident to perform any activities properly. Moreover as they do not pay any allowance to internee so some time it does not motivated them to present and learn eagerly.

4.2 Recommendations

After forty five days internship and analyzing the General Banking Activities, I would like to mention some recommendations. The recommendations are given below-

1. Renovation of customer service: IFIC Bank Limited should make its service prompt so that people need not give more time in the banking activities and fell easy to perform all respective activities. Moreover they have to come up with new facilities and offer which will attract more client and help to ensure their premium as well as loyal customer forever. Therefore they have to ensure-

- The working process more faster with better computers and operating systems
- Trained, experienced, smart, knowledgeable as well as intellectual personnel to provide fastest and the best services.
- Individual attention can be given to customers in order to better understand the customer's needs and better satisfy them. (Cheques, deposit slips are not written properly by the customers so the employees have to do that)
- More ATM booth in merchant location
- More Gifts, Discounts as well as differentiated interest rates on several loan and deposit scheme for the Premium Customers
- Car parking facility

2. Ensure Proper Division of Labor and man power: The human resource departments of IFIC Bank Limited have to ensure proper division of labor in desk for handling the rash of customer in an efficient way. Therefore based on importance and work load they have to ensure proper division of labor. Moreover by increasing the numbers of personnel try to maintain the premium banking objective. Mainly the number of human resources is needed in Front Desk and in clearing section which really insufficient for giving services to huge number of customers.

3. Ensure Proper compilations & Maintenance of Files: Ensuring proper customer service is a continuous process in banking business. Which is vital for it success. The service starts from the first day of customer interaction with banker. To

know customer, maintain interaction, conducting banking activities and for the security purposes the file maintenance of individual client is most important. If one single paper is missing then it can create a big problem as well as hazard to both banker and their customer. Therefore both branch management and all personnel should more conscious about the proper compilations as well as decoration for keeping important files.

4. Ensure availability of Machineries: Every department should ensure the availability and proper maintenance of necessary machines like photocopy and printing machines.

5. Ensure employee satisfaction: Management of the bank has to provide time to time recognition of their employee. Moreover short probationary period and on time promotion motivated the employee to perform well in their day to day activities. But the most important thing is the overall motivational activities should be proceeding under fair judgment based on performance rather internal politics. In addition through assurance of proper division of labor, incentive for over duty and mandatory leave help to overcome huge working load and enjoy a sound as well as healthy life. Besides good relationship amongst employee and sound working environment also help the employee to be satisfied with their job.

6. Ensure proper promotional activities: They must prepare an organized set of plan regarding the advertising and promotional activities which should include billboards, internet advertising and sponsorship. The sales team and officers should provide periodic training on interacting and dealing with different classes of potential and existing customers.

7. Ensure effective computer literacy: As the bank is now mostly depends on computer therefore to increase the computer skills of employees, the bank should provide training. Though they have knowledge about computer but it is not enough. So bank should provide training to their employees to make them efficient in computer.

8. Ensure of proper Decoration and expanded office area: Dinajpur branch authorization should have to be more conscious and innovative in their interior decoration to attract client from all ages. As Dinajpur area is the business area so the rush of client is the common scenario of this branch so the space should be extended for

conducting and performing sound banking activities, service as well.

9. Should use fastest software: IFIC Bank Limited, MB should uses more first and modernize software for internal transaction or entry the information to compete with foreign bank. So I think the new software can help to perform internal work more easily and swiftly.

10. Ensure internship desk and specific task: This branch is renowned for the internship. So bank should provide the internship desk and some specific task for gathering some real life experience which they can utilize in their future job. Moreover small amount of remuneration should provide to internee for realize their importance as well as motivate to perform the task properly.

4.3 Conclusion

In recent times, banking sector is one of the most competitive business fields in Bangladesh. Since, Bangladesh is a developing country; a strong banking sector can alter the socio economic structure of the country. So we can say, the whole economy of a country is coupled up with its banking system. IFIC Bank Limited is the bank which is highly potential commercial Bank of Bangladesh. This bank performs hundreds of important banking and non-banking activities for both the public and the government as a whole. The Bank has an outstanding attitude to boom our business sector. From the learning and experience point of view I can say that I have really benefited from my internship program at IFIC Bank Ltd. This 45days internship program at IFIC Bank Ltd. (Dinajpur Branch) will definitely help me to realize my future carrier in the job market. Performance analysis of a department of a bank is not so sufficient to measure and express perfectly within this short time of my internship period. But it is a great opportunity for me to get use to with the operational environment of commercial banking of IFIC Bank. I have tried by soul to incorporate this internship report with necessary relevant information.

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