

Internship Report  
On  
**Overall Banking Activities of Standard Bank Limited Based  
on Marketing Strategy**

BY

MOHONA RAHMAN

Student ID: 1205065

MBA, 4<sup>th</sup> Batch

Department of Marketing

HSTU, Dinajpur

586  
12.11.13



**MASTER OF BUSINESS ADMINISTRATION (MBA)**

*(This paper has been prepared for submission into the Department of Marketing, Faculty of Post Graduate Studies, Hajee Mohammad Danesh Science & Technology University, Dinajpur, as a partial requirement for fulfillment of the MBA Degree Program.)*



**Department of Marketing**

**HAJEE MOHAMMAD DANESH SCIENCE & TECHNOLOGY UNIVERSITY, DINAJPUR**

---

*30 June, 2013*

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Department of Marketing  
HSTU, Dinajpur

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**HAJEE MOHAMMAD DANESH SCIENCE & TECHNOLOGY UNIVERSITY, DINAJPUR**

*30 June, 2013*

## Letter of Transmittal

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30 June, 2013

Md. Shamim Hossain

Lecturer

Department of Marketing

HSTU, Dinajpur

**Subject:** Submission of Internship Report of MBA Program.

Dear Sir,

It is my great pleasure to submit the internship report on "**Overall Banking Activities of Standard Bank Limited Based on Marketing Strategy**" which is a part of MBA Program to you for your consideration.

I made sincere efforts to study related materials, documents, observe operations performed in Standard Bank Ltd. and examine relevant records for preparation of the report.

Within the time limit, I have tried my best to compile the pertinent information as comprehensively as possible.

Thanking you,

*Mohona Rahman*

**Mohona Rahman**

Student ID: 1205065

MBA, 4<sup>th</sup> Batch

Department of Marketing

HSTU, Dinajpur

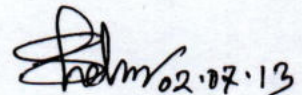
## Letter of Acceptance

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I hereby declare that this internship report titled "**Overall Banking Activities of Standard Bank Limited Based on Marketing Strategy**" is a useful record of the research work done by **Mohona Rahman**, MBA student of Hajee Mohammad Danesh Science & Technology University, Dinajpur having ID **1205065**. This report represents an independent and original work prepared on the basis of primary and secondary data collected and analyzed by the candidate. This report has not been accepted for any other degree and is not concurrently submitted in candidature of any other degree.

The entire work has been planned and carried out by the candidate under my supervision and guidance. In my opinion, this report is sufficient in terms of scope and quality for the award of the degree of Masters of Business Administration (MBA) From Hajee Mohammad Danesh Science & Technology University, Dinajpur.

**Supervisor,  
Internship Program**



**Md. Shamim Hossain**  
Lecturer,  
Department of Marketing  
HSTU, Dinajpur

## *Student's Declaration*

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The discussing report is the terminal formalities of the internship program for the degree of Master of Business Administration (MBA), Faculty of Post graduate 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 successfully completing the 3 months internship Program under the supervision of my honorable supervisor **Md. Sahmim Hossain**, Lecturer, Department of Marketing.

It is my pleasure and great privilege to submit my report titled “**Overall Banking Activities of Standard Bank Limited Based on Marketing Strategy**”, 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 a fascinating experience and it has enriched both my knowledge and experience.

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.

Mohona Rahman

**Mohona Rahman**

**Student ID: 1205065**

MBA- 4<sup>th</sup> batch

Department of Marketing

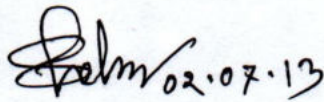
HSTU, Dinajpur.

## *Declaration of Supervisor*

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It's my Pleasure to Certify that **Mohona Rahman**, Student ID: **1205065**, MBA 4<sup>th</sup> Batch, session 2012-2013 has Successfully Completed MBA Internship report titled on "**Overall Banking Activities of Standard Bank Limited Based on Marketing Strategy**" under my Supervision and Guidance. She has not copied from any other Work. This is an Original Work.

Therefore, she is directed to submit her Report for Evaluation. I wish her Success at every sphere of her Life.

02.07.13

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**Md. Shamim Hossain**  
*Lecturer & Supervisor*  
Department of Marketing  
HSTU, Dinajpur

## *Declaration of Co-Supervisor*

I hereby declare that the concerned report entitled “**Overall Banking Activities of Standard Bank Limited Based on Marketing Strategy**” is an original work made by **Mohona Rahman**, Student ID: **1205065**, MBA 4<sup>th</sup> batch, Hajee Mohammad Danesh Science and Technology University, Dinajpur, completed her internship under my supervision and submitted for the partial fulfillment of the requirement of the degree of Master of Business Administration (MBA) at Hajee Mohammad Danesh Science & Technology University, Dinajpur.



**Md. Jamal Uddin**

Assistant Professor & Co-Supervisor  
Department of Marketing  
HSTU, Dinajpur

**SBL/DIN/HRD/2013/680**

**June 12, 2013**

**TO WHOM IT MAY CONCERN**

This is to certify that Mohona Rahman, student of MBA (major in Marketing) of Hajee Mohammad Danesh Science & Technology University, Dinajpur successfully completed 03 (Three) Months internship program from 13 March 2013 to 12 June 2013 in our Branch. Her endeavor, interest and performance are highly satisfactory.

We wish her all success in life.



**Md. Ataur Rahman  
Asst. Vice President  
& Manager**



## Acknowledgement

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This is an exclusive instance of professional life I passed and enjoyed during my time of internship which helped me prepare this report. Completion of anything requires support from various sources. I am very much fortunate to get the sincere guidance and supervision from a number of people.

First of I would like to acknowledge the Almighty Allah – the supreme author of the universe. I am deeply indebted to my internship supervisor –Md. Shamim Hossain for his whole hearted guidance and supervision. The suggestion and comments made the report what it is now. I also like to thank my co-supervisor – Md. Jamal Uddin.

I am very much grateful to the executives of Standard bank who extended their whole hearted co-operation during my internship report. I'd like to extend my gratitude to Md. Ataur Rahman (Assistant Vice President) for enabling me to do internship in Standard bank. I would also like to thank Md. Nakib Ahsan (Executive Officer), Jannate Ferdous (Executive Officer), Noor Md. Azizul Islam (Senior Officer), Md. Muntasir Titu (Senior Officer) and other staff for extending their helping hands in every aspect.

Lastly, I would like to give special thanks and greetings to my fellow friends for giving me some required information, valuable advice and suggestion to complete the report in a comprehensive manner.

I thank you all from the core of my heart.

## Executive Summary

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Development of the economy of a country depends on disciplined, modern and dynamic banking system. Banks are one of the most important balancing tools in economy these days. They ensure that money from surplus zone can be used in the deficit zone. By ensuring this, banks ensure the smooth flow in economy, expansion of industry and overall development. **Standard Bank Limited** is one of the most prominent banks in Bangladesh. It is well known for its organizational reputation, expertise, professionalism. Standard bank's Dinajpur branch is well known for the way they do business, handle clients and maintain diversified portfolio.

The main goal of this report is to conduct a study on overall banking activities on Standard bank and apply the marketing strategy on their product, services and process. During the 3 months rotation for the internship program, 3 department rotation was mandatory. These departments are – General Banking, Loans & Advances, Foreign Exchange.

After being attached with Standard bank for three months, it was observed that, Standard bank had a lot of opportunity that they can avail with some proper marketing strategy and process innovation. The main strength of Standard bank is, modern and customer based Banking system. It was found that, the promotion activities are not that aggressive as other commercial banks. With some little cost in promotion and advertisement, Standard bank can earn much more than what they are earning now. With more customer satisfaction, Standard bank can not only gain a higher brand value but also gain more industrial customers for better reputation – ultimately giving the bank much higher profit.

The main source of information was Annual Reports and authorized personnel of the organization. Apart from the observing the operations, various relevant information was collected by interviewing the authorized personnel. For secondary materials, previous records, files, reports and other data have been collected and analyzed for the purpose of this report.

Some problems were faced during preparing the report. Not all the data or information was readily available due to lack of proper documentation. Due to confidentiality reason, other source of information could not be explored.

Sincere gratitude goes to all the personnel who helped us with their time and information. Finally, it is believed that this report will enhance my ability to analyze an organization from marketing point of view.

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# CHAPTER-1: INTRODUCTION

## 1.1 INTRODUCTION

With the advent of the 21<sup>st</sup> century, globalization and consolidation, amongst the multinational and foreign companies are making their impact in the third world economy including that of Bangladesh. To address this ever increasing competition, Bangladeshi financial institutions and other companies and firms gearing themselves in order to meet challenges both locally as well as internationally.

Due to globalization and expansion of international business, finance plays the major roles for the economic development. The development of a modern economy would not have been possible without the use of money. A fundamental characteristic of money is that it is like a collective commodity. There is a parallel relationship between the money and banking. Bank is an important and essential financial institution for the necessity of the use of money and the protection of the money<sup>[1]</sup>.

At the very arena of globalization and technological innovation, banking business has become more competitive. To cope up with this, bankers should have huge theoretical knowledge and professional skill as well as technical basis. As a MBA student, I felt that banking is an excellent area to gather some practical knowledge. With a view to develop skilled professional in banking area, Hajee Mohammad Danesh Science and technology University has undertaken the internship-training program for its MBA students. As a partial and essential requirement of the MBA degree, on authority's instruction I have selected the Standard Bank Limited, one of the prominent banking institutions of Bangladesh to acquire some practical experience in banking, especially in the correspondent banking program. It would not be out of place to mention here that during the course of the program I had to perform several duties. Before going to the main report I would like to mention that it was not possible for me to cover the entire activity of the 23 years old banking organization in the given limited time.

## 1.2 ORIGIN OF THE REPORT

This report is an internship report prepared as a requirement for the completion of the MBA program. The primary goal of the internship was to provide an 'on the job' exposure to the student and an opportunity for translation of theoretical conceptions in real life situation. We, the students, were placed in enterprises, organizations, research institutions as well as development projects. In this connection, after the completions of the MBA program, I was

assigned to the Standard Bank Limited-Dinajpur Branch for practical orientation. My topic is “Overall Banking Activities of Standard Bank Limited based on Marketing Strategy” for my internship report under the supervision of Mr. Md. Shamim Hossain, Lecturer, Hajee Mohammad Danesh Science and Technology University Dinajpur.

### **1.3 OBJECTIVE OF THE REPORT**

#### **Main Objective**

To Know the “Overall Banking Activities of Standard Bank Limited based on Marketing Strategy”.

#### **Project Objective**

1. Critically analyze the total banking functions of Standard Bank Limited.
2. To know about the Marketing Mix Strategy and Performance of Standard Bank Limited.
3. To make a bridge between the theories & practical procedures of banking day-to-day operations

### **1.4 SCOPE OF THE REPORT**

Internship Program is an internal part of a Business Program of any University. This Intern must carry out a specific project which is assigned by the concerned supervisors. Consequently a report based on the projects is to be submitted to the supervisor. SBL is one of the fast growing private sector banks and the bank is already at the top slot in terms of quality service to the customer's and the value creation to the shareholders. The main objectives are to know about the general banking and also about the Logistics Support Services provide to the bank by the service division.

My decision and analysis are done primarily based on the practices applied at Standard Bank Limited. The study was wide spread and has greater scope to focus on different aspects of SBL on market but this probably will not reflect the practices in the overall banking sector.

### **1.5 METHODOLOGY OF THE REPORT**

To make the report more meaningful and presentable, two sources of data and information were used widely. Both primary and secondary data sources were used to prepare this report. The nature of this report is descriptive with some survey or using sampling method, observation method us used to complete this quantitative research. Most of the necessary information has been collected by face-to-face interviews and questionnaire responses of the clients, officers working in different departments, circulars sent by the Head Office and maintaining daily diary, which contains all the activities observed in the bank.



## **Data Collection**

Both the primary and secondary forms of data are used to make the report more rich and informative. The details of these sources are given below:

### **Primary Sources:**

- Most of the information was acquired by discussing with the officers working in the Depository section.
- Informal conversation with the clients.
- Observation and work experience with different divisional in-charges and suggestions of many executives of the bank.

### **Secondary Sources:**

- "Annual Reports of the Standard Bank Limited.
- Instruction circular of Head Office, brochures of different banks, newspapers and magazines regarding banking issues, seminar papers and so on.
- Various books, articles, compilation etc.
- Internal Publications of Standard Bank Limited
- The website of Standard Bank Limited ([www.standardbankltd.com](http://www.standardbankltd.com))
- Articles published on magazines and newspapers

## **1.6 LIMITATION**

There were certain limitations while conducting the study. These are summarized below:

- The main obstacle while preparing this report was time. As the tenure of the internship program was very short, it was not possible to highlight everything deeply.
- Sufficient records, publications were not available as per my requirement
- Work pressure in the office was another limitation restricting this report from being more detailed or analytical. The Relationship Managers at the operation or strategic level of the concerned department were awfully busy with meeting their targets. So it was rather difficult for me to have long discussions with them and obtain some practical ideas about their expectations and opportunities regarding my topic.
- Many of the analysis on the obtained data are based upon my sole interpretation.
- Confidentiality of information was another barrier that hindered the study. Every organization has its own secrecy that is not revealed to someone outside the organization. While collecting data at the Standard Bank Limited, personnel did not disclose enough information for the sake of confidentiality rule of the organization.

## **CHAPTER- 2: OVERVIEW OF STANDARD BANK LIMITED**

### **2.1 THE ORIGIN OF STANDARD BANK LIMITED**

Banks are important financial institutions, which play a vital role in the economy of a country. It deals with credit i.e., accepts deposit from the public and advances various loans. The system of banking is very ancient. It was prevalent in India, Greece and Rome. It arose out of the logical fact that people who possessed surplus money deposited them for safe keeping to whom they have confidence, payable after a period of time when the need would arise. The holders of this surplus money soon found out that it was profitable to lend out the money, the provided loans were repaid before the date when the money would be demanded.

The bankers or the holders of the money give sign papers to their depositors as evidence of the deposit money. As people had confidence in the integrity and the solvency of the banker their signed papers would pass from hand to hand in the settlement of transaction. These papers were the origin of notes as people had confidence in the credit of the bankers only, as small proportion of notes/signed papers would be presented for encashment during a period. The later were able to lend out the major portion of their deposits with safety, thus earning a decent profit with other people's money. As the business landing money became more and profitable, money holders began to offer interest on the money deposited with then at a rate lower than that obtained on loans.

In course of time cheque were adopted and this imparted elasticity to the system. Thus came into existence the system of commercial banking. A bank can be best by its functions, it collects the savings of the public, it gives loans and advances and it creates media of exchanges through cheque. A commercial bank is a dealer in short term credit. In addition to the above, bank performs various other functions:

a) Financing of foreign trade b) Agency services, c) General utility services. A bank is a big substations center for liquidity, which takes the deposits from the public and supplies liquidity to the economic system.

### **2.2 AN OVERVIEW OF STANDARD BANK LIMITED**

The emergence of SBL occurs at the time of liberalization of global economic activities has been important event in the financial sector of Bangladesh. The experience of the less-developed economies of Asian countries, especially particularly of South Asia has been the driving force & the strategic operational policy of the bank. The Government of Bangladesh has licensed SBL as a scheduled bank in the private sector in pursuance of the policy of

liberalization of Banking & financial service in Bangladesh. This Bank was incorporated as a Public Ltd. Company on 11<sup>th</sup> May, 1999 under the Companies Act, 1994 and the Bank achieved satisfactory progress from its commercial operations on June 03, 1999. SBL has introduced several new products on credit and deposit schemes. & commenced banking operations through the head office at Printers Building (3<sup>rd</sup> floor), 122-124 Motijheel Commercial Area, Dhaka-1000. The branch was inaugurated by the former finance minister of the Government of Bangladesh. SBL is a highly capitalized new generation Bank with an authorized capital and Paid-up Capital of Tk. 406.13 crore in 31 December 2011. The Bank undertakes all types of banking transaction to support the development of trade and commerce in the country. SBL service is also available for the entrepreneurs to set up new ventures and BMRE of industrial units. To provide client services in respect of international trade it has established wide correspondent banking relationship with local and foreign banks covering major trade and financial center at home and abroad.

<b>Standard Bank Limited at a glance</b>	
<b>Name of the Bank:</b>	<b>Standard Bank Limited</b>
<b>Legal Form:</b>	A public limited company incorporated in Bangladesh on 11 <sup>th</sup> May, 1999 under the company act 1994 and listed in Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited
<b>Date of Incorporation:</b>	11 <sup>th</sup> May, 1999
<b>Date of Commencement:</b>	June 03, 1999
<b>Registered Office:</b>	Metropolitan Chamber Building (3rd floor) 122-124, Motijheel C/A, Dhaka-1000.
<b>Telephone:</b>	+880 2 7175698, 7169134, 9560299, 9558375
<b>Telefax:</b>	+880 2 7176367, 7169078
<b>SWIFT Code:</b>	SDBLBDDH
<b>E-mail:</b>	sblho@bangla.net
<b>Website:</b>	www.standardbankbd.com
<b>Chairman</b>	Kazi Akramuddin Ahamed
<b>Managing Director &amp; CEO:</b>	Mr. S.A. Farooqui

<b>Authorized Capital:</b>	Tk. 1500.00 crore
<b>Paid-up-Capital:</b>	Tk. 406.13 crore
<b>Shareholder's Equity:</b>	Tk. 8,224,400,013
<b>Statutory Reserve:</b>	199.52 crore
<b>Operating Profit:</b>	Tk. 286.89 crore
<b>Earning Per Share:</b>	Tk. 31.9
<b>Number of Branches:</b>	79

## 2.3 OBJECTIVES AND CORE VALUES OF SBL

### Objectives

- To be a dynamic leader in the financial market in innovating new products as to the needs of the society.
- To earn positive economic value addition (EVA) each year to come.
- To top the list in respect of cost efficiency of all the commercial Banks.
- To become one of the best financial institutions in Bangladesh economy participating in the most significant segments of business market that we serve.

### Core Values

- Shareholders: By ensuring fair return on their investment through generating stable profit.
- Customer: To become most caring bank by providing the most courteous and efficient service in every area of our business.
- Employee: By promoting the well being of the members of the staff.
- Community: Assuring our socially responsible corporate entity in a tangible manner through close adherence to national policies and objectives.

## 2.4 VISION AND MISSION OF SBL

### Vision

To be a modern Bank having the object of building a sound national economy and to contribute significantly to the Public Exchequer <sup>[5]</sup>.

### Mission

To be the best private commercial bank in Bangladesh in terms of efficiency, capital adequacy, asset quality, sound management and profitability <sup>[5]</sup>.

## **2.5 CORPORATE CULTURE**

Standard Bank is one of the most disciplined banks with a distinctive corporate culture. The bank believes in shared meaning, shared understanding and shared sense making. People can see and understand events, activities, objects and situation in a distinctive way. They mould their manners and etiquette, character individually to suit the purpose of the bank and the needs of the customers who are of paramount importance to us. The people in the bank see themselves as a tight knit team/family that believes in working together for growth. The corporate culture the bank belongs has not been imposed; it has rather been achieved through its corporate conduct <sup>[8]</sup>.

## **2.6 CORPORATE SOCIAL RESPONSIBILITY OF SBL.**

Standard Bank, in addition to contributing to economic growth, wants to achieve significant change in the communities. Standard Bank tries to improve community relations to cultivate understanding and credibility. The Bank is internally devoted to maintain Corporate Social Responsibility in numerous ways, it has excellent track record of support for charitable causes, in 2011 and 2012. Standard Bank has spent Tk.19.88 million as donations for education, health-care, community development, infrastructure development, relief operations etc.

We keep ourselves accountable for the social, environmental and economic impact of our operations. We design our policies and business practices to reflect the highest standards of corporate governance, transparency and social and religious ethics.

### **CSR program consists of three main dimensions:**

- a. Contribute t National Economy through financial service & support.
- b. Community involvement welfare programs through donations and sponsorships.
- c. Employee welfare initiatives

During the year 2011 and 2012. SBL have extended support and donation for the welfare of the mass people as a part of social responsibilities <sup>[8]</sup>.

		<b>2012 (TK).</b>	<b>2011 (TK)</b>
1.	Donation to the Hon'ble Prime Minister's Relief Fund	1,10,00,000.00	80,00,0000
2.	Donation towards distressed Army Family members.	14,40,000.00	12,10,000
3	Help to poor people for treatment purpose	5,22,000.00	4,32,000
4	Financial help for marriage ceremony of orphan (girl)	12,000.00	18,000
5	Educational stipends to poor & meritorious students	62,000.00	77,000.00
6	Infrastructure development of national institute (BAB)	28,00,000.00	23,00,000
7	Help to other needy people	1,57,000.00	1,93,000.00
	Total	1,59,93,000.00	1,033,37,000

Table-2.1: CSR program of SBL during 2011 & 2012

From the above comparison of the two years, the bank gained overall growth in support, guidance, help and co-operation sectors .It is clearly seen that the bank is internally committed to perform corporate social responsibility in numerous ways. Its help to different sectors has been increased from 2011 to 2012.Finally, the bank is expected to reader more help in the social sectors to enhance its goodwill.

## 2.8 "SWOT" ANALYSIS OF SBL

SWOT is the snap for the internal strengths & weaknesses of a firm & the environmental opportunities & threats facing that firm. SWOT analysis is an easy technique through which managers create comprehensive overview of Company's strategic situation. By having SWOT analysis, manager can easily keep pace with the new challenge in the forth coming days. A good firm maximizes firms' strengths & opportunities & minimizes its weakness & threats <sup>[3]</sup>.

### 2.8.1 Strengths

Strength is resource skill or other advantage relative to competitors & the needs of the markets a firm serves or expects to serve.

**a) Company republication:** SBL, has already gained reputation in banking industry in this country particularly among the new comers. With in a period of 2years, SBL has already established affirm toting in the banking sector having tendons growth in the profits & deposits.

**b) Sponsors:** SBL has been founded by a group of eminent entrepreneurs of the country having adequate financial strength. The sponsors directors belong large industry & conglomerates of the country.

**c) Top management:** The top management of the bank is also a major strength for the SBL & contributed heavily towards growth & development of the bank. The too management officials all have reputed of banking experience. Skill & expertise.

### 2.8.2 Weaknesses :

SBL weaknesses are as follows.

**a) Advertising & promoting:** This is the major set bank for SBL & one of its weakest points. SBL does no pursue on aggressive marketing compared to other banks. It is not in the lime light like other banks. SBL does not have any display boards.

**b) Disguised employment:** Currently, there are "from bone heads but few hands" and this is related to the problem or reference appointment. There are people who are only drawing salaries at the end of the month but not have a part of contribution towards the organization. On the country, there are people who worked hard but are not appreciated accordingly.

**c) Limitation of PC.(STELAR) Bank:** PC.(STELAR) Bank is not comprehensive banking software. It is desirable that a more comprehensive banking system should replace PC bank system.

**d) Team work:** At SBL having Mid level & lower level management. There are no team works. But it is obvious that many jobs are performed in groups of two or three in order to reduce the work load & enhance the process of complication of the job.

### **2.8.3 Opportunities :**

SBL can pursue a diversification strategy in expanding its current line of business. The management considers options of starting merchant banking or diversifies into leasing & consodium business by expanding business portfolio in migraine possible for SBL to reduce business risk.

### **2.8.4 Threats**

**a) Multinational bank:** The repaid expansion of multinational bank poses a potential threat to the new private Banks. Due to the booming energy sector, more foreign banks are expected to operate in Bangladesh. Since the foreign banks have spectacular financial strength, it will poses threat to local banks to a certain extent in terms of grabbing the in creative clients.

**b) Upcoming banks:** The upcoming banks private local banks also pose a threat to the existing commercial Bank more of the local private banks may emerge. If that happens the intensity of competition will rise further & banks will have to develop new strategies to complete the faring banks.

**c) Contemporary banks:** The contemporary banks of SBL like Dhaka bank, prime bank, one bank, southeast bank. Exim bank is its major rivals. They are carrying out aggressive comparing to lucrative, corporate clients as well as long time depositors. SBL should recur vigilant absent the steps taken by these banks as these will in turn affect SBL strategies.

## **2.9 AN OVERVIEW OF DINAJPUR BRANCH:**

The study has completed at Dinajpur branch, Uttora Motor's Tower, Ground Floor , Modern More, Sadar Dinajpur. Which is started on 12<sup>th</sup> November 2011 with the 12 efficient & responsible employees. There are some efficient and effective bankers workers in this branch, the management of the branch always tries to provide better service to its customer and behave well with them. As a result they have got a huge number of accounts in.



**Branch Organ gram:**

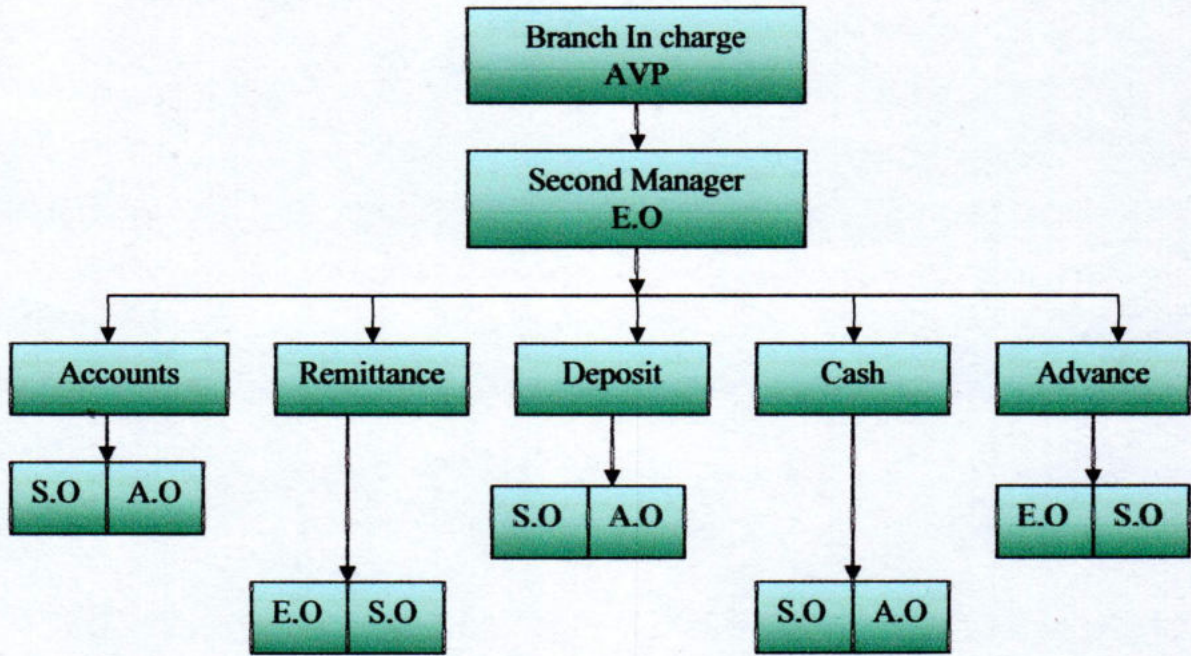


Figure-2.2: Branch Organ gram of SBL.

Here – AVP –Assistant Vice President.

E.O- Executive Officer.

S.O- Senior Officer.

A.O- Assistant Officer.

## CHAPTER- 3: GENERAL BANKING

### **Introduction:**

SBL has three major sections, General Banking is important one. General banking is the head of total banking system. Through this section, bank has to receive and disburse money, to develop banker customer relationship by opening different types of account and providing prompt services to the customers. This department collects money from the depositor and uses these deposits to earn profit.

### **Functions of General Banking:**

The functions of general banking department of Standard Bank of Bangladesh Ltd. are as follows:

- Maintenance of different types Deposit A/C:
  - Saving Accounts
  - Current Accounts
  - Fixed Deposits
  - Short Term Deposits
  - Other Saving Schemes
- Receipts & payment of cash.
- Handling transfer transactions.
- Operations of clearinghouse.
- Maintenance of accounts with Bangladesh Bank & other banks.
- Collection of Cheques & Bills.
- Issue and payment of D.D, T.T and Payment Orders.
- Maintenance of Safe Deposit Lockers.
- Maintenance of Internal Accounts of the banks.
- Reporting to the Head Office about daily position of the bank.
- Saving record of all transactions in computer.
- Closing and transfer of different types of accounts.
- Keeping good relation with valued customer.
- Providing necessary support to the customers.

## Sections of General Banking:

During my practical orientation in Standard Bank, Dinajpur Branch, it came to the observation that general banking section is divided with 6 areas.

These are:

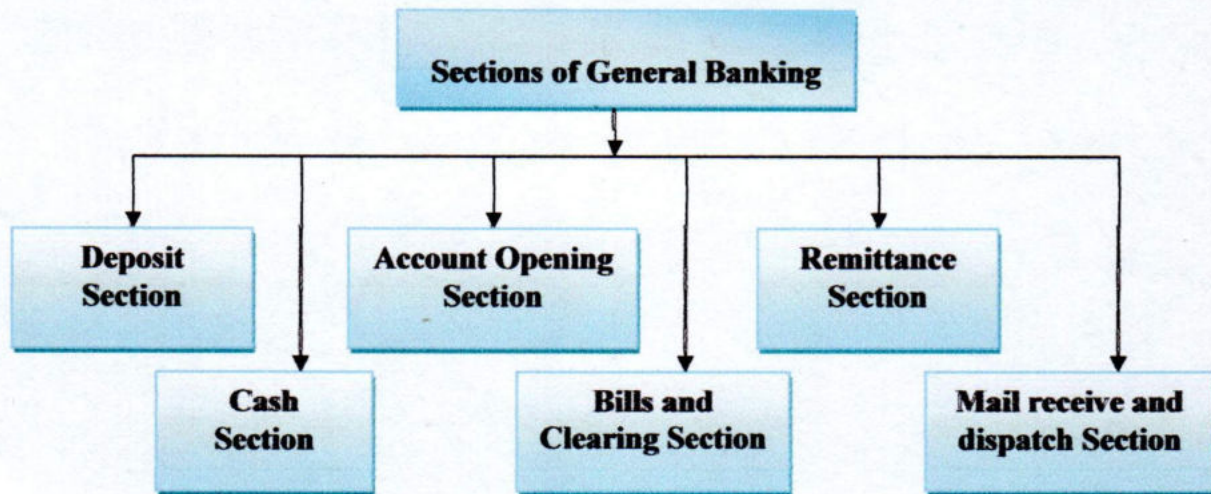


Figure-3.1: Sections of General Banking.

### 3.1 DEPOSIT SECTION

#### Deposit Type:

There are two type of deposit

1. Demand Deposit
2. Time Deposit

In another way, there is another deposit system that is Scheme Deposit.

#### 3.1.1 Demand deposits

These deposits are withdrawal without notice e.g. current deposits. Standard Bank accepts demand deposits through the opening of:

1. Current account
2. Savings account

#### Current Deposit (CD) Account:

A current account is an account, which is generally opened by business people for their convenience. A current account 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 & amount withdrawals from current a/c. It does not earn any interest.

It has the following properties:

- |                                   |                            |
|-----------------------------------|----------------------------|
| ➤ Opening Amount/ Initial Deposit | Tk. 3,000/-                |
| ➤ Service Charge (yearly)         | Tk. 1,000/-(excluding VAT) |
| ➤ Minimum Balance Requirement     | Tk,-1,000/-                |

Current a/c may be individual or joint or partnership or can be formed on any name. It provides Overdraft facility and other facilities like collection of checks transfer of money, rendering Agency and general utility services

### **Savings Bank (SB) Account:**

This deposit is intended primarily for small-scale savers. The main objectives of this account, is promotion of thrift. Savings account is meant for those who want to save a certain amount of their income and earn interest on that for future needs. All features are more or less like (hat of CD a/c except for some restriction that is imposed by the bank. Number of withdrawals over a period of time is limited. .This A/C mainly opens on person name. SB account has the following properties:

- |                                   |                          |
|-----------------------------------|--------------------------|
| ➤ Opening Amount/ Initial Deposit | Tk. 1,000/-              |
| ➤ Service Charge (yearly)         | Tk. 230/-(excluding VAT) |
| ➤ Minimum Balance Requirement     | Tk. 500/-                |
| ➤ Interest rate                   | 5.00%                    |

One cannot withdraw money more than two times in a week. The withdrawing amount is not to exceed 25% of the total balance. If customer withdraws money more than twice in a week than no interest is given to customers on his account

### **3.1.2 Time Deposit:**

A deposit which is payable at fixed date or after a period of notice called time deposit.

#### **Short Term Deposit (STD):**

It is a deposit account open by customer where customer deposited money for short period. Customer can draw money after giving short notice, This account holder enjoys the same facilities of CD account including receiving interest on his deposited money. Interest rate of STD is less than the interest rate of SB account. STD account has the following properties:

- |                                   |           |
|-----------------------------------|-----------|
| ➤ Opening Amount/ Initial Deposit | Tk. 50000 |
| ➤ Service Charge (yearly)         | Tk. 100   |
| ➤ Minimum Balance Requirement     | Tk. 50000 |
| ➤ Interest rate                   | 6 %       |

### 3.1.3 Scheme Deposit:

With the growth of middle classes and other classes of people, having monthly and regular sources of income. Standard Bank has come up with a scheme named Scheme deposits. The following accounts are under Scheme deposits are:

#### Fixed Deposit Receipt (FDR) Account:

In this category are included the deposit with the bank for a fixed period which is specified at the time of making the deposit. Such deposits are therefore called fixed deposits or term deposits. The fixed deposit may be made for 3 months, 6 months, 1 year, 2 year or 3 year with 12.50% rate of interest (deducting 10% tax from the total) is paid to the client.

#### SBL Regular Deposit Programme ( SRDP )

If any monthly installment remains unpaid for 5 (five) consecutive months, the account will be closed automatically Monthly Installment, Tenure and Maturity Value will be as per following Schedule:-

<b>Installment / Years</b>	<b>300</b>	<b>500</b>	<b>1000</b>	<b>2000</b>	<b>2500</b>	<b>5000</b>	<b>10000</b>
3 Years	13,000	21,700	43,400	86,800	1,08,600	2,17,200	4,34,400
5 Years	24,700	41,400	82,800	1,65,600	2,07,000	4,14,000	8,28,000
7 Years	39,900	65,600	1,31,200	2,62,400	3,28,000	6,56,000	13,12,000

#### SBL Regular Income Programme ( SRIP )

SBL Regular Income Program is an income program, which helps you to earn a monthly fixed amount on your deposits at SBL for period of 3 years. Deposit of Tk. 50,000/- (Fifty Thousand) and multiples thereof but maximum limit of Tk. 25,00,000/- (Taka Twenty Five Lac) at a time and depositor will earn 36 equal monthly profit.

Depositor can earn money due date as per following schedule:-

<b>Deposit Amount</b>	<b>50,000</b>	<b>1,00,000</b>	<b>2,00,000</b>	<b>3,00,000</b>	<b>4,00,000 &amp; above</b>
Monthly Interest Payable	500	1,000	2,000	3,000	4,000 & Above

### **SBL Double Income Plus ( DI+ ) Programme**

Deposit of Tk. 10,000/- (Ten Thousand) and multiples thereof will be acceptable under this program. The instrument shall be issued for 6 years. At maturity after 6 years the depositor will be get double plus (DI+).

If any depositor intends to withdraw his deposit before maturity, the following rules will apply :- a. No benefit including interest/profit shall be allowed for pre-mature encashment within 1 (one) year. b. If the accounts/deposits are closed/en-cashed after 1 (one) year of its opening interest shall be allowed on the deposit at prevailing FDR Interest Rate.

### **SBL 5 ( Five ) Lacs Savings Scheme**

Any body can open this scheme by Deposited Tk.5,000/-only per Month. The tenure of the scheme is 6 (six) years. After Six Years Depositor will get Tk. 5,20,000/-. If failure to pay monthly installment on due dates he/she will pay penalty of Tk. 20/-(twenty) on next subsequent installment. In case of premature close of the account the account holder will get savings rate interest but not interest less than 6 (six) months. If 4 (four) consecutive monthly installment unpaid the account will be closed automatically.

### **SBL 10 ( Ten ) Lacs Savings Scheme**

Any body can open this scheme by deposited Tk. 4,500/- (four thousand five hundred) only per month. This scheme tenure 10 (Ten) years. After 10 (Ten) years depositor will get Tk. 10,00,000/-. If failure to pay monthly installment on due dates he/she will pay penalty of Tk. 20/- (twenty) next subsequent installment. In case of premature close of the account the account holder will get saving rate interest but not interest less than 6 (six) months. If 4 (four) consecutive monthly installment unpaid the account will be closed automatically.

### **SBL Lakhapoti Plus ( SLP+ ) Programme**

The depositor will have the option to choose any installment size at the time of opening of the account and will not be allowed change the size of installment afterwards. In case of premature closing of the account minimum after 1 (one) year completion, the account holder will get Saving Rate of Interest only. But no interest will be paid before 1 (one)year completion of continued payment. In case of premature close of the account the account holder will get savings rate interest but not interest less than 6 (six) months. If any client fails to pay monthly installment on due dates in maximum 4 (four) months he/she will pay penalty of Tk. 20/- (Twenty) per month to the next subsequent installment. If any client fails to pay 4 (four) consecutive monthly installments the account will be closed automatically.

Monthly Installment, Tenure and Maturity Value will be as per following Schedule:



Monthly Installment	Tenure	Amount to be paid after Maturity
3,800	2 Years	1,03,460
2,600	3 Years	1,12,950
1,400	5 Years	1,15,090
800	7 Years	1,33,800
600	10 Years	1,38,210

### **SBL Millionaire Plus ( SMP+ ) Programme**

The depositor will have the option to choose any installment size at the time of opening of the account and will not be allowed change the size of installment afterwards. In case of premature closing of the account minimum after 1 (one) year completion, the account holder will get Saving Rate of Interest only. But no interest will be paid before 1 (one) year completion of continued payment. In case of premature close of the account the account holder will get savings rate interest but not interest less than 6 (six) months. If any client fails to pay monthly installment on due dates in maximum 4 (four) months he/she will pay penalty of Tk. 20/- (Twenty) per month to the next subsequent installment. If any client fails to pay 4 (four) consecutive monthly installments the account will be closed automatically.

Monthly Installment, Tenure and Maturity Value will be as per following Schedule:

Monthly Installment	Tenure	Amount to be paid after Maturity
24,000	3 Years	10,30,000
13,500	5 Years	10,67,000
9,000	7 Years	10,90,000
5,500	10 Years	10,75,000
3,800	13 Years	10,77,000

### **3.2 CASH SECTION:**

Cash section is an important section where cash transactions are made. Cash sections demonstrate liquidity strength of a bank. It is also sensitive as it deals with liquid money. Maximum concentration is given while working on this section. Tense situation prevails if there is any imbalance in the cash account. There are various systems maintain by cash officer that is under:

- Vault
- Cash Receive
- Cash Payment

### **3.2.1 Vault**

The cash department is the riskiest department of the bank. This is the section where tight security is required to avoid any accident. There is a limit to be amount of cash that each counter can carry: carrying of excess cash is avoided for safety reasons. If there is any surplus in the cash then the excess amount should sent to the Bangladesh Bank or if there is any shortage in the cash then the shortage amount should be borrowed by the bank from Bangladesh Bank or from the Head Office or Other Banks,

### **3.2.2 Cash Receipt**

When clients deposit cash in the bank, the bank officer should follow the following common precaution:

- Check and count the received cash.
- Make sure that the amount in word and number in the deposit slip are same.
- Check the account title and the number.
- Both the deposit slip is in order.
- Depositor's signature is in the slip.
- Receive seal in the slip is a must.
- Write the domination of the currency at the back of the pay in slip or the credit voucher and affix stamp in the slip/voucher,
- Enter particulars of in slip/credit voucher in the receiving cash officer book.
- At least, send the pay in slip/voucher to the deposit department or to the respective department. . . .
- Deposit slip must be signed by the respective officer.
- Carbon copy of the deposit slip must be handover to the client with proper seal and signature.

### **3.2.3 Cash Payment**

Cheques, demand drafts, pay orders, pay slips and debit cash vouchers etc. are received from various departments for payment of cash to customers/payees. Prior payment of , cash it is the officer's duty to make sure that the cheque/or the instrument has been genuinely passed. The following common precaution is thoroughly practiced before honoring a cheque:



- The branch name in the cheque.
- The date in the cheque is very crucial. Cheques are normally valid for six months and pre-dated cheques are asked to present after the date given.
- Tk in words and figure of the cheque is same.
- Balance in the account is available.
- The specimen card signature and signature in the cheque should match.
- Signature of recipient is obtained on the reverse of cheque.
- In case, where a prior arrangement has been made with the bank, a client may overdraw against a cheque.

### **3.3 ACCOUNT OPENING SECTION:**

One of the vital sections under general Banking is the account opening section. Banker-customer relationship begins through this section. Various tasks are performed in this section.

Such as:

- Opening of different types of account.
- Issue of checkbook.
- Transfer and closing of account.
- Enquiry of account.
- Checking The Signature of the client.

#### **Documents to be obtained for different types of account:**

When anyone comes to open an account he has to submit some documents to the banker. Different types of documents need for different customer. Some common documents require for all types of account are:

- Introduction recommendation.
- Specimen signature card.
- Account opening agreement form.
- Two copies of Photograph of account holder and two copies of nominee (if any). 1. Deposit slips book and 2. Cheque-book requisition slip
- Letter of mandate authorizing another person to operate the account on behalf of the account holder.

### 3.4 CLEARING & BILLS SECTION:

Clearing and bills section is an important section of General Banking. This is the section through which branch has to clear its inter branch and inter bank transaction. Customers do pay and receive the collecting branch the system is known as IBC.

#### 3.4.1 Clearing:

As far as safety is concerned, customers get crossed cheque for the transaction. As we know crossed cheque cannot be encashed from the counter, rather it has to be collected through banking channel i.e. clearing. For example, a client of SBL Bank received a cheque of another bank, which is located within the clearing range; deposit the cheque in his account at SBL Bank. Now SBL Bank will credit his account and collect it. Though the amount is credited in the customer's account but he will not get the money until the cheque is honored.

#### Types of Clearing:

1. **Outward Clearing:** Outward clearing means when a particular branch receives instrument drawn on the other bank within the clearing zone and those instruments for collection through the clearing arrangement is considered as outward clearing for that particular branch.
2. **Inward Clearing:** When a particular branch receives instruments which are sent by other member bank for collections are treated as inward clearing.

#### 3.4.2 Outward Bills for Collection (OBC):

Customers deposit cheque, drafts etc. for collection, attaching their deposit slip. Instruments within the range of clearing are collected through local clearinghouse. But the other, which is outside the clearing range, is collected through OBC. Then they will forward the bill to that particular branch. OBC number given on the forwarding letter. Charge for OBC:

Amount	Minimum Amount	Commission	Postage Charge	Vat
Tk. 1-5,00,000	Tk. 25	0.10%	20	15% on Commission
Tk. 5,00,000" Above	Tk. 600	0.10%	20	

#### 3.4.3 Inward Bills for Collection (IBCA):

In this case bank will work as an agent of the collection bank. The Branch receives a forwarding letter and the bill. Next steps are:

- Entry in the IBCA register, an IBCA number given.
- The instrument is sent to clearing for collection.

- An IBCA is dispatched in this regard.
- If dishonored in this case the instrument is returned to the collecting branch along with return Memo indicating the cause of dishonored.

### 3.5 REMITTANCE SECTION:

The major function of commercial Banks is mobilization of fund. Other than this, banks provide supplementary services to its clients. Clients need to remit money from one place to another for their business or other purposes. Banks fulfill this need of customers by means of remittance service. Money can be remitted domestically or internationally, which known as local remittance and foreign remittance.

There are three ways of transferring fund domestically. The modes of transferring funds are:

- Pay-Order (PO).
- Demand Draft (DD).
- Telegraphic Transfer (TT).
- Mail Transfer (MT).

#### 3.5.1 Payment Order / Pay Order (P.O)

This is an instrument issued by the branch of a bank for enabling the Customer/Purchaser to pay certain amount of money to the order of a certain person/firm/organization/office within the same clearing house area of the pay order-issuing branch. Table showing the Charge for Pay Order:

Amount	Commission	Vat	Total Charge
Less than TK. 10,000	15	2	17
TK.10,001-1,00,000	25	4	29
Tk. 1,00,01-5,00,000	50	8	58
TK. 5,00,001 above	100	15	115

#### 3.5.2 Demand Draft (D.D)

This is an instrument through which customer's money is remitted to another person/firm/organization in outside the clearinghouse area from a branch of one bank to an outstation branch of the same bank or to a branch of another bank (with prior arrangement between that bank with the issuing branch): This is an order instrument in which the issuing branch gives instruction to the payee/drawer branch to pay certain amount of money to the order of certain person/firm/organization. Commission, vat and postage are charged for issuing DD. Example: - To transfer money from Chittagong to Dhaka

Charge for Demand Draft:

- Minimum amount for a DD is TK. 25.
- Commission is the 0.10% of the DD amount.
- Vat is TK. 15% on the commission amount.

### **3.5.3 Telegraphic/ Telephonic Transfer (T.T)**

This is a mode of transfer of customer's money from a branch of one bank to another branch of the same bank through telegraphic/telephonic message.

Procedure for payment of T.T.:

- Note the message T.T. & verify the test number & confirm the T.T. serial no. is ok.
- If ok make entry in to T.T. payable Register
- Pass necessary vouchers for payment.

For quickest remittance customer use this means to transfer money from one place to another place. Within 10 minutes beneficiary will get the amount.

Charge for T.T.:

- Minimum amount for a TT is TK. 25.
- Telephone Charge is TK. 50
- Commission is the 0.10% of the TT amount.
- Vat is TK. 15% of the commission amount.

### **3.5.4 Mail Transfer (M.T.):**

This instrument is not available in SBL.

## **3.6 MAIL RECEIVE & DISPATCH SECTION:**

Banking is the business of correspondence. Lot of mail comes to the bank and dispatch from the branch daily. Lot of my document causes much loss for bank. That is why bank has to record all Mail received and dispatched through the bank.

### **3.6.1 Mail receiving:**

All mail comes to the bank recorded in this desk. For this reason a register book maintained called inward mail register. A number is given on receiving mail and records particulars of document in the register book.

### **3.6.2 Mail Dispatching:**

Before dispatching mail from the bank must record in outward mail register. A number is given on the mail. Destinations, date of dispatch are recorded in that register book.

## **CHAPTER- 4: LOAN & ADVANCE SECTION (INVESTMENT)**

The making of loans and advances has always been prominent and profitable function of a bank. Sanctioning credit to customers and others out of the funds at its disposal is one of the principal services of a modern bank. Advances by Standard Bank are made in different forms, such as loans, overdrafts, cash credits, bills purchased and discounted etc. Standard Bank deals with the money from the depositor repayable on demand. So, it cannot afford to lock up its fund for long period. It usually grants short-term advances which are utilized to meet the working capital requirements of the borrower. This is the second formation of the bank's two generic functions- deposit mobilization and credit creation. Since major part of bank's income is derived from credit and since the banks credited its customer's fund, bank should take extreme caution in lending. The granting of advances is one of the most important functions of a Bank and the test of a Bank's strength depends considerably on the quality of its advances and the proportion they bear to the total deposit. Although receipt from Exchange, Commission and Bank's Charges contribute a fair amount of the profits of Commercial Bank, its earnings are chiefly derived from interest charged on loans and discounts. A wise and prudent in regard to Advances is, therefore, considered an important factor inspiring confidence in the depositors and customers of a Bank Following are the basic principles of sound lending which each banker follows when considering an advance proposal.

## 4.1 CREDIT FACILITIES

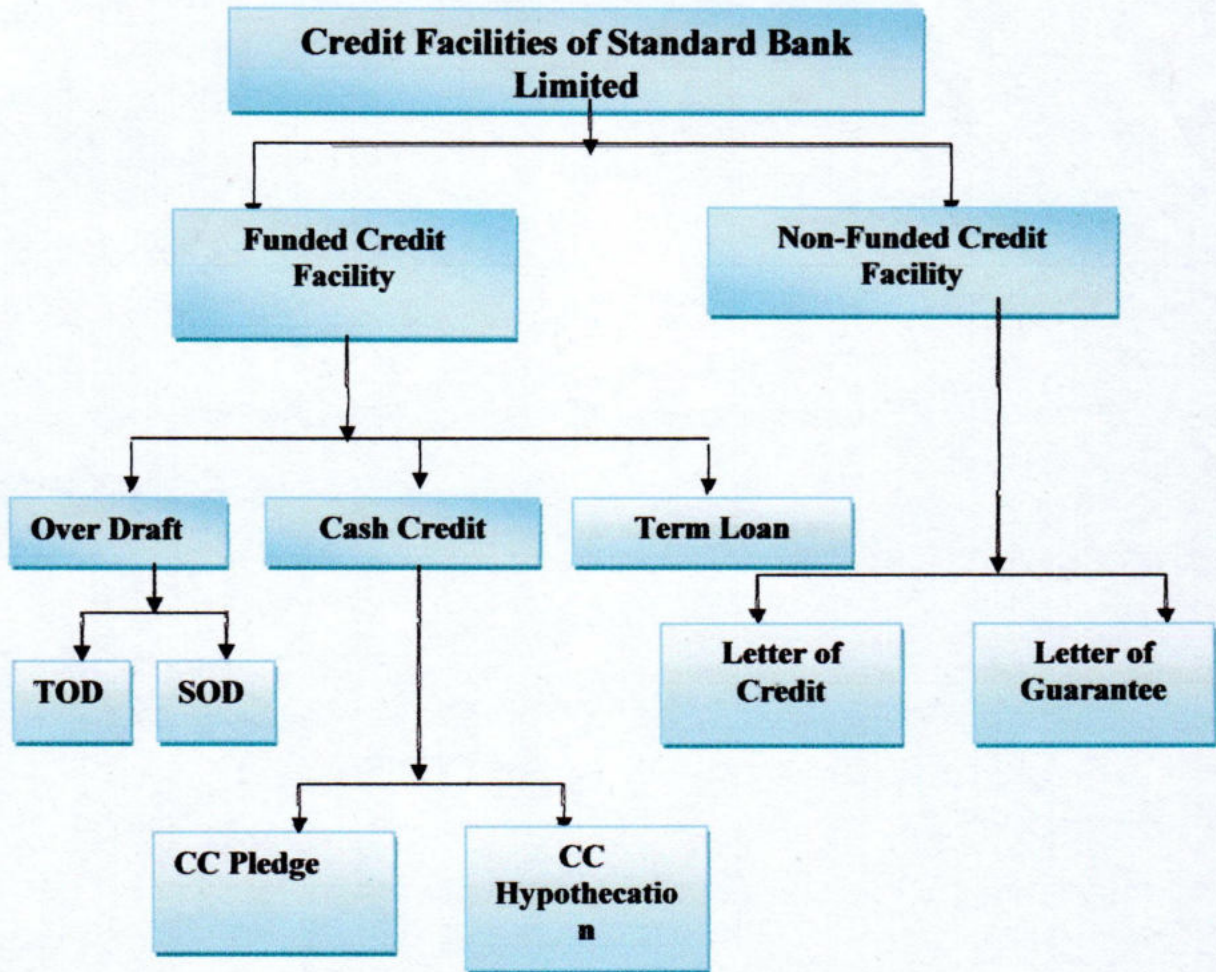


Figure-4.1: Credit Facilities of SBL.

All Types of Credit facilities can be broadly classified into two ways:

- Funded and
- Non-Funded

### 4.1.1 Funded

A funded credit facility that a bank offers to a customer result in an actual disbursement of cash to the customer or to any designated supplier of the customer. In order to provide funded facility to a customer the bank has to incur real liability before hand, i.e.; the bank has to arrange for funds primarily through accepting deposits or otherwise. Funded facility affects the balance sheet of the bank both in terms of increase of liability and increase of assets.

## Types of Funded Credit

1. Cash Credit
2. Loans
3. Overdraft and
4. Bill Purchased & discount.

### **Cash Credit:**

Cash Credit is the favorite of borrowing by trades, industrialists, agriculturists, etc. for meeting their working capital requirements. This type of facility is always against pledge of goods, produce and merchandise. Cash credit facility is allowed against pledge or hypothecation of goods. Under this arrangement the borrower can borrow any time within the agreed limit and can deposit money to adjust whenever he does have surplus can in hand.

#### Types of Cash Credit:

1. Cash Credit (Hypothecation);
2. Cash Credit (Pledge) and
3. Cash Credit (Export).

CC (hypo)		CC (Pledge)
The stocks of goods are under the control of borrower.	1	The stocks of goods are under the control of lending Bank.
For this 'letter of hypothecation' is obtained from the borrower.	2	For this 'letter of pledge' is obtained from the borrower.
Borrowers have to submit stock report on monthly basis to the lending Bank.	3	Bank maintains pledge register; stock reports not require submitting.
In case of CC (hypo) Bank obtained sufficient collateral security for covering loan risk.	4	In case of CC (Pledge) Bank takes other collateral security if available in the hand of borrower.

### **Loans:**

When an advance is made in a lump sum repayable either in fixed monthly installments or in lump sum and no subsequent debit is ordinarily allowed except by way of interest incidental Charges, etc. it is called a loan. Loans may be a 'demand loan' or 'time loan' or 'term loan'. Demand loan is payable on demand which is allowed for a short period to meet short-term working capital need. Time loan is payable within one year and term loan is allowed for one

year to five years, usually for capital expenditure such as construction of factory building, purchase of new machinery, modernization of plant etc.

**Overdraft:**

Overdraft is an arrangement between a banker and his customer by which the latter is allowed to withdraw over and above his credit balance in his current account. This is a temporary accommodation of fund to the client. Academically, basic difference between cash credit and overdraft is that businesspersons use cash credit for longer period on yearly renewal basis, while overdraft is allowed occasionally and for short-term duration. Types of Overdraft:

1. TOD
2. SOD

TOD	SOD
TOD means Temporary Overdraft	* SOD means Secured Overdraft
It is allowed only for short time such as one or two days.	1 It is sanctioned for a stipulated period such as one year.
It is allowed without security or against collection of instrument.	2 It is allowed against encashable securities such as FDR, PSP etc.
It has not a sanction limit	3 It has a sanction limit
Borrower cannot withdraw any amount as required by him.	4 Borrower can withdraw any amount as required up to the sanction limit.
TOD allowed for meet up temporary crisis of the borrower.	5 It is allowed as working capital to meet run the business smoothly.

**Bill discounted and purchased:**

Characteristics:

1. Separate ledger has to be maintained
2. Interest rate is comparatively higher
3. Client can adjust his account partially or fully

Types of Bill Discounted and Purchased:

1. Inland bill purchase
2. Foreign bill purchase
3. Foreign documentary bill purchase
4. Payment against document Bills Purchased and Discounted



#### **4.1.2 Non- funded**

Non- funded facilities is where the client is not given any cash directly rather he can enjoy the credit facility for specific purposes like – paying for import. Depending upon types of credit there are following kinds of non- funded facility:

a. Letter of Credit b. Guarantee

#### **Letter of Credit:**

A banker's documentary credit is an instrument or letter issued by a bank on behalf of and for the account of the buyer of the merchandise. By this instrument the bank undertakes that the bill(s) of exchange of the beneficiary (the seller of the merchandise) drawn on the buyer, or on the issuing bank, or on another bank designated in the instrument, strictly according to the conditions stipulated in the instrument, will be duly honored by acceptance and/or payment depending upon the issuance of the bill(s) of exchange in question.

#### **Guarantee:**

In banking, it is an irrevocable obligation of a bank to pay a certain sum of money in the event of non-performance of a contract by a third party. The basis of guarantee is always a contractual relationship between principal debtor (account holder) and creditor (beneficiary), which is either a contract that has been definitely concluded or a relationship in its pre-contracted as is the case with the tender guarantee. This relationship is referred to as the principal or underlying relationship or contract. The contract of guarantee is independent of this underlying relationship.

### **4.2 SANCTION OF LOAN**

When a Branch Manager writes a letter to accepting all terms and conditions of loan, it is called loan sanction. The conditions which are included in the loan sanctions these are given below:

- Limit.
- Primary Securities.
- Collateral Securities
- The Rate of Interest
- Expiry date.
- Repayment.
- Documentation.
- Others Condition

### 4.3 LOANS OR FINANCE STANDARD BANK PROVIDE

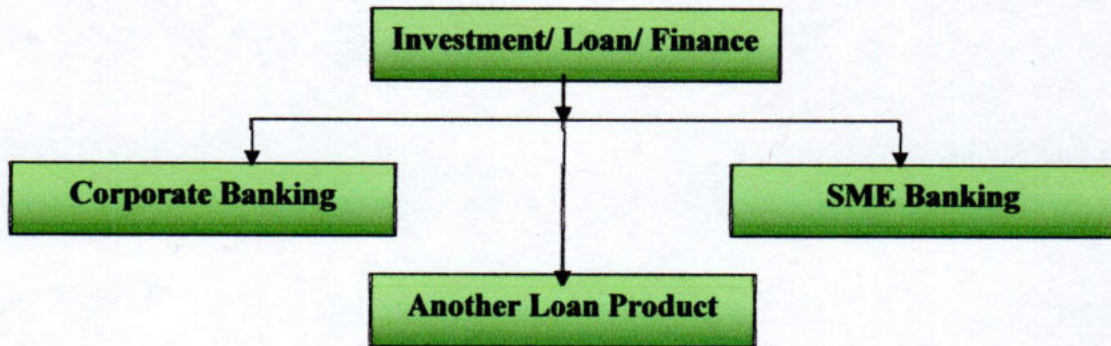


Figure-4.2: Loans or Finance of SBL.

#### 4.3.1 Corporate Banking

- Trade Finance
- Term Loan
- Lease Finance
- Club Finance
- NBFI Finance
- Syndicate Loan
- Commercial Lending
- Working Capital Lending

#### **Trade Finance**

Standard Bank's trade finance is tailored to meet the individual needs of business. SBL can help even if any company has limited unstructured credit lines, due to reasons such as limited financial resources or sudden spike requirements. That's because its risk evaluation focuses more on performance track record, existing performance and collateral valuation.

#### **Imports:**

#### **Letter of Credit:**

When buying goods from overseas suppliers, anyone will wish to receive the goods as ordered in the right quantity, on time and at the designated place. Anyone will also wish to make payments only after receipt of the required documents including the title of goods.

By using a Letter of Credit, SBL will only make payment after receipt of titles and other documents that should fully comply with the terms of the credit. Anyone can enjoy a safer and cheaper alternative to making advance payment or deposits.

**Back-To-Back Letter of Credit:**

If an intermediary and his supplier wants to sell on documentary credit term only, they may apply for the issuance of a Back-to-Back Letter of Credit from SBL against the export Letter of Credit.

A Back-to-Back Letter of Credit is issued against the export credit (the master credit), but the terms and conditions may not be the same as the export credit. Person must submit his own draft and invoice, together with the other shipping documents presented by his supplier to secure payment under the export credit. After processing, he will have the export proceeds to pay his supplier and the balance credited to his account.

**Deferred Letter of Credit:**

A DC which allows the nomination of a bank, or the issuing bank to effect payment against stipulated documents at a maturity date as specified or determinable from the wording of the credit. With this clients are able to receive the goods now and pay later.

**Import bills for collection:**

By informing client's supplier to send their shipping documents to Standard Bank, client will enjoy prompt advice upon SBL's receipt of documents and efficient payment according to their instructions.

**Shipping Guarantee:**

To operate client's business efficiently, it is vital client's goods be cleared expeditiously. By issuing a shipping guarantee in the shipper's favor, Standard Bank facilitates prompt clearance of goods until bills or lading is received.

**Import Financing:**

Standard Bank will be able to provide financing solutions to pay for the supplier's documents under letter of credit or import collections. Open account invoice financing is also available.

**Exports:**

If anyone is in the export business, SBL can help them with Export L/C advising, L/C Safekeeping, L/C Confirmation, L/C Checking and Negotiation. For financing solutions, tap on to Pre-shipment Export Finance, Export Bills for Collections, Invoice Financing. Outsource their administrative functions to Standard Bank's document preparation service.

**Export letter of credit advising:**

Benefit from prompt advising of export letter of credit from a wide international network through Standard Bank.

**Export letter of credit safekeeping:**

Rather than be inconvenienced by having to come to the bank to collect clients export letter of credit, Standard Bank will safe keep their original and send them a working copy to facilitate the preparation of documents.

**Export letter of credit confirmation:**

Exporters may deal not only with unknown foreign buyers, but also with their banks which are less well known institutions and whose letter of credit (LC) may not be sufficient comfort. By requesting Standard Bank to confirm clients export LCs, they obtain SBL's guarantee of payment for document presented in compliance with the credit.

**Pre-shipment export financing:**

SBL provides pre-shipment finance against irrevocable letters of credit from or purchase orders in a number of currencies to allow client to trade with confidence. If client need to fulfill a sales contract but need funds to purchase raw materials or process goods for export, Standard Bank offers you pre-shipment export financing in a variety of currencies.

**Letter of credit checking and negotiation:**

Standard Bank's thorough checking standards will reduce the chances that client's documents will be rejected. Strict service standards are applied to ensure that client's documents are negotiated and dispatched quickly.

**Export bills for collection:**

Simplify dispatch tracking of payment and reconciliation of your export collections when client choose Standard Bank's documents against acceptance, documents against payment or clean collections. Discounting of export collections is also available.

**Term Loan :**

Lending rate has been shown in the following table where fixed rate (Bangladesh bank instructed rate) and mid-rate are given. Bank may re-fix  $\pm 1.50$  over the mid rate considering the risk involvement. These rates are effective from January 01, 2010.

SL	Particulars	Fixed Rate	Mid Rate
01	Term Loan (Large & Medium Scale Industry)	13.00%	--
02	Term Loan (Other than Large & Medium Scale Industry)	--	14.00%
03	Term Loan (Small Cottage Industry)	--	14.00%

1.00% additional interest rate will be charged for default in payment/ adjustment. All other charges, commissions and fees shall remain unchanged.

#### **Lease Finance:**

Lending rate has been shown in the following table where fixed rate (Bangladesh bank instructed rate) and mid-rate are given. Bank may re-fix  $\pm 1.50$  over the mid rate considering the risk involvement. These rates are effective from January 01, 2010.

SL	Particulars	Fixed Rate	Mid Rate
01	Lease Finance	--	14.00%

1.00% additional interest rate will be charged for default in payment/ adjustment. All other charges, commissions and fees shall remain unchanged.

#### **Club Finance:**

Lending rate has been shown in the following table where fixed rate (Bangladesh bank instructed rate) and mid-rate are given. Bank may re-fix  $\pm 1.50$  over the mid rate considering the risk involvement. These rates are effective from January 01, 2010.

SL	Particulars	Fixed Rate	Mid Rate
01	Club Finance	--	14.00%

1.00% additional interest rate will be charged for default in payment/ adjustment. All other charges, commissions and fees shall remain unchanged.

#### **NBFI Finance:**

Lending rate has been shown in the following table where fixed rate (Bangladesh bank instructed rate) and mid-rate are given. Bank may re-fix  $\pm 1.50$  over the mid rate considering the risk involvement. These rates are effective from January 01, 2010.

SL	Particulars	Fixed Rate	Mid Rate
01	NBFI Finance	13.00%	--

1.00% additional interest rate will be charged for default in payment/ adjustment. All other charges, commissions and fees shall remain unchanged.

**Syndicate Loan :**

Lending rate has been shown in the following table where fixed rate (Bangladesh bank instructed rate) and mid-rate are given. Bank may re-fix  $\pm 1.50$  over the mid rate considering the risk involvement. These rates are effective from January 01, 2010.

SL	Particulars	Fixed Rate	Mid Rate
01	Syndication & Structured Finance	--	14.00%

1.00% additional interest rate will be charged for default in payment/ adjustment. All other charges, commissions and fees shall remain unchanged.

**Commercial Lending :**

Lending rate has been shown in the following table where fixed rate (Bangladesh bank instructed rate) and mid-rate are given. Bank may re-fix  $\pm 1.50$  over the mid rate considering the risk involvement. These rates are effective from January 01, 2010.

SL	Particulars	Fixed Rate	Mid Rate
01	Commercial Lending (Cash Credit, Hire Purchase, PAD, TR, IBP etc.)	13.00%	--
02	Commercial Lending (Food Grain)	12.00%	--

1.00% additional interest rate will be charged for default in payment/ adjustment. All other charges, commissions and fees shall remain unchanged.

**Working Capital Lending :**

Lending rate has been shown in the following table where fixed rate (Bangladesh bank instructed rate) and mid-rate are given. Bank may re-fix  $\pm 1.50$  over the mid rate considering the risk involvement. These rates are effective from January 01, 2010.

SL	Particulars	Fixed Rate	Mid Rate
01	Working Capital (Large & Medium Scale Industry)	13.00%	--
02	Working Capital (Other than Large & Medium Scale Industry)	--	14.00%

1.00% additional interest rate will be charged for default in payment/ adjustment. All other charges, commissions and fees shall remain unchanged.

#### 4.3.2 SME Banking

- Small Enterprise
- Medium Enterprise
- Agricultural Loan

##### Small Enterprise :

Lending rate has been shown in the following table where fixed rate (Bangladesh bank instructed rate) and mid-rate are given. Bank may re-fix  $\pm 1.50$  over the mid rate considering the risk involvement. These rates are effective from January 01, 2010.

SL	Particulars	Fixed Rate	Mid Rate
01	SME Finance	--	14.00%

1.00% additional interest rate will be charged for default in payment/ adjustment. All other charges, commissions and fees shall remain unchanged.

##### Medium Enterprise :

Lending rate has been shown in the following table where fixed rate (Bangladesh bank instructed rate) and mid-rate are given. Bank may re-fix  $\pm 1.50$  over the mid rate considering the risk involvement. These rates are effective from January 01, 2010.

SL	Particulars	Fixed Rate	Mid Rate
01	SME Finance	--	14.00%

1.00% additional interest rate will be charged for default in payment/ adjustment. All other charges, commissions and fees shall remain unchanged.

##### Agricultural Loan :

Lending rate has been shown in the following table where fixed rate (Bangladesh bank instructed rate) and mid-rate are given. Bank may re-fix  $\pm 1.50$  over the mid rate considering the risk involvement. These rates are effective from January 01, 2010.

SL	Particulars	Fixed Rate	Mid Rate
01	Agriculture/Agro based/Agro processing	9.00%	--

1.00% additional interest rate will be charged for default in payment/ adjustment. All other charges, commissions and fees shall remain unchanged.

#### 4.3.3 Another Loan Products of SBL

##### Consumer Credit Scheme :

Lending rate has been shown in the following table where fixed rate (Bangladesh bank instructed rate) and mid-rate are given. Bank may re-fix  $\pm 1.50$  over the mid rate considering the risk involvement. These rates are effective from January 01, 2010.

SL	Particulars	Fixed Rate	Mid Rate
01	Consumer Credit Scheme (Staff)	12.00%	--
02	Consumer Credit Scheme (Commercial)	--	14.00%

1.00% additional interest rate will be charged for default in payment/ adjustment. All other charges, commissions and fees shall remain unchanged.

##### House Building Loan :

Lending rate has been shown in the following table where fixed rate (Bangladesh bank instructed rate) and mid-rate are given. Bank may re-fix  $\pm 1.50$  over the mid rate considering the risk involvement. These rates are effective from January 01, 2010.

SL	Particulars	Fixed Rate	Mid Rate
01	House Building Loan (Staff)	9.00%	--
02	House Building Loan (Commercial)	13.00%	--
03	House Building Loan (Residential)	--	14.00%

1.00% additional interest rate will be charged for default in payment/ adjustment. All other charges, commissions and fees shall remain unchanged.



## CHAPTER- 5: FOREIGN EXCHANGE

It is a well known fact that money is a medium for all transaction that takes place inside the country as well as outside the country. In Bangladesh, we have the TK. Financing the internal trade and other obligation. That part of the economic science that deals with the conversion of Home currency into foreign currency for the purpose of setting international obligations is called Foreign Exchange. International trade and international money and capital modernists are the basis of foreign exchange dealings. In the trading of foreign exchange between banks, which is the job of the foreign exchange dealers, only foreign currency held with banks abroad is concerned. Foreign banks notes are not foreign exchange in the arriver sense. They can be converted into foreign exchange, however provided they can be placed without restrictions to the creditor of an ordinary commercial account abroad. The exchange regulations of some of some countries do not allow this conversion of bank notes into foreign reverse is nearly always permitted. A Currency, whether in foreign exchange or bank notes is usually called convertible if the person holding it can convert it, in other freely in to any other currency.

### 5.1 FOREIGN EXCHANGE DEPARTMENT

Foreign Exchange Department of Standard Bank Ltd. Head Office Corporate Branch can be shown by the following figure:

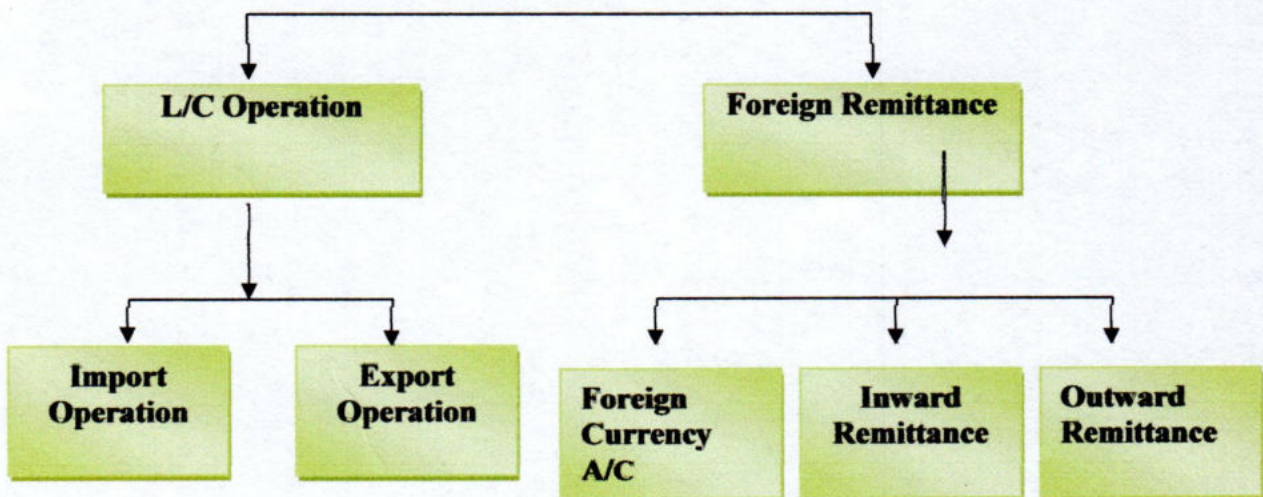


Figure-5.1: Foreign Exchange Department of SBL.

Foreign exchange department of Standard Bank, Head Office Corporate Branch has been divided into two sections:

- 1). Foreign Remittance
- 2). L/C Operation

The Principal Foreign Exchange Instruments Being Used -

1. Bills of Exchange.
2. Banker's Draft or Banker's Cheque.
3. Mails or Air Mail Transfer.
4. Telegraphic Transfer.
5. Commercial Letters of Credit,
6. Traveler's Cheques.
7. Traveler's Letter of Credit.
8. Postal Money Orders.
9. Express Orders, Bank Post Remittances and Credit Cards.

## **5.2 FOREIGN EXCHANGE OPERATION PROCEDURE**

The procedures, upon which foreign exchange transaction is transacted, stated in the following section:

1. The buyer and the seller conclude a sales contract providing for payment by documentary credit.
2. The buyer instructs his Bank, the issuing Bank to issue a credit in favor of the seller (beneficiary).
3. The issuing Bank asks another Bank, usually in the country of the seller to advise of confirms the credit.
4. The advising or confirming Bank informs the seller that the credit has been issued.
5. As soon as the seller receives the credit and is satisfied that he can meet its terms and conditions, he is in a position to load the goods and dispatch them.
6. The seller then sends the documents evidencing the shipment to the Bank where the credit is available (the nominated Bank) this may be the issuing Bank or the confirming Bank of a Bank named in the credit as the paying, accepting or negotiating Bank. If the credit allows for negotiation by any Bank, there will not be a "nominated Bank" and documents may be sent to any Bank willing to negotiate under the credit.
7. The Bank checks the document against the credit. If the documents meet the requirements of the credit, the Bank will pay, accept or negotiate, according to the

- terms of the credit. In the case of a credit available by negotiate without recourse, any other Bank including the recovers, any other Bank, including the advising Bank if it has not confirming the credit, which negotiated, will do so with recourse.
8. The Bank if other than the issuing Bank sends the documents to the issuing Bank.
  9. The issuing Bank checks the documents and if they meet the credit requirements and other:
    - a. Affects payments in accordance with the terms of the credit, either to the seller if he was sent the documents directly to the issuing Bank or to the Bank that has made funds available to him in anticipation or negotiated the credit and
    - b. Reimburse in the pre-agreed manner the confirming Bank or any Bank that has paid, accepted or negotiated under the credit.
  10. When the documents have been checked by the issuing Bank and fund to meet the credit requirements they are released to the buyer upon payment of the amount due or upon other terms agreed between him and the issuing Bank.

### **5.3 FORMS OF DOCUMENTARY CREDIT**

#### **1. Revocable Credit**

A revocable credit is one where the issuing bank at liberty to revoke i.e. cancels the credit at any time. According to UCPDC (), a revocable credit may amend or cancelled by the issuing bank at any moment and without prior notice to the beneficiary before shipment of consignment against the L/C.

#### **2. Irrevocable Credit**

An irrevocable L/C is one, which cannot be revoked, amended or modified by the bank with the concurrence of the interested parties.

##### **5.3.1 Parties Involved in L/C**

1. Importer (Buyer)/Applicant;
2. The Issuing Bank (Opening Bank);
3. The Advising Bank/Notifying Bank;
4. Exporter/ Seller (Beneficiary);
5. Confirming Bank;
6. Negotiating Bank and
7. The Paying/Reimbursing/Accepting/Remitting Bank.

**Applicant:**

The person / body (customer of the bank) who requests the bank (opening bank) to issue letter of credit. As per instruction and on behalf of the applicant, bank open L/C in line with the terms and conditions of the sales contract between the buyer and seller.

**Opening Bank/ Issuing Bank:**

The bank which open/issue L/C on behalf of the applicant/importer. Issuing bank's obligation is to make payment against presentation of documents drawn strictly as per terms of the L/C.

**Advising/Notifying Bank:**

The bank through which the L/C is advised/ forwarded to the beneficiary (exporter). The responsibility of advising bank is to communicate the L/C to the beneficiary after checking the authenticity of the credit. The advising bank acts only as agent of the issuing bank without having any engagement on their part.

**Beneficiary:**

Beneficiary of the L/C is the party in whose favor the letter of credit is issued. Usually they are the seller or exporter.

**Confirming Bank:**

The bank, which under instruction in the letter of credit, adds confirmation of making payment in addition to the issuing bank. It is done at the request of the issuing bank having arrangement with them. This confirmation constitutes a definite undertaking on the part of confirming bank in addition to that of issuing bank.

**Negotiating Bank:**

The bank, which negotiate documents and pays the amount to the beneficiary when presented complying credit terms. If the negotiation of documents is not restricted to a particular bank in the L/C, normally negotiating bank is the banker of the beneficiary

### Reimbursing/ Paying Bank:

The bank nominated in the credit by the issuing bank to make payment stipulated in the document, complying with the reimbursing bank.

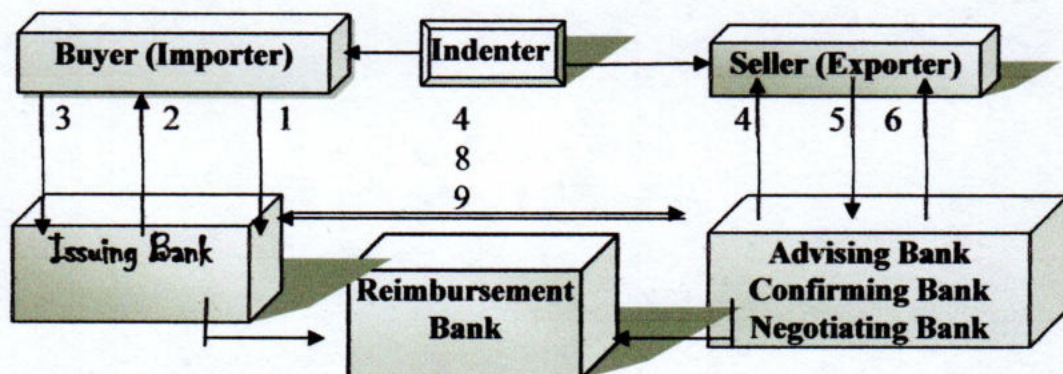


Figure-5.2: Parties involve in L/C

### 5.3.2 Essential Documents / Papers Required for Opening LC. on A/C of new private Company / Party

1. Current Account / C. C. A/C).
2. Trade License (Valid)
3. *Import Registration Certificate (I. R. C. Valid)*
4. Membership Certificate from Chamber and Commerce and industry (CC&I)
5. Tax Identification Member (1. 1. N)
6. Vat Registration Certificate
7. Request letter for opening LC
8. LC Application form.
9. Letter of Credit Authorization Form (L. C. A. F.)
10. Import form.
11. Performa invoice / indent / sale contact
12. Transit insurance.
13. Margin source of fund for documents retirement
14. Credit Report on Applicant Credit Report on Supplier's
15. Any other information (I. E. Inspection

### 5.3.3 How to open L/C

1. Contract between importer and exporter.
2. Importer applies & instructs his bank (issuing bank) to open an L/C.
3. 1<sup>st</sup> two copies of L/C send.
4. To send reimbursing authority to reimbursing authority to reimbursing Bank.

5. After authentication advising Bank advises to exporter. Exporter shipped the goods.
6. To submit the required documents. To make payment to the exporter.
7. To send one set of documents. To send another set of documents.
8. To claim Reimbursement. Reimbursed the claim.

## **5.4 IMPORT SECTION**

The Import and Export trade of the country is regulated by Imports and Exports (control) Act 1950. There is a number of formalities which an importer has to fulfill before import goods.

### **Procedures of Import:**

The procedure that follows at the time of Import is as follows:

1. The Buyer and the Seller conclude a sales contract provided for payment by Documentary Credit.
2. The Buyer instructs his Bank (The Issuing Bank) to issue a Credit in favor of the Seller/Exporter/Beneficiary.
3. The Issuing Bank then send messages to Another Bank (Advising Bank/Confirming Bank) , usually situated in the country of Seller , advise or confirm the Credit Issued.
4. The Advising/Confirming Bank then informs the Seller through his Bank that the Credit has been issued.
5. As soon as the Seller receives the Credit, if the Credit satisfy him then he can reply.
6. He can meet its terms and conditions, he is in a position to load the goods and dispatch them.
7. The Seller then sends the documents evidencing the Shipment to the Bank where the Credit is available (the Nominated bank). This can be the Issuing bank or Confirming Bank, Bank named in the Credit as the paying accepting or Negotiating Bank.
8. The Bank then checks the Documents against the Credit. If the Documents meet the requirements of the Credit, the bank then pay, accept or negotiate according to the terms of credit. In the case of a credit available by negotiation, Issuing Bank will negotiate with recourse.
9. The Bank, if other than the issuing Bank, sends the Documents to the Issuing Bank.
10. The Issuing Bank checks the Documents and if they found that the Document has meet the Credit requirements, they released to the buyer upon payment of the Amount due or other terms agreed between him and the issuing bank.

11. The Buyer sends transport documents to the carrier who will then proceed to deliver the goods.

## **5.5 EXPORT SECTION**

Literally, the term Export, we mean that carrying of anything from one country to mother. On the other hand bankers define Export as sending of visible things outside the country for sale. Export trade plays a vital in the development process of an Economy. With the Export earning, we meet our Import formalities which an exporter has to follow before and after shipment of goods. These formalities or procedures are enumerated as follows:

### **Registration of exporters**

The exports from Bangladesh are subject to export trade control exercised by the ministry of commerce through chief controller of imports and exports. No exporter is allowed to export any commodity perishable for export from Bangladesh unless he is registered with CCI & E and holds valid export registration certificate (ERC). The ERC is required to be renewed every year. The ERC number is to be incorporated on exp. Form and other papers connected with exports.

### **Procedure for obtaining export registration certificate**

For obtaining export registration certificate intending Bangladesh exports are required to apply to the controller/ joint controller/ deputy controller/ assistant controller of imports & exports, Dhaka / Chittagong/ Rajshahi / Khulna/ Mymensingh / Sylhet/ Comilla/ Barishal / Pabna / Bogra/ Rangpur/ Dinajpur as the case may be in the prescribed form along with the following documents:

- Nationality and assets certificate of the proprietor/ partners (directors)
- Registered partnership deed in case of partnership concern
- Bank solvency certificate
- Income tax certificate (TIN)
- Copy of valid trade license
- Copy of rent receipt of the business premises
- Member ship certificate of trade association
- Affidavit from magistrate 1<sup>st</sup> class and
- Any other certificate as required in the policy etc.

### **Registration / renewal**

On receipt of necessary advice from the offices of the controller/ joint controller/ deputy controller/ assistant controller of imports & exports, applicant for export registration certificate are required to deposit registration fee of Tk. 225 to the Government Head of account # 42 trade and commerce fees realized under the import and exports control Act 1950' through Bangladesh Bank/ Government.

Treasury/Sonali Bank. Copies of Treasury Challan showing payment of fees should be sent to the concerned offices of; the chief controller of imports and exports for enabling them to issue export registration certificate. Once registered exporters are to make annual payments of Tk. 25 only for having their export registration certificate renewed.

### **Securing the orders**

Upon registration the exporter may proceed to secure the export order. This he can do by contracting the buyers directly through correspondence. Some buyers of goods like Jute and Jute goods maintain liaison office representatives of local agents who can be contracted to secure a deal. Sometimes, TCB, BJMC and BJEC secure bulk contract and pass or allocate the contracts to the actual exporters. To indicate the foreign buyers, the exporter may contract the local chamber of commerce of potential buyers. The export promotion bureau and the Bangladesh missions abroad are also good sources for securing information of the prospective buyers.

### **Signing the contract**

The following are the points which need to be followed while making a contract:

- Description of the commodity
- Quantity of the commodity
- Price of the commodity
- Shipment
- Insurance and marks and
- Arbitration
- Receiving the letter of credit



## 5.6 FOREIGN REMITTANCE SECTION

The branch facilities it's customer by conducting foreign remittance activities. There are two ways through which one can money from foreign remittance are places to another.

These are as follows:

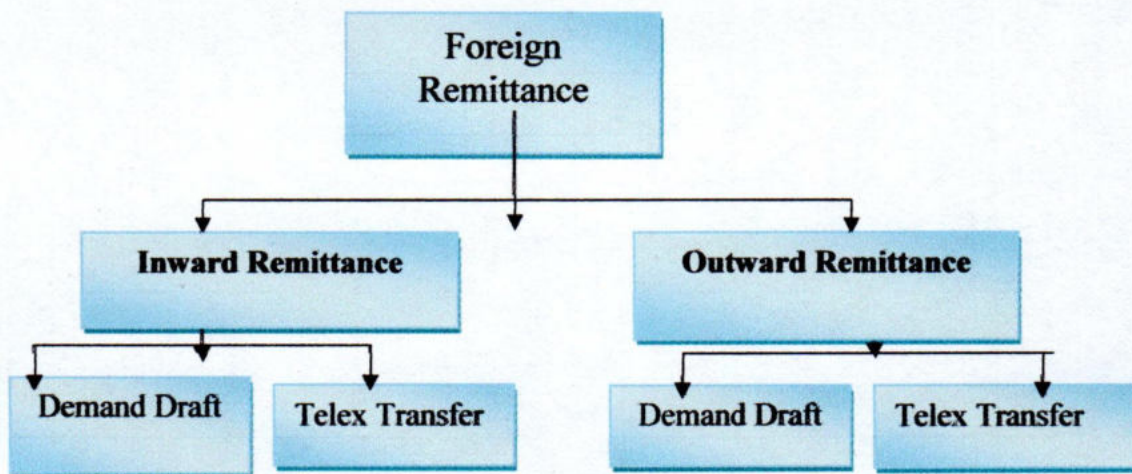


Figure-5.3: Foreign Remittance of SBL.

## CHAPTER- 6: MARKETING MIX OF SBL

### **Marketing Aspects of SBL:**

The marketing aspects of SBL cover the 4P's of marketing. These are:

- (1) Product
- (2) Price
- (3) Place
- (4) Promotion

### **6.1 PRODUCTS AND SERVICES OFFERED BY SBL:**

Standard Bank Limited has a variety of products offered for the retail customers as well as for corporate clients. The different products and services for retail and corporate clients are given below:

#### **Products for retail clients:**

The existing products that are offered by SBL are:

- Current Deposit Scheme.
- Savings Deposit Scheme.
- Short Term Deposit Scheme.
- Fixed Deposit (FDR).
- SBL Regular Deposit Programme ( SRDP )
- SBL Regular Income Programme ( SRIP )
- SBL Double Income Plus ( DI+ )
- SBL 5 ( Five ) Lacs Savings Scheme
- SBL 10 ( Ten ) Lacs Savings Scheme
- SBL Lakhpoti Plus ( SLP+ ) Programme
- SBL Millionaire Plus ( SMP+ ) Programme

#### **Services for retail Clients:**

Services include the following:

- Sale of Bangladesh Sanchaya Patra, ICB Certificate etc.
- Encashment of different Sanchaya Patra, ICB Certificate etc.

**Products for corporate clients:**

SBL offered, products for its corporate clients are:

- Payment Against Document (PAD).
- Loan against Trust Receipt (LTR).
- Acceptance against ULC.
- Local Bill Purchase Documentary (LBPD).
- Foreign Bill Purchase Documentary (FBPD).
- Sight Letter of Credit (SLC).
- Issuance Letter of Credit (ULC).
- Letter of Guarantee (LG).
- Secured Overdraft (SOD).
- Demand Loan.
- Time Loan.
- Term Loan.
- Others.

**6.2. PRICE OFFERED BY SBL:**

Price is the main feature of a service-oriented organization like SBL. But SBL is offering very non-competitively priced products compared to its customers.

Types of Deposits	Interest Rate (%perineum)
Savings Deposit	5.00
Current Account Deposit	Nil
Short Term Deposit (STD)	4.00
FDR for Any Period (1,3,6 Months & 1 Year and Above)	12.50
SRDP	12.50
Double Income Plus	12.34

Table-6.1: Rates of Interest on Deposits

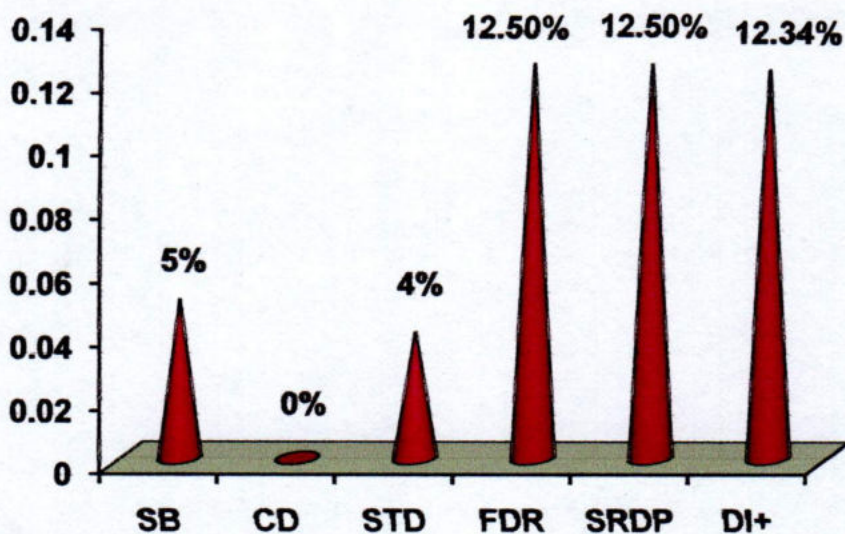
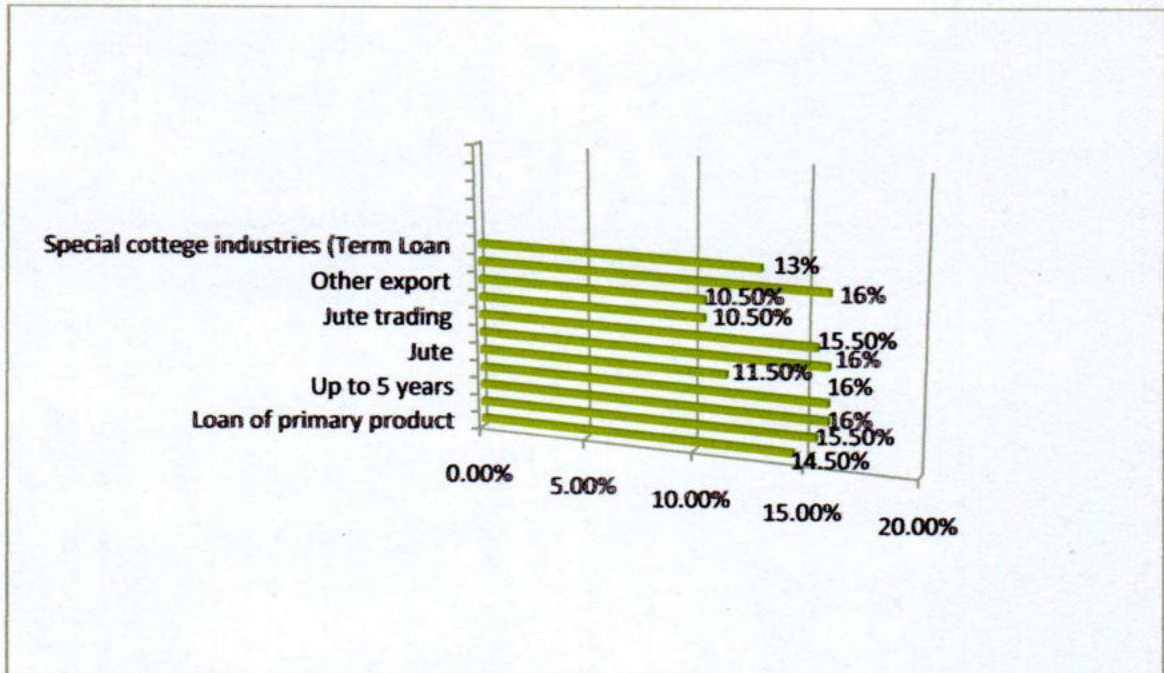


Figure-6.1: Rate of interest on Deposits

Category of Loan Product	Interest Rate (% per annum)
1. Agriculture	
a. Loan to primary products	14.50
b. Loan to agricultural products	15.50
2. Large & Medium Scale Industry (Term Loan)	
a. Up to 5 years	16.00
b. Above 5 years	16.00
3. Working Capital	
a. Jute	11.50
b. Other than jute	16.00
c. Jute trading	15.50
4. Export Credit	
a. Jute & jute goods	10.50
b. Other export	10.50
5. Other Commercial Lending	16.00
6. Special Cottage Program	
a. Special Cottage Industries (Term Loan)	13.00

Table-6.2 Rates of Interest on Loans



**Figure-6.2: Rate of interest on Loans**

### **6.3 PLACE**

Standard Bank Limited has 79 Branches all over Bangladesh. 25 of them are located in Dhaka, 11 in Chittagong, 01 in Cox's Bazar, 05 in Sylhet, 02 Khulna, 03 in Rajshahi, 02 in Brahmanbaria, 03 in Jashore, 02 in Narayanganj, 01 in Gopalganj, 01 in Madaripur, 01 in Barishal, 01 in Bogra, 01 in Rangpur, 01 in Kushtia, 01 in Mymensingh, 01 in Kishoregonj, 01 in Nilphamari, 01 in Dinajpur, 01 in Patuakhali, 01 in Faridpur, 01 in Comilla, 01 in Noakhali, 01 in Satkhira, 01 in Bagerhat, 01 in Chapainawabgonj, 01 in Tangail, 01 in Gaibandha, 01 in Jamalpur, 01 in Shariatpur etc.

More branches are planned to be opened soon. Most of them are located in the city area. That's why all the depositors and borrowers are the city dwellers. The graphical view of branches of Standard Bank Limited is given below-

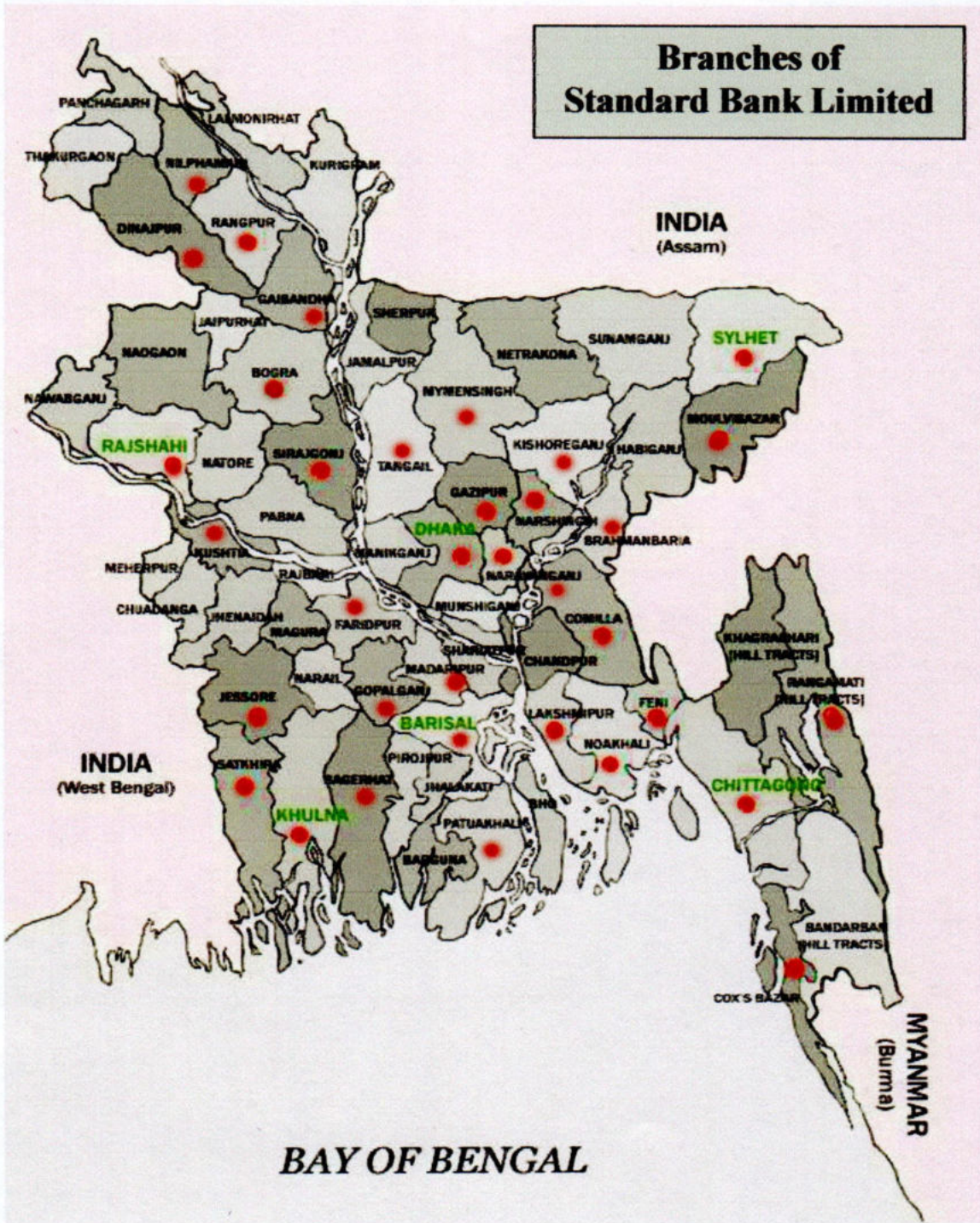


Figure-6.3: Branches of SBL.

#### **6.4 PROMOTION:**

SBL's promotional aspects are under the supervision of die Brand Management Department. Headed by a Senior Vice President, this department looks after the advertisements of SBL's product, customer's feedback and increasing die brand image of SBL. SBL has entered into a contract with an advertising agency that Is looking after the advertising activities of SBL. SBL's logo has also been changed into a more attractive one/ as explained earlier.

SBL desperately needs a strong Brand Image to survive die competitive bank environment. Previously due to lack of attention on the marketing and promotional aspects, SBL's brand image wasn't as strong as its competitors and there were no advertisements in the newspapers expect for the recruitment's. But with the introduction of a new department "Brand Management", SBL is hoping to boost up its Brand Image.

# CHAPTER-7: PERFORMANCE OF SBL

## 7.1 PERFORMANCE IN CAPITAL AND RISK MANAGEMENT

### Capital:

In order to strengthen the Bank's capital structure so that CAR (Capital Adequacy Ratio) is remained at appropriate level so as to lay a strong foundation for sustainable, fast, and healthy development of businesses of the bank.

The Bank maintains some key principles for its capital management to operate smooth banking activities. These principles are to meet regulatory requirement, maintain proper CAR level, support implementation of development strategy planning, optimize asset structure, allocate economic capital reasonably, realize maximum return on capital, and guarantee sustainable and healthy development of bank.

Overall Capital position as on 30.12.2011 as follows:

- Bank's Authorized Capital was enhanced from Tk. 880.00 crore to Tk. 1500.00 crore in 27th EGM
- on 14.11.2011.
- The Paid-up Capital of the Bank stood at Tk. 406.13 crore in 2011.
- The Statutory Reserve stood at Tk. 199.52 crore.
- The total equity capital & reserve of the Bank at the end of the 2011 was Tk. 687.05 crore.

### Capital Adequacy:

In terms of Bangladesh Banks' revised Basel-II Guidelines, the Minimum Capital Requirement (MCR) from January to June 2011 was 9% of Risk Weighted Assets (RWA) and from July-2011 to onward, the MCR was fixed at 10% of RWA.

The Tier-1 Capital of SBL stood at Tk.695.64 crore which is increased by Tk. 37.96 crore from previous year. MCR needed to be covered 50% from Tier-1 Capital. It includes the equity such as Paid-up Capital, Reserve & Retained Earnings.

Besides Tier-II, another part of the Capital Structure stood at Tk.74.57 crore at the end of 2011 which includes General Provision on unclassified loans & advances. Total Capital increased by Tk. 133.13 crore during the year 2011.



Capital Adequacy Ratio is measured by the ratio of the total Capital to the Risk weighted asset. Capital Adequacy Ratio (CAR) has stood at 11.39% at the end of 2011, where CAR requirement was 10%.

### **Risk Management**

Risk management is the core issue in operating structure of a Bank. The Bank seeks to limit adverse variations in earnings and capital by managing risk exposures within agreed levels of risk appetite. Effective risk management is fundamental to the business activities of the Bank. While the Bank remains committed to increasing shareholders value by developing and increasing business within bank's pre-determined risk appetite, The Bank is also careful about achieving objectives in line with the interests of all stakeholders.

The Bank seeks to achieve an appropriate balance between risk and reward in the business, and continues to build and enhance the risk management capabilities that assist in delivering bank's growth plans in a controlled environment.

The Bank's risk management processes have been proved effective, despite a tough economic environment. The Management remained closely involved in all risk management initiatives, which have focused particularly on preserving appropriate levels of asset quality, liquidity and capital by effectively managing the portfolios in terms of risk worthiness.

Standard Bank manage its risk by managing following thinks-

- Credit risk
- Early Alert System
- Limit and Restrict the NPLs
- Special Monitoring on Top large borrowers
- Monitoring the value of mortgaged collateral
- Watch on Negative shift in the NPLs categories
- Focus on particular sector concentration
- Liquidity risk
- Market risk
- Interest Rate Risk
- Equity Price Risk
- Foreign Exchange Risk
- Operational Risk

## 7.2 PERFORMANCE OF SBL IN DEPOSITS

SBL always tried to give the highest return on the deposits from the customers. The deposits of SBL reached the level of Tk. 6387.06 crore during 2011 from Tk.5,834.44 crore of previous year. The growth rate is 9.47%. Cost of deposit for the year stood at 9.81% compared to the previous year's cost of 7.83%. The increase in deposit was possible due to superior customer service delivery at the branch level. SBL is offering different types of deposit products for the customers. Among the products, Fixed Deposits, Scheme Deposits of different types, savings deposits, short-term deposits remained.

<b>Analysis of Deposits</b>						
<b>(Figure in million Taka)</b>						
<b>Particulars</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Current	1700	3173	4385	4947	7219	8045
Bills Payable	156	343	329	453	646	741
Savings Bank	573	854	1085	1773	2456	2579
Short Term Deposits	594	933	1224	1722	1804	2285
Fixed Deposit	10573	12965	20912	31706	43988	46657
Deposits under schemes	626	946	1369	1947	2232	3564
<b>Total</b>	<b>14222</b>	<b>19214</b>	<b>29304</b>	<b>42548</b>	<b>58345</b>	<b>63871</b>

(Source Annual Report)

Table-7.1: Deposits performance of SBL from 2006-2011.

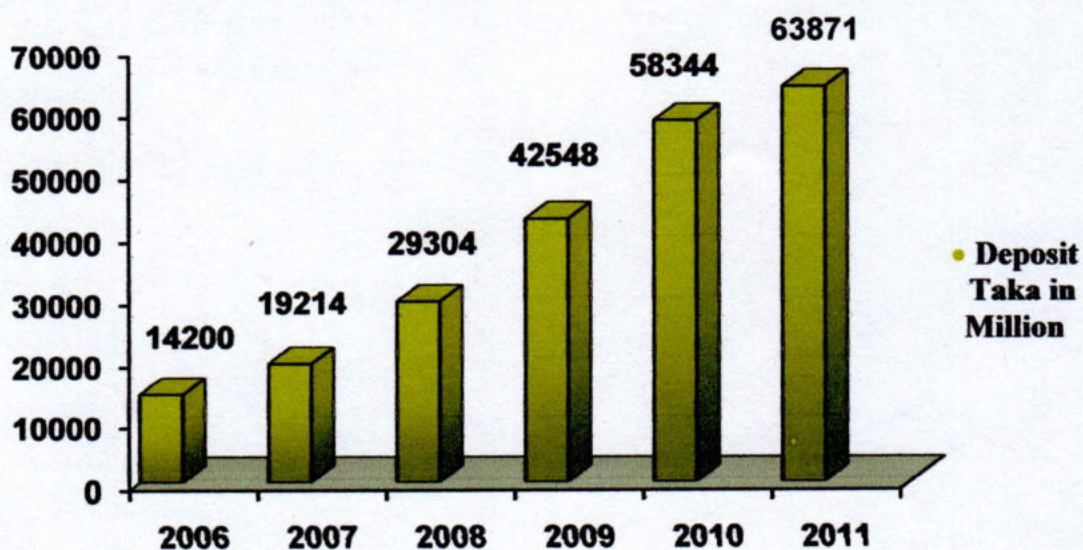


Figure-7.1: Deposit Position of SBL in 2006-2011.

Because of careful and continuous effort in operation of credit, it has been possible to arrest the nonperforming loan within 2.18% i.e TK.1,206.86 million as on December 31, 2011 out of total loan of Tk.55,346.50 million.

The Bank is very much aware of this marginal increasing trend of NPL and recovery effort has been geared up to reduce the non performing loan amount. A separate recovery unit has been formed with experienced employees, monitoring system has been strengthened and careful and due steps are being taken to maintain asset quality.

### 7.3 PERFORMANCE OF SBL IN LOAN AND ADVANCE

Total loans and advances figure of the Bank has increased to Tk.55,346.84 million as on December 31, 2011 in comparison to Tk.51,757.69 million as on December 31, 2010, which indicates an increase of 6.93% over the figure of last year. During this time the Bank has passed through some adversity in the economy, due to volatile capital market and world recession. Addressing those constraints, SBL prudently worked on consolidation of its existing portfolio ensuring profitability and risk mitigation.

<b>Analysis of Loans and advance</b>	<b>(Taka in Million)</b>					
Particulars	2006	2007	2008	2009	2010	2011
Secured overdraft	1,662	1,917	3,411	4,965	8,405	11,215
Loans General	1,862	3,223	4,597	9,092	13,552	14,964
Cash credit	3,635	4,303	5,617	6,946	8,814	8,459
House Building loans	195	444	720	946	1,404	1,392
Staff Loans	1	25	48	180	233	173
Transport Loans	92	223	441	551	717	721
Loans against trust receipt	2,600	3,234	5,573	7,529	7,843	9,398
Payment against document	980	1,854	3,043	3,114	3,234	2,538
Packing credit	211	269	567	655	1,056	494
Forced Loan -	-	55	55	80	74	205
Lease Finance	156	288	627	810	793	823
SME	623	802	1,206	1,834	3,396	3,190
Consumer Credit Scheme	40	54	65	23	53	186
Bills purchased and discounted	577	619	1,220	1,332	2,184	1,588
<b>Total</b>	<b>12,634</b>	<b>17,310</b>	<b>27,190</b>	<b>38,057</b>	<b>51,758</b>	<b>55,346</b>

(Source Annual Report)

Table-7.2: Loan and Advances performance of SBL from 2006-2011.

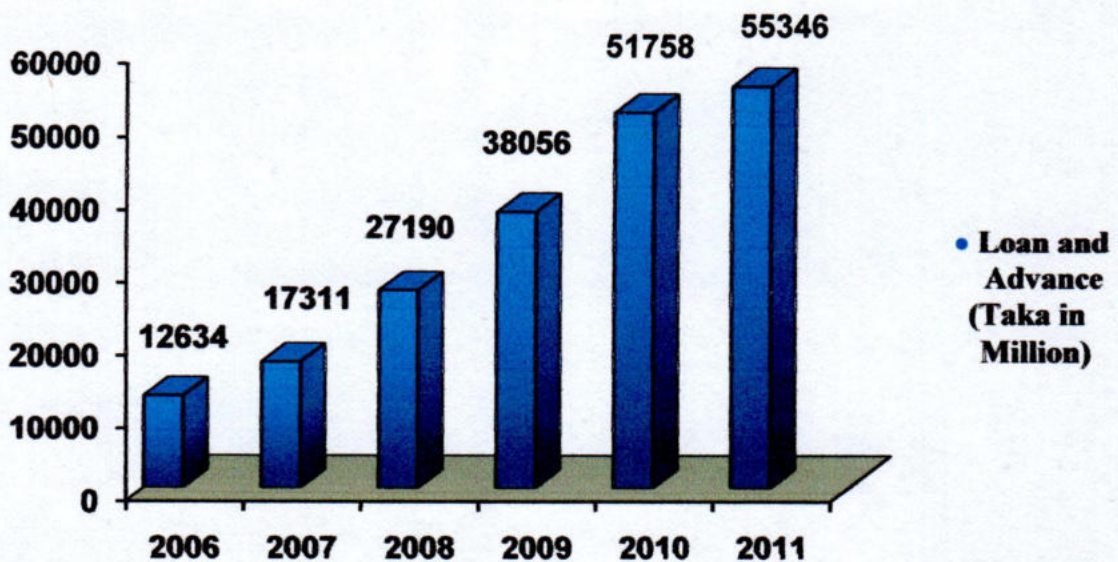


Figure- 7.2: Loan and Advance Position of SBL in 2006-2011.

During this time, the Bank has given emphasis on service sector like power sector, telecommunication, tourism, hotel, motel, and other emerging sectors like pharmaceuticals, Steel re-rolling, Ceramic, Jute etc. and extended credit in those sectors for contributing into GDP of the national economy. The Bank is also giving emphasize on Small & Medium Enterprise Loan, Women Entrepreneurship & Agricultural sector and allocated fund of Tk.550.00 million for Agricultural sector towards contributing to poverty alleviation program. More funds will be allocated considering the requirement in future.

For setting up large size project and to diversify risk, the Bank has been actively participating in the syndication arrangements. Total participation at the end of year 2010 it was Tk.1,168.72 million which stood Tk.1400.00 million at the end of year 2011. This includes power generation, telecommunication, airlines, pharmaceuticals, textiles etc.

#### 7.4 OPERATING AND NET PROFIT

Standard Bank Limited generated an operating profit of Tk. 286.89 crore in 2011 compared to Tk.277.08 crore in 2010 making a growth of 4%. After all provisions including general provisions on unclassified loans, profit before tax stood at Tk. 234.97 crore. Earning per share (EPS) is Tk. 3.19 in 2011.

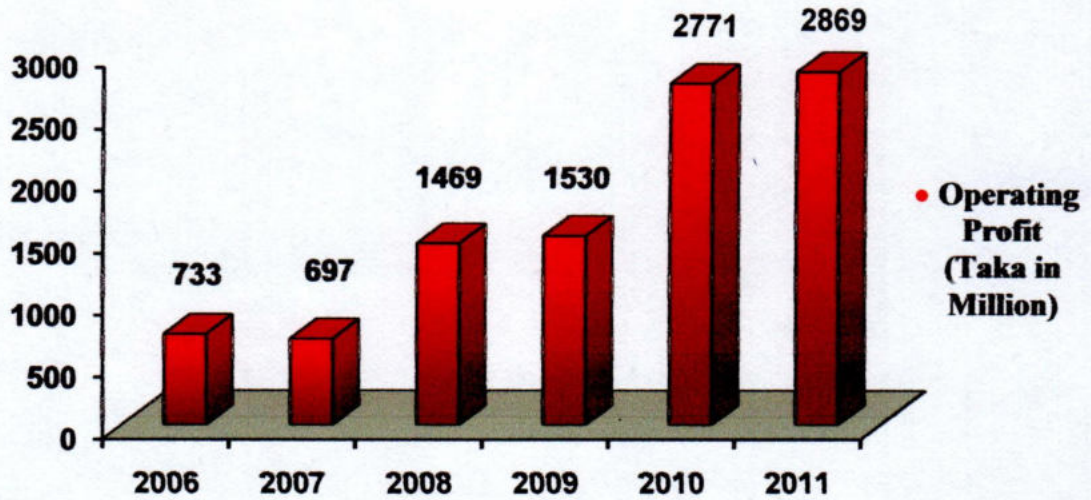


Figure-7.3: Operating Profit Position of SBL in 2006-2011.

### 7.5 ANALYSIS OF DEPOSIT ADVANCE AND PROFIT

If we want to know the actual position of SBL, then we have to analyze the deposit performance, loan and Advance performance and Profit Performance at a time. From the following figure we can easily understand the overall performance of SBL.

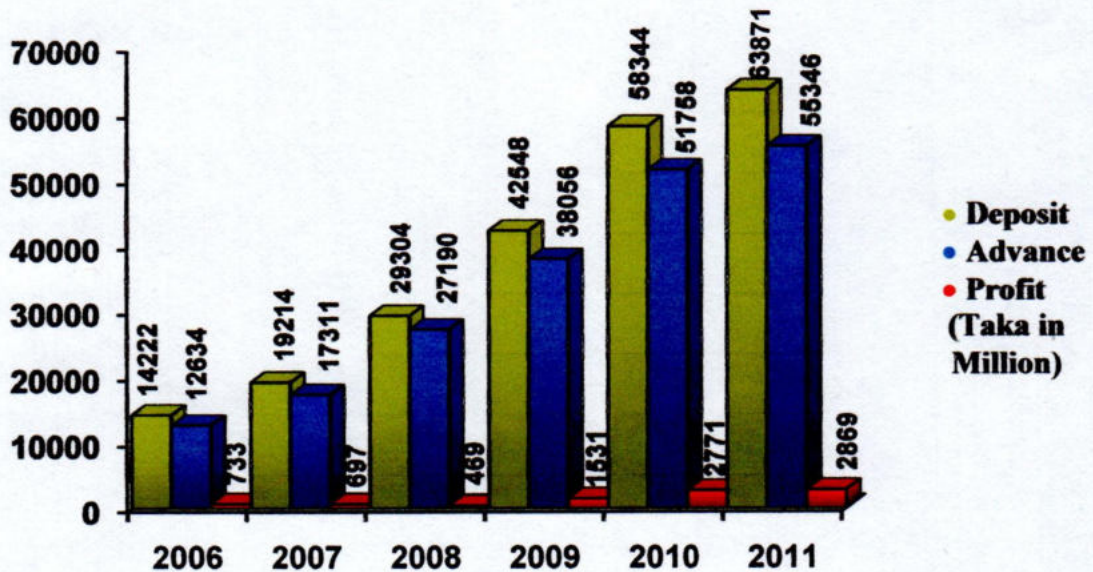


Figure-7.4: Deposit Advance and Profit Position of SBL in 2006-2011.

According to the figure we can see the overall deposit advance and profit performance of SBL in 2006-2011 year. And Here we can see the performance of SBL in these sector is increasing day by day.

## 7.6 EARNING PER SHARE

An evaluation of the performance of Standard Bank shows that, there is the positive growth in EPS the last four years. If we look at the EPS data of Standard Bank of 2008 and 2011, we find that every point it has increased except the 2008. Moreover, the cash increase is more than 662 million and paid up capital also increased by more 441 million in the following year 2009.

Year	EPS
2006	25.31
2007	27.92
2008	24.83
2009	29.24
2010	43.15
2011	31.9

(Source Annual Report)

Table-7.3: Earning Per Share performance of SBL from 2006-2011.

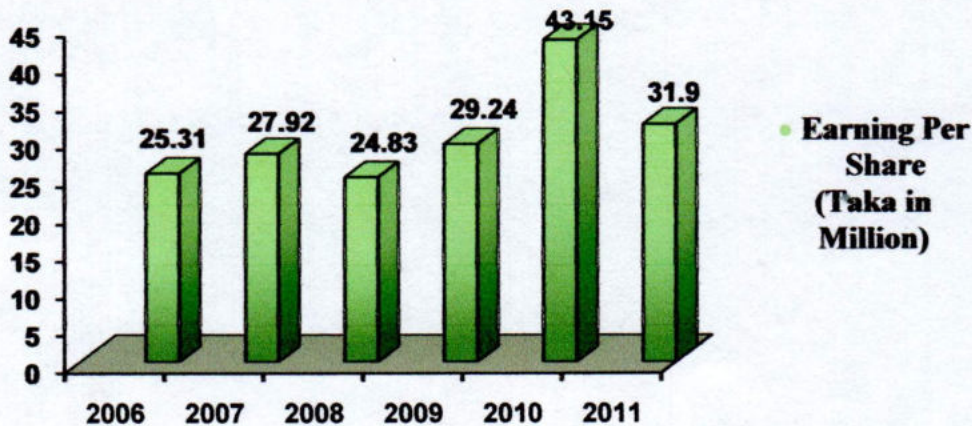


Figure-7.5: Earning Per Share.

On the other hand, there is increase in the total capital assets, deposits, total loans and advances and profits in 2009. Standard Bank has made provision for the bad loan of more than 245 million which has reduced the total profit and also the earning per share. But it is the one of strength point of Standard Bank for provision the bad loans. It is expected that the profit of 2009 is more than 2008, which is the highest level. Based on the CAMEL rating, the performance of Standard Bank is very good which stands at on the B grade.

## 7.7 FIVE (5) YEARS FINANCIAL HIGHLIGHTS OF SBL

(Figure in million Taka)					
<b>Income Statement</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Interest Income	2,153	3,227	4,434	5,850	8,192
Interest Expenses	1745	2250	3351	4126	6024
Net Interest Income	408	974	1083	1724	2168
Non-Interest Income	645	938	1112	1945	1888
Non-Interest Expense	356	443	664	898	1188
Net Non-Interest Income	289	495	448	1047	701
Profit before Provision & Tax	697	1469	1531	2771	2869
Provision for Loans & Assets	84	385	246	394	519
Profit after provision before Tax	613	1084	1285	2376	2350
Provision for Tax (Including Deferred Tax)	266	427	520	1007	1053
Profit after Tax	347	657	765	1369	1297
<b>Balance Sheet</b>					
Authorized Capital	3000	3000	8800	8800	15000
Paid-up Capital	1967	2203	2644	3173	4061
Shareholder' Equity ( Capital & Reserve)	2767	3426	4222	5625	6871
Borrowings	-	-	-	-	250
Deposits	19214	29305	42556	58344	63871
Other Liabilities	969	1480	2224	2627	3962
Liquid Assets	4715	6291	9686	13637	17343
Money at call & on short notice	20	20	630	300	1900
Loan and Advance	17311	27190	38056	51758	55332
Investments	2014	3218	5340	7626	9534
Fixed Assets	94	115	179	379	510
Other Assets	829	614	1081	823	1768
Total Assets (excluding off-balance sheet items)	22949	34210	49001	66596	74953
Off-Balance sheet exposure	9806	13423	13860	22168	17104
<b>Capital Measures</b>					
Total Risk Weighted assets	16083	24780	34939	61763	67629
Core Capital (Tire I)	2767	3423	4208	5577	6956
Supplementary Capital (Tire II)	226	399	531	794	746
<b>Total Capital</b>	<b>2993</b>	<b>3822</b>	<b>4739</b>	<b>6371</b>	<b>7702</b>
Tire I Capital Ratio	17.20%	13.81%	12.04%	9.03%	10.29%
Tire II Capital Ratio	1.41%	1.61%	1.52%	1.29%	1010%
<b>Total Capital Ratio</b>	<b>18.61%</b>	<b>15.42%</b>	<b>13.56%</b>	<b>10.32%</b>	<b>11.39%</b>

(Source Annual Report)

Table-7.4 Five Years Financial performance of SBL from 2006-2011.

## CHAPTER: 8:

### RECOMMENDATION & CONCLUSION

#### 8.1 RECOMMENDATIONS:

Standard bank has lots of products to offer already. But these products are more industrial in nature. For general consumer, Standard bank has lots of deposits but not much of credit schemes. Almost all the banks are now providing personal loan, auto loan, house loan etc. It is to be noted that, the bank will earn little profit serving hundreds of customers for personal credit schemes whereas, the bank will earn very high profit by serving just few industrial customers. But it is also to be noted that, serving customer is like a branding.

In a scarce resource based economy like Bangladesh, economic use of domestically mobilized resources is necessary to ensure growth and development. The foregoing analysis provides evidences that the country's financial system so far has not been able to provide credit to the export sector that is necessary to allocate resources optimally. In view of the paramount of the export sector, shifting more resources to this sector through banking channel is an urgent need.

The use of computer is important not only for online system but also in everyday process and activities of the employees. Standard bank still uses traditional paper systems today instead of maintaining computer systems in every aspect. As a result, the work becomes hectic and also mistakes are not always easy to track. By changing their process and use of advanced computer software, the bank can increase employee efficiency and effectiveness.

Standard bank is already providing competitive pricing for its loans and advances. Their awareness is needed to monitor the market and other banks for price competitiveness. One thing also has to be noted that, low pricing must not compromise with quality services. Customers are willing to pay a little higher just for the extra and better service.

Standard bank can spread their branches in more areas all over the country to expand its wings. More branches in EPZ areas, Chittagong Port Areas – the important business areas will help the bank get more business.



Standard bank can take another leap by introducing ATM booths. Since this idea is now flourishing and almost all the pioneer banks have ATM booths, Standard bank with its reputation and service quality should also start providing this service.

As part of promotional activities – Standard Bank can go for more newspaper ads – specially when they launch a new services etc. From time to time, Standard bank can go for different campaign and go for discounts or other promotional activities. In a word, with more promotion, the bank can expect nothing but more business and customer.

Like industrial/agricultural credit program banks may e advised to prepare indicative export credit program to be carried out on yearly basis. For various export oriented activities separate schemes may be introduced;

Service charges of SBL are higher compare to other rivals. So it should be reduced & competitive ones. For that cause bank has to emphasize on this variable as early as possible;

“Procrastination” for loan approval is the main concern for being dissatisfactory. It also hampered the satisfaction of the valued client. That is why necessary steps should be taken as early as possible. We all know “Procrastination is the thief of time”;

By considering the clients claim bank should provide the remittance to the concerned client in time & their collection of money will have to be quick enough that they can easily gain customer’s satisfaction;

Although most of the customers of SBL are satisfied about consumer credit scheme nonetheless they are to be expeditious enough to serve their best in the extent of CCS;

Majority percent of Standard client are eagerly interested in the services that service that SBL offering to wards their potential client. They got A/C’s statement & advice slip in time. For that reason, Bank should provide proper training to the bank employees to develop their best & also for delivering such prompt service. So That they can serve there best & also encourages the client to open an account.

## 8.2 CONCLUSION:

Standard Bank Limited is a new generation bank. It is committed to provide high quality financial services/products to contribute to the growth of GDP of the country through stimulating trade and commerce, accelerating the pace of industrialization, boosting up export, creating employment opportunity for the educated youth, poverty alleviation, raising standard of living of limited income group and overall sustainable socio-economic development of the country. Through it is a new bank, Standard Bank makes a strong position through it's varies activities. Its number of clients, amount of deposit and investment money increases day by day. This bank already has shown impressive performance in investment. Consumer are more or less satisfied with the present services of the bank now should think to start new services and take different types of marketing strategy to get more customers in this competition market of banking. On the other hand Standard Bank Ltd. is facing several competitions from other key players like Islamic Bank Bangladesh Ltd., Jamuna Bank Ltd, IFIC Bank Ltd, NCC Bank Ltd, Prime Bank Ltd., Social Islami Bank Ltd., Mercantile Bank Ltd., Al-Arafah Bank Ltd., Shahjalal Bank Ltd. As per CAMELS (Capital, Assets, Management, Liquidity and Sensitivity) rating 2010 Standard Bank holds 3<sup>rd</sup> position as a local commercial bank and 1<sup>st</sup> position in B class Banks and in 2011 SBL holds the 2<sup>nd</sup> positin in A Class Banks. So, it is to say that Standard Bank Ltd. is a very progressive bank in Bangladesh.

It was great pleasure for me to do my internship program in an esteemed organization like SBL. Though my practical exposure in SBL, Dinajpur Branch for just three months, it provides me a wide range of scope to observe the factions of bank through the cordial assistance of its members. I had the scope to focus on overall banking system. Honorable Manager Sir helps me as his level best. He shows me the path of a successful banker by practically and theoretically.

I hope, in spite of my all limitations, this experience of sharing work is with such working environment will help me a lot in professional life.

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# APENDIX -1

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## ACRONYMS

<b>A/C</b>	: Account
<b>CD A/C</b>	: Current Deposit A/C
<b>CIB</b>	: Credit Information Bureau
<b>CRM</b>	: Credit Risk Management
<b>CSR</b>	: Corporate Social Responsibility
<b>CC</b>	: Cash Credit
<b>DI+</b>	: Double Income Scheme
<b>DD</b>	: Demand Draft
<b>FC</b>	: Foreign Currency
<b>FDR</b>	: Fixed Deposit Reserve
<b>FDD</b>	: Foreign Demand Draft
<b>GB</b>	: General Banking
<b>LTR</b>	: Loan against Trust Receipt
<b>LRA</b>	: Lending Risk Analysis
<b>MBA</b>	: Master of Business Administration
<b>NPL</b>	: Non Performing Loans
<b>OBC</b>	: Outward Bills for Collection
<b>PO</b>	: Payment Order
<b>SB A/C</b>	: Savings Bank A/C
<b>SBL</b>	: Standard Bank Limited
<b>SLP+</b>	: SBL Lakhpoti Plus Scheme
<b>STD</b>	: Short Term Deposit
<b>SOD</b>	: Secured Overdraft
<b>SRDP</b>	: SBL Regular Deposits Program
<b>SRIP</b>	: SBL Regular Income Program
<b>SWOT</b>	: Strength Weakness Opportunity Threats
<b>TK</b>	: Taka
<b>TT</b>	: Telegraphic Transport
<b>VAT</b>	: Value added Tax.

