



Internship Report



Standard Bank Limited
Setting a new standard in banking



EAST WEST UNIVERSITY

BUS-499
Internship Report

Prepared on Supervision

Of

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EAST WEST UNIVERSITY

Date: 20.04.18

Mr. S.S.M Sadrul Huda

Assistant Professor

Department of Business Administration

East-West University, Dhaka

Subject: Submission of Internship Report

Dear Sir,

It is my great pleasure to submit you the internship report that is an essential part of our business administration program. I have had my 3 months internship program from countries one of the progressive bank Standard Bank Limited and made this report.

This report contains three parts. First part contains the organizational part, second part contains the practical desk work I have did during my internship and finally the last part contain a survey about the overall customer satisfaction of private banks in Bangladesh with a sample size of 100 randomly selected clients.

I tried my best to make the report useful to you understand the present situation of Standard Bank Limited and there future perspective to be the No.1 private commercial bank in Bangladesh.

Regards

Md.Ashrafuzzaman

ID#2003-3-10-085

Department of Business Administration

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Declaration _____

I hereby certify that the report contains the research work which has been performed by me and this has not been submitted or copied elsewhere for any purpose except the permission of my institute.

Faculty of Business Administration

And

Standard Bank Limited Bangladesh

MD. Ashrafuzzaman

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Acknowledgement_____

I like to extend my sincere gratitude to Mr.S.S.M Sadrul Huda Faculty of Business Administration, East-West University Dhaka for his valuable advice and cooperation throughout my internship period.

I am grateful to Mr.Nurul Islam Vice President & Head of Human Resource Division Standard Bank Limited for give me chance to be a part of this organization for 3 months.

I also grateful to Mr.Kazi.Md.Talha , Vice President and Branch in Charge Standard Bank Limited Dhanmondi Branch for his cooperation throughout my internship period.

Mr. Khondokar Farooque Azam Senior Officer SBL Dhanmondi Branch one to whom I will remain obligate till end. I will never forget to his patience help to me throughout my internship period. All the department in-charge's for their sincere cooperation and valuable advice during my internship period.

Executive Summery_____

There are 52 private commercial banks right now in Bangladesh. Standard Bank Limited one of the progressive bank of 3rd generation banking. Established in the year 1999 Standard Bank Limited passed eight successful years in banking arena. Standard Bank Limited having 26 branches all over the Bangladesh started with 4 (four) branches. Also have seven (7) proposed branches right now. This bank specialized on giving loan to industrial and agriculture sectors. This bank has 6 different divisions. Those are:

- Administrative Divisions.
- Systems and Operations Division.
- Audit & Inspection Divisions.
- Credit Divisions.
- Financial Control Divisions.
- International Divisions.

This report contains 6 (Six) parts. First part contains the introduction part, second part contains the organizational profile of Standard Bank, third part contains the general banking part, fourth part contains the practical desk work I learned from my 3 (three) months internship period. Finally to support the whole report a general customer satisfaction survey was made by me on the private banks clients in Bangladesh. It was a randomly selected 100 respondent who gives there opinion on different services of their bank. The intention was to do this survey was to find the overall customer satisfaction, there view, the services banks offer to interpret on the general discussion was made my me.

Part-I
Introduction

1. Introduction

1.1 Origin of the Report: It is mandatory for all the undergraduate students to do an internship or project at the last semester of their BBA program. After that a report make on the learning from 3 months internship in that organization. As my internship was in Standard Bank Limited so I have to assigned to make a report on Standard Bank Limited and a general customer satisfaction of private bank clients

1.2 Objectives:

Following are the objectives of this report

Broad Objectives: To develop an overall customer satisfaction of the private bank clients in Bangladesh.

Specific Objectives: To achieve the broad objectives following specific objectives I am trying to find:

- Know about the Standard Bank Limited Properly.
- Find those clients who deal only with only the private banks account holder.
- Find customer present expectation and present situation of the bank to fulfill to expectations.

1.3 Limitations: Several problems were faced during the survey. Some of those are following:

- Customers lack of interest to response.
- Lack of Knowledge about Standard Bank Limited.
- Lack of Features of the bank.
- Bank Policy during Customer Survey.

- The current situation of the country.

1.4 Methodology:

Nature of the Study: Probing

Sources of Information: To prepare this report I used both primary and secondary data and information.

- **Primary Sources:** Primary sources of this report are those who respond during the survey. Following factors were considered to collect information
 - a) **Sampling Method:** Convenient Sampling
 - b) **Information Collection Method:** Structured questionnaires for the respondent.
 - c) **Sample Size:** 100 clients from different private banks of Bangladesh.
- **Secondary Sources:** In secondary sources I have collect data from internet, standard bank annual report of the year 2006 and website of the standard bank. Also the other sites like Google.
- **Analysis Technique:** For analysis and interpretation I used SPSS software.
- **Presentation of Information:** All the collected data and information are presented graphically and interpret from there.

Introduction: Banking sector has a vital role to play in the economic activities and development of any country. This sector is much more important in a developing country like Bangladesh. The whole scenario of the economy of a country can be ascertained by examining the condition of the banking sector. In Bangladesh, the banking sector dominates the financial sector and macroeconomic management largely depends on the performance of the banking sector. Banking sector grew primarily in the public sector with main emphasis on restructuring of the financial system and development needs of the war-torn economy with gradual liberalization in subsequent years. It was increasingly felt that banks should be allowed in the private sector for giving a fillip to development process on the basis of private initiative. In the 80's for the first time a number of banks in the private sector were allowed. Subsequently in the mid 90's some more banks in private sector also commenced operations. Finally, in 1999, 3rd generation of private sector banks was given permission to operate. As a result while up to 80's public sector banks dominated financial sector, banks in the private sector were given increased responsibility with the passage of time.

Private commercial banks are divided into three (3) groups according to their commencement of business. They are familiar in the name of 1st generation, 2nd generation and 3rd generation banks.

1st Generation Banks (Established 1982-1988):

- AB Bank Limited
- Al-Baraka Bank Bangladesh Limited
- IFIC Bank Limited
- Islami Bank Bangladesh Limited
- National Bank Limited
- The City Bank Limited
- United Commercial bank Limited

2nd Generation Banks (Established 1992-1996):

- Eastern Bank Limited
- Prime Bank Limited
- National Credit & Commerce Bank Limited
- Southeast Bank Limited
- Dhaka Bank Limited
- Al Arafa Islami Bank Limited
- Social Investment Bank Limited
- Dutch-Bangla Bank Limited.

3rd Generation Banks (Established 1999 to present):

- Mercantile Bank Limited
- **Standard Bank Limited**
- One Bank Limited
- EXIM Bank Limited
- Premier Bank Limited
- Mutual Trust Bank Limited
- First Security Bank Limited
- Bank Asia Limited
- The Trust Bank Limited
- Jamuna Bank
- BRAC Bank Limited and
- Shahjalal Bank Limited.



Part-II

Organizational Profile

2

2. Company Profile:

Name of the Bank: Standard Bank Limited

Year of Establishment: May.11 1999

History: Standard Bank Limited (SBL) was incorporated as a Public Limited Company on May 11, 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. It also goes for Corporate and Retail Banking etc. The Bank also participated in fund Syndication with other Banks. Through all these myriad activities SBL has created a positive impact in the Market.

The emergence of Standard Bank Limited at the junction of liberation in global economic activities, After the WTO has been an important event in the financial sector of Bangladesh. The experience of the prosperous economies of Asian countries and in particular of South Asia has been the driving force and the strategies behind operational policy option of the Bank. The Company Philosophy – “Setting a New Standard in Banking” has been preciously the essence of the legend of bank’s success

Vision: The bank would serve as partner and advisor of the clientele to trade, commerce and industry.

Mission: SBL’s mission is to be utmost trustworthy stakeholder, careful, committed for equitable and sustainable growth based on diversified deployment of fund/resources leading the bank to the peak of healthy and wholesome financial institution.

Objectives of Standard Bank:

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

Corporate Headquarter:

Metropolitan Chamber Building (3rd Floor)
122-124 Motijheel C/A
Dhaka-1000
Bangladesh.



Company Logo:

Slogan: Setting a new standard in banking

Legal Advisor:

Mr.M.Ziaul Hasan
Barrister-at-Law
M/S Hasan & Sadat
Dhaka Chamber & Commerce Building
65-66, Motijheel C/A Dhaka-1000.

Auditors:

Khan Wahab Shafique Rahman & Co.
55, Dilkusha C/A
Dhaka-1000.

2.1 Divisions of Standard Bank Limited: The sum of 6 (six) different divisions run the activities of Standard Bank Limited:

1. **Administration Division:** This division of SBL controls all the administrative activities of the bank.
2. **System & Operations Division:** This division deals mainly in general banking side like cash transaction, finds opportunity and areas to open new branches, customer service and legal affairs.
3. **Audit & Inspection division:** The work of audit division is to visit different branches and find the irregularity and observe the performance if there is any unauthorized things are going on.
4. **Credit Division:** Responsibility of this department is to sanction different kinds of loans and advances also see the company's capability and organizational background to recover this loans and advances.
5. **Financial Control Division:** The central finance division does all the accounts related activities. Maintain all the daily accounts statement from all other branches of the bank.
6. **International Division:** This division deals with foreign exchange activities and letter of credit.

2.2 Branches & Networks

Name of the Branch	Location
Principal Branch	Dhaka
Imamgonj Branch	Dhaka
Topkhana Road Branch	Dhaka
Munshikhola Branch	Dhaka
Foreign Exchange Branch	Dhaka
Uttara Model Town Branch	Dhaka
Gulshan Branch	Dhaka
Banani Branch	Dhaka
Dhanmondi Branch	Dhaka
Panthapath Branch	Dhaka
Narayngonj Branch	Narayangonj
Khatungonj Branch	Chittagong
Chowdhryhat Branch	Chittagong
Agrabad Branch	Chittagong
Jubilee Road Branch	Chittagong
CDA Avenue Branch	Chittagong
Jessore Branch	Jessore
Benapole Branch	Jessore
Khulna Branch	Khulna
Rajshahi Branch	Rajshahi
Gopalganj Branch	Gopalganj
Bramhanbaria Branch	Bramhanbaria
Ekuiria Branch	Keranigonj
Shylet Branch	Shylet
Tekerhat Branch	Madaripur

2.3 Chairman's Profile

Mr. Kazi Akramuddin Ahmed a tremendous energetic and an outstanding charismatic personality with amiable disposition is the founder Chairman of Standard Bank Limited. He is a man with distinctive vision, dynamism, commitment and innovative ideas. He comes of a very prominent and highly respectable family of Bangladesh. Mr. Akramuddin Ahmed did his M. Sc. in physics from Dhaka University in 1963 and thereafter received several local and foreign professional Diplomas and training. He did Diploma in Personnel Management from UK in 1974, Industrial Management training from Switzerland in 1980. After academic education he first started his career as a lecturer in Jagannath College, Dhaka and after a short spell of teaching profession, he switched over to Administrative career in the Industrial Sector, in Mohammodi Steel as Production Manager in 1964. He left his service life in 1981 while he was General Manager of Bangladesh Steel and Engineering Corporation for embarking upon as an entrepreneur in the field of Industrial Manufacturing, Banking and other business. As a Chairman of Standard Bank Limited he has brought along with him a vast wealth of experience and expertise of managing a number of Industries of his own and of Bangladesh Steel and Engineering Corporation, prominent business houses and enterprises of diversified nature.

Today he is a very successful entrepreneur and an eminent industrialist of the country. He is the Chairman and Managing Director of Eastern Engineering Works Ltd., and Bright Steel Wire Rope Mfg. Co. Ltd., Chittagong. He is the Chairman of Bright Steel Mills Ltd. and Bright Trader Ltd., Chittagong. He is one of the Directors of National Iron and Steel Industry Ltd. and Padma Oil Co. Ltd., the largest subsidiary enterprise of Bangladesh Petroleum Corporation. He is a

widely traveled man and visited many countries viz. USA, UK, French, Germany and many other Asian and African countries.

He is the immediate past Chairman of Bangladesh Association of Banks (BAB) and during his tenure he has made immense contribution in turning this organization into a very lively and vital forum of the Chairman and Directors of Private Commercial Banks in Bangladesh.

He is extremely popular, a great humane, socialite and very widely known social leader of great distinction. He is very deeply and closely associated with a large number of socio-cultural Organizations. He is also a great philanthropist and is the founder of a number of Schools and Colleges, Female Madrasha, orphanage in his home town Kotalipara, Gopalganj District. Thereby he has made significant contributions to the community and society at large.

He is an eminent Lion personality of the country and also of Lion Forum at the International level. He is a Past District Governor and Past Council Chairman of the International Association of Lions Clubs, the largest social service organization in the world. He was awarded with "UNESCO" Gold Medal and "Sir Jagadish Chandra Bose Gold Medal" in recognition of his outstanding contribution in the field of social service at the national level.

2.4 Managing Directors Profile

Mr. Mosharraf Hossain one of the eminent banking personality of the country is the Managing Director of Standard Bank Limited.

Because of his meritorious performance and distinctive competence in 32 years of banking career he is well known as an innovative, efficient and an all rounder Banker to his colleagues and customers. In his multi-greeted banking service Mr. Hossain participated in many courses and training program on banking in home and abroad. He received training on International Banking from DEUTCHE Bank AG of Germany. He was the Deputy Managing Director in the same Bank before taking over the charge of Managing Director.

Under his dynamic leadership the bank has taken a new momentum to its ever growing prosperity.

2.5 Standard Bank Limited Organ Gram:

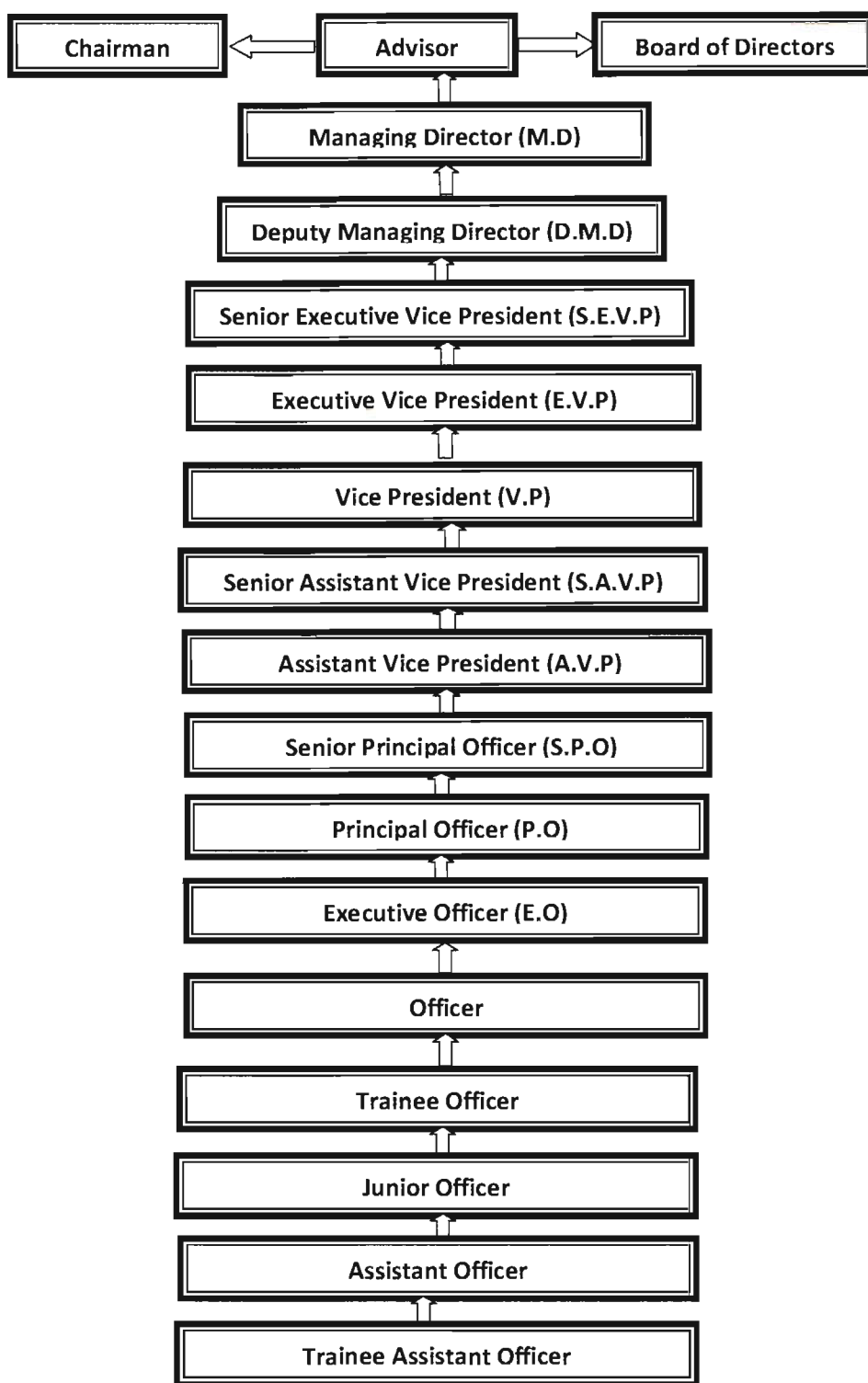


Figure-1: Organ gram of Standard Bank Limited

2.6 Management Hierarchy: Standard Bank Limited (Dhanmondi Branch):

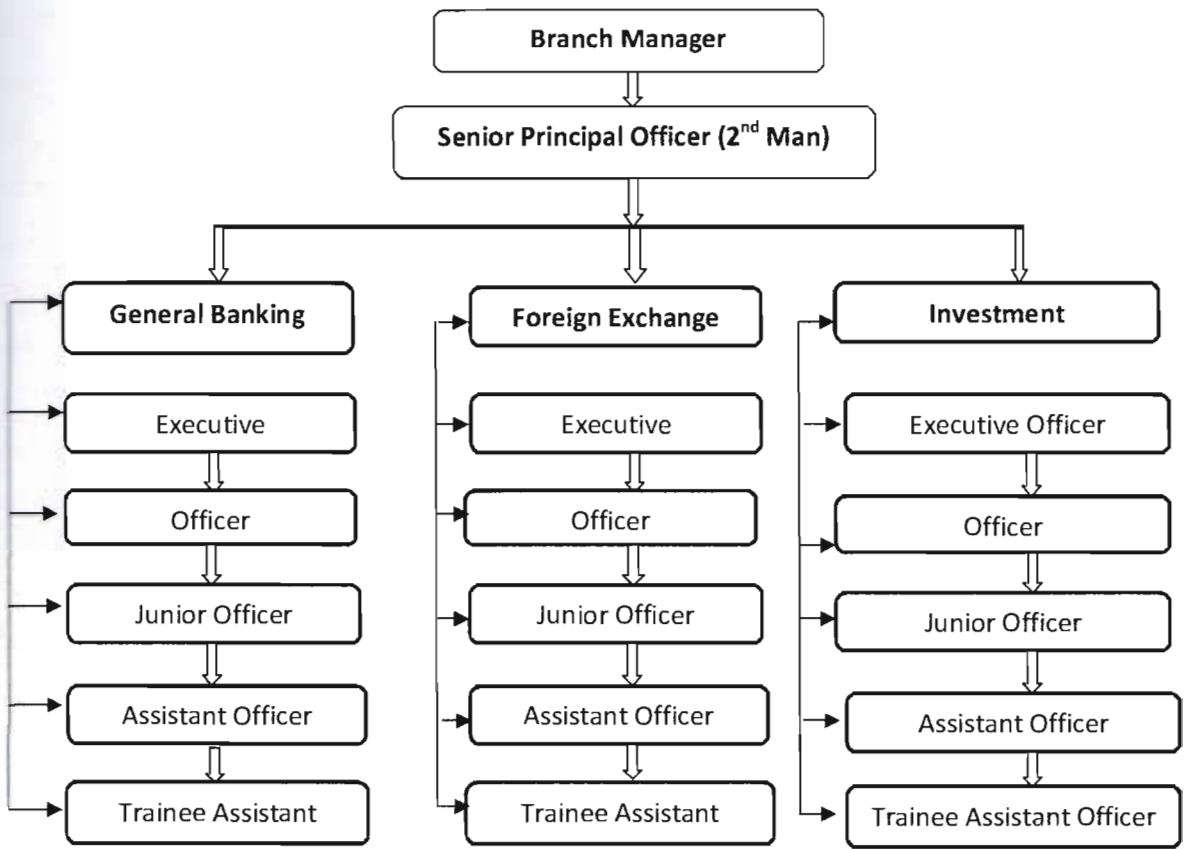


Figure-2: Management Hierarchies

Dhanmondi Branch

2.7 Management: To run an organization manages all the resource with knowledge, wisdom, intelligence, consciousness is the key to success. There are two types of resources can be available one is tangible other is intangible. Among this two tangible resources are the human resource. Standard Bank Limited always recruits best efficient employees as inefficient and unskilled employees are always burden for an organization. Use of proper recruitment policy lays solid foundation of the bank. Honesty and transparency are the two things that makes and organization more loyal towards its customers. Standard Bank Limited has total number of 100 officers and staffs have successfully recruited. At present there are 40 probationary officers of 3rd batch are with this bank among 46. Rest of the P.O has left the organization. Now total number of manpower of this bank is 532 up to 31st December 2006.

This division evaluates employee by their performance and rewards through the release of annual increment, special increment, incentive bonus, and timely promotion. Recently SBL extended staff welfare oriented facilities like 90 days maternity leaves that was previously 45 days for the female employees and 20 days casual leave in a calendar year instead of 15 days.

SBL also provide provident funds for the employee, gratuity, festival bonus, leave encashment, fair concession including evaluation of pay scale, within justified period. SBL always discourage unethical and policy against steps for the employees by giving warning, show cause, charge sheet, placing as OSD as per the rules of Standard Bank Limited.

2.8 Information Technology: The worlds become smaller day by day due to communication. Information technology is a thing that makes people more knowledgeable. At this moment there are 52 private commercial banks in Bangladesh. So the banking is sector become more competitive day by day. This is due to the information technology. Standard bank is not behind or separate from this. As standard bank limited is committed towards deliver efficient, prompt and personalized services. SBL tried to provide them quality services through the integration of the latest of the art technology.

Share of the information has become a part of the clients, shareholders. Because all of them are the part of this bank. Already standard bank limited passes 8 successful years in banking sector.

On-Line Banking is now the present concept in banking sector for information technology. Standard Bank Limited has already 10 online supported branches among 29 branches all over Bangladesh. Those branches are principal branch, Dhanmondi branch, Imamgonj branch, Gulshan branch, Foreign Exchange branch, Topkhana road branch, Jubilee road branch, Agrabad branch, Khatungonj branch. So they are simultaneously tried to increase the on-line services both within Dhaka and outside Dhaka.

To spread there on-line service SBL already formed a committee. This committee selected the world famous centralized ERP software to implement Centralized Banking System and various delivery channels like ATM, POS, Credit Card, Debit Card, Internet Banking, SMS Banking, Tele Banking (IVR) and call center with latest technology will be the main supporting tools for the effectiveness of the bank.

To increase the security of SBL branches and for the clients they are going to started CCTV system for their branches.

Retail Banking: According to the statistics and market research paper those available the consumer lending market in Bangladesh has a size of BDT 160 billion whereas loan outstanding of September 30, 2005 as per schedule bank statistics of Bangladesh bank (BB) is around BDT 52 Billion. This indicates that only 32% of the market has been utilized by the financial institutions. So there is 68% of the market remain the potential. To exploit the rapidly increasing opportunities in the fast expanding SME sector through maximizing effectiveness of their product development, distribution and sales strategies of SBL has established a retail banking division in 2006 with the launching of consumer financing % Small Enterprise Financing. This division introduced the following assets products on consumer financing:

- Salary Loan Scheme
- Car/Auto Vehicles Loan
- House Renovation Loan
- House Hold Durables Loan
- Self Employed Professional Loan
- Land Purchase Loan
- Marriage Loan

Standard Bank Limited also has the schemes for small entrepreneurship with the innovative ideas. Like handicrafts, jewelry, weaving, mushrooms etc. Those are:

- Dairy, Bee fattening, Goat Farm.
- Bee Keeping.
- Fishery in Ponds.
- Mushrooms Cultivation.
- Horticulture/Nursery.

Correspondent Banking Division: The main aim of Standard Bank Limited is to increase its foreign exchange business and to achieve this aim they are doing banking with all major banks of the world.

At present they are maintaining correspondent banking relationships with 23 major reputed banks of the world. Some of those are:

- The HSBC Bank Limited.
- Citibank N.A.
- Standard-Chartered Bank.
- American Express Bank.
- Mashreq Bank PSC.
- Wachovia Bank, N.A
- The Bank of Tokyo-Mitsubishi Ltd.
- Union De Banques Et Arabes Francaises

2.9 Branch Expansion: Standard Bank Limited opens 4 (Four) branches in the year 006. As a result the total numbers of branches now become 26 (twenty six) up to 2006. Out of these branches 14 branches are authorized dealer. These AD branches are fully equipped and capable of handling all types of foreign exchange business and transaction. The bank plans to open 07 (Seven) new branches during the year 2007 at Dakkhin Khan near Uttara, Dhaka (Rural), Chittagong EPZ, Cox's Bazar, Mirpur, Nawabpur, North South Road, Dhaka City, Barisal, Ashulia, in order to make available of their banking facilities to every areas of the country.

2.10 Strategic Business Outlook: The endeavor of Standard Bank Limited always is to provide quality service to clients. They want to accelerate there service with greater pace and momentum in the coming days to keep ourselves at par with the international standard. On line banking service has already been tasted now they are ready for formal launching. Prudent and good banking policies have been followed by the management at all levels since beginning. The obvious result is reflected in the banks excellent CAMEL rating, Capital Adequacy Ratio (CAR) and meager classified loan portfolio.

Part-III

General Banking

3. General Banking_____

Introduction: The first work place for an intern is in the general banking section. It is the core of all other banking. The department rotation for an intern basically starts from general banking. It is the busiest area as; a client first comes here and wants to know about all other departments or for what he or she comes in the bank. So, simply the employees work here in general banking section need to be more knowledgeable.

General banking consists of several other sections. Those are following:

- a) Account opening section.
- b) Check book issue.
- c) Dispatch section.
- d) Deposit section.
- e) Cash section.
- f) Remittance section.
- g) Clearing section.
- h) Accounts section.

As I said a client first comes in the general banking section especially in the front desk so it is very important for an employee to know about his or her requirements to fulfill those.

3.1 Accounts Open: The first relationship between a banker and client build up through open an account in the bank. It is the foundation of a bank. Because any further transaction or invest in the bank or more accounts open may be come through this. There are several types of accounts might be open. Those are following:

- I. **Current Account:** Generally industrial or businessman opens this account.
- II. **Savings Account:** Generally for individual person.

- III. **Short Term Deposit Account (STD):** It is same like savings account.
- IV. **Fixed Deposit Receipt Account (FDR):** For long term but through small amount deposit.
- V. **Deposit Scheme Account:**

3.1.1 Current Account: As I said earlier that current account basically for industrial purpose. Among them there are proprietorship, firms, partnerships firm, Joint Stock Company, school, college, university and individual also.

To open a current account the following requirements must have to fulfill:

- Name of the applicant
- Profession or other business of applicant
- Full address of the applicant
- Photographs of the applicant
- Introduced by the accountholder of that particular branch.
- Signature of the applicant
- Verification of the signature by the authorized person.

3.1.2 Current Account (Proprietorship): To open a current proprietorship account a photocopy of trade license attached by the responsive officer along with the same procedure for open a current account have to follow.

3.1.3 Current Account (Partnership): To open a current partnership account procedure is almost same. But the following additional document is needed:

- Partnership deed
- Trade license
- Letter of partnership

3.1.4 Current Account (Joint Stock Company): All the procedure for opening a current account should be fulfilled. But as this is Joint Stock Company so the following additional requirements have to be fulfilled:

- Registration certificate from Joint Stock Company.
- Certificate incorporation.
- Memorandum of association.
- Articles of association.
- Annual audit report.
- Name of the authorized person who will deal with the bank.
- Copy of board resolution containing.
- Name of the authorized person who deal with the account on behalf of the company.

SBL Current Account needs minimum balance of Tk.5000 but the interest rate is nil.

Clients getting benefit from these types of accounts are following:

- Cheque book facility
- Opportunity to apply for safe deposit locker facility
- Collect foreign remittance in both T.C. and Draft.
- Transfer of fund from one branch to another by
 - Telegraphic Transfer
 - Demand Draft
 - Mail Transfer
- Collection of cheque through clearing house
- Online banking service.

3.1.5 Savings Account: savings accounts basically used by the individual clients those who deposit in short term. Basically these accounts are open on the name of individual rather than company or organizations name. But there are some limitations for the clients.

Those are following:

- ❖ Customers are permitted to draw amount only twice in a week.
- ❖ If the customers draw more than twice in week he or she will not receive any interest for that month.
- ❖ Big amount are permitted to draw only after giving a certain notice.

To open and maintain a savings account the following matters should be noticed:

- Minimum initial deposit TK.5000/- needs to open an account.
- Less than 1 Lac interest rate is 6%, 1 Lac to 5 Lac interest rate is 8% and above 5 Lac interest rate is 8.50%.
- Minimum account balance of Tk.1000/- needs to maintain the account.
- Withdrawal amount should not be more than 1/4th of the total amount.
- Cannot withdraw more than twice in week.

Again clients will be benefited through:

- Free cheque book.
- Opportunity to apply for safe deposit locker.
- Utility payment service.
- Collect foreign remittance.
- Transfer of fund from one branch to another by-
 - Demand draft.
 - Mail transfer.
 - Telegraphic transfer.
- Online banking service.

3.1.6 Short Term Deposit (STD):

Procedure to open a Short Term Deposit or STD account is similar like the savings account.

Bank Deposit: Following table represent the STD amount and the interest rate that will give to the clients:

Amount	Interest Rate
Below 5 Core	4%
5-10 Core	5.5%
Over 10 Core	6.5%

Table-1: Short Term Deposit (STD)

3.1.7 Other than Bank Deposit:

Public Bank Deposit: Government, Semi Government, Autonomous Body, Educational Institutions, Association, Trust and NGO

Other Bank Deposit:

Amount	Interest Rate
Up to 1 Crore	6.00%
Above 1-5 Crore	7.00%
Above 5-10 Crore	7.50%
Above 10 Crore	8.50%

Table-2: Other Bank Deposit

Private Deposit:

Amount	Interest Rate
Up to 1 Crore	5.50%
Above 1-5 Crore	6.00%
Above 5-10 Crore	6.50%
Above 10 Crore	7.00%

Table-3: Private Deposit

Following are the features of the STD:

- Minimum 7 days notice is needed for the withdrawn of the both STD.
- If any financial organization or any autonomous bodies open this account then no excise duty will be deducted but tax will be deducted.
- Interest rate is calculated on daily basis.

3.1.8 Fixed Deposit Receipt: Fixed Deposit is a certain amount that is deposited by the clients for a fixed period of time. It offers comparatively higher rate of interest. Clients have some certain period to mature the FDR. For example for 1 year FDR if the clients make it January 1, 2007 and it will be mature at January 1 2008. But if the client closes (break) that FDR before the maturity period than he or she will not get the full interest as per schedule.

FDR Period	Interest Rate
1 Month	9%
3 Month	11%
6 Month	11.5%
1 Year	12%

Table-4: Fixed Deposit Receipt

Steps to open a FDR account:

- Bank provides the interested clients a Fixed Deposit form.
- Clients fill up that FDR form, which contains name of the customer, amount of money, duration, rate of interest etc.
- After finishing the form fill up clients pay the money by cash or cheque.
- After receiving the form from the clients the respected officer look for the cash seal or transfer seal. If any of these are present and the form is properly signed the officer provides a specimen signature card to the customer.

- Customers have to write his or her name thrice and at the same time three signature as well.
- At the same time respected officer issue a fixed deposit receipt on the specific FDR block.
- This block includes:
 - ❖ Name of the customer.
 - ❖ Amount of money deposited.
 - ❖ Date on which the FDR is deposited.
 - ❖ Due date- on which the FDR will be matured.
 - ❖ Duration for which FDR has been made.
 - ❖ Rate of interest to be paid.

An FDR is renewed automatically if the customer does not come to cash it after the maturity period. It can also be renewed upon the direction of the customer.

Features:

- Interest is compounded once a quarter.
- Loan may be allowed up to 80% of the deposited amount under lien.
- Excise duty and source tax etc. are deductible from the depositor profit.

3.1.9 Deposit Scheme

Under deposit scheme, the Standard Bank Ltd (SBL) offers different types of products (scheme) to help the fixed income people to save money and meet any future financial obligations. The schemes offer a large amount of money after a certain period of time if the account holders deposit a specific amount on monthly basis. The schemes are-

- a) Three stage savings scheme
- b) Monthly benefit scheme
- c) Marriage savings scheme
- d) Juniors savers scheme
- e) Lakhpati scheme.

3.1.9 (A) Three stage savings scheme (TSSS): The scheme is designed to help the fixed income group to save money and build up a handsome fund with which they can go for some income generating venture to improve the quality of their life and to meet any future financial obligations. Any citizen of Bangladesh can open this scheme. The scheme can be opened in the name of an individual only. TSSS is perfect for those 18 years of age or elder.

Product Name: The name of the scheme is “Three Stage Savings Scheme”.

Monthly Deposit Amount: To open the scheme requires monthly installment of BDT 500 or its multiple up to BDT 5000 till maturity. This is a fixed term deposit savings scheme.

Tenure: The scheme is for 2, 4 & 6 years (every 2nd year is known as a stage), interest rate 8% to 13%.

Loan Facility: Loan may be allowed up to 80% of the deposited amount under lien on the same after at least 2(two) years of regular payment of installments.

Example: monthly deposit Tk.500/-

Period	Interest rate	Receiving money
1 year	8%	1 st Stage Tk.13,093.00
2 year	9%	
3 year	10%	2 nd Stage Tk.28,955.00
4 year	11%	
5 year	12%	3 rd Stage Tk.48,548.00
6 year	13%	

Table-5: Three Stages Savings Scheme (TSSS)

3.1.9 (B) Monthly Benefit scheme (MBS): The Monthly Benefit Scheme (MBS) is a type of deposit where the depositor gets monthly benefit out of their deposit. This scheme is designed for those persons who intend to meet the monthly budget of their families from the income out of their deposit. Any citizen of Bangladesh can open this scheme. The scheme can be opened in the name of an individual only. MBS is suitable for those 18 years or older.

To open the scheme requires deposit of BDT Tk.1, 00, 000/= or its multiples but maximum BDT Tk. 1, 00, 00,000/=. The deposit will be for a period of 2 or 3 or 5 years and the principal amount is refundable on maturity.

Monthly Benefit: Benefit will be as per the following example:

Terms (years)	Deposit (BDT)	Monthly Benefit (BDT)	Payable After Tax 10% (BDT)
2 years	1,00,000.00	900.00	810.00
3 years	1,00,000.00	900.00	810.00
5 years	1,00,000.00	945.00	850.00

Table-6: Monthly Benefit Scheme (MBS)

3.10 DEPOSIT SECTION: Deposit is the core requirement of a bank. From the history and origin of the banking system we know that deposit collection is the main function of a bank.

3.10 (A) Accepting deposits: The deposits that are accepted by Standard Bank like other banks may be classified in to:

- a) Demand Deposits
- b) Time Deposits

a) Demand deposits:

These deposits are withdrawn able without notice, e.g. current deposits. Standard Bank accepts demand deposits through the opening of,-

- i. Current account
- ii. Savings account
- iii. Call deposits from the fellow bankers

b) Time deposits:

A deposit that is payable at a fixed date or after a period of notice is a time deposit. Standard Bank accepts time deposits through Fixed Deposit Receipt (FDR), Short Term Deposit (STD) and Bearer Certificate Deposit (BCD) etc.

While accepting these deposits, a contract is done between the bank and the clients. When the banker opens an account in the name of a client, there arise contracts between the two parties. The contract will be valid one only when both the parties are competent to enter into contracts. As account opening initiates the fundamental relationship and since the banker has to deal with different kinds of persons with different legal status, Standard Bank officials remain very much careful about the competency of the customers.

4. CLEARING SECTION

Basic functions of a Clearing Department are Cheques, Pay Order (P.O), and Demand Draft (D.D.) Collection of amount of other banks on behalf of its customer.

4.1 Clearing:

Clearing is a way through which a bank can collect customers fund from one bank to another through clearing house.

4.2 Clearing House:

Clearing House is a place where the representatives of different banks get together to receive and deliver cheque with another banks.

Normally, Bangladesh Bank performs the Clearing House in Dhaka, Chittagong, Rajshahi, and Khulna & Bogra. Where there is no branch of Bangladesh Bank, Sonali bank arranges this function.

4.3 Member of Clearing House:

Standard Bank LTD. is a scheduled Bank. According to the Article 37(2) of Bangladesh Bank Order, 1972, the banks, which are the member of the clearinghouse, are called as Scheduled Banks. The scheduled banks clear the cheque drawn upon one another through the clearinghouse.

4.4 Types of Clearing:

- A) **Outward Clearing:** When the Branches of a Bank receive cheque from its customers drawn on the other Banks within the local clearing zone (within the same city) for collection through Clearing House, it is called Outward Clearing.
- B) **Inward Clearing:** When the Banks receive cheque drawn on them from other Banks in the Clearing House, it is called Inward Clearing.

4.5 Types of clearing house: There are two type of clearing house: Those are

- A) Normal clearing house
- B) Same day clearing house

4.5 (a) Normal Clearing House:

- 1) 1st house: 1st house normally stands at 10 a.m. to 11a.m
- 2) 2nd house: 2nd house normally stands after 3 p.m. and it is known as return house.

4.5 (b) Same Day clearing house:

- 1) 1st house: 1st house normally stands at 11 a.m. to 12 p.m.
- 2) 2nd house: 2nd house normally stands after 2 p.m. and it is known as return house.

4.6 Clients of Clearing Cheque: Only the regular customers i.e. who have Savings, Current, STD & Loan Account in the bank can deposit cheque for collection of fund through clearing house. Basically these are the industrial party for current accounts, or regular individual clients who have dealings with other parties.

4.7 Precaution at the time of cheque receiving for Clearing, Collection of LBC, OBC & Transfer:

- 1) Account holder name and account number must be same in both side of the deposit slip.
- 2) Amount in The cherub & deposit slip must be same in words & in figure
- 3) Date in the cheque may be on or before (but not more than six months back) clearing house date.
- 4) Bank & Branch name of the cheque, its number & date in the Deposit slip.
- 5) Cheque must be signed by authorized person.

6) Signature for confirmation of date, amount in words / in figure Cutting & Mutilation of cheque.

7) Cheque should be crossed (not for bearer cheque).

8) Account number in the deposit slip must be clear.

9) Depositor's signature in the deposit slip.

4.8 Return house:

Return House means 2nd house where the representatives of the Bank meet after 3 p.m. to receive and deliver dishonored cheque, which placed in the 1st Clearing House.

4.9 Reasons to dishonored cheque:

- 1) Insufficient fund.
- 2) Amount in figure and word differs.
- 3) Cheque out of date/ post- dated.
- 4) Payment stopped by the drawer.
- 5)Payee's endorsement irregular / illegible / required.
- 6) Drawer's signature differs / required.
- 7) Crossed cheque to be presented through a bank.
- 8) Other specific reasons not mentioned above.

The dishonor cheque entry in the Return Register & the party is informed about it. Party's signature required in the return register to deliver the dishonor cheque. After duration, the return cheque is sent to the party's mailing address with Return Memo.

If the cheque is dishonored due to insufficiency of funds than bank charges 25/=as penalty.

4.10 Responsibility of the concerned officer in clearing Desk:

- 1) Crossing of the cheque.
- 2) (Computer) posting of the cheque.
- 3) Clearing seal & proper endorsement of the cheque.
- 4) Separation of cheque from deposit slip.
- 5) Sorting of cheque 1st branch wise and then on bank wise.
- 6) Computer print 1st branch wise & then bank wise.
- 7) Preparation of 1st Clearing House computer validation sheet.
- 8) Examine computer validation sheet with the deposit slip to justify the computer posting
- 9) Copy of computer posting in the floppy disk.

4.11 Collection of Bills:

In modern banking the mechanism has become complex as far as smooth transaction and safety is concerned. Customer does pay and receive bill from their counterpart as a result of transaction. Commercial bank's duty is to collect bills on behalf of their customer.

Types of Bills for Collection

- a. Outward Bills for Collection (OBC).
- b. Inward Bills for Collection (IBC).

a. OBC

OBC means Outward Bills for Collection .OBC exists with different branches of different banks outside the local clearing house. Normally two types of OBC:

- 1) OBC with different branches of other banks
- 2) OBC with different branches of the same bank

Procedure of OBC:

- 1) Entry in the OBC register.
- 2) Put OBC number in the cheque.
- 3) "Crossing seal" on the left corner of the cheque & "payees account will be credited on realization "seal on the back of the cheque with signature of the concerned officer.
- 4) Dispatch the OBC cheque with forwarding.
- 5) Reserve the photocopy of the cheque, carbon copy of the forwarding and deposit slip of the cheque in the OBC file.

Commission for collection:

Up to 1 Lac	0.15%
Above 1 Lac	0.10%
Above 5 Lac	0.05%

Table-7: Commission for Collection

b. Inward bills for collection (IBC)

When the banks collect bills as an agent of the collecting branch, the system is known as IBC. In this case the bank will work as an agent of the collection bank. The branch receives a forwarding letter and the bill.

Procedure of IBC:

1. IBC against OBC: To receive the OBC cheque first we have to give entry in the IBC Register .The IBC number should put on the forwarding of the OBC with date.
2. Deposit of OBC amount: OBC cheque amount is put into the "sundry deposit-sundry Creditors account", prepare debit & credit voucher of it. If the OBC cheque is honored, send credit advice (IBCA) with signature & advice number of the concern branch for the OBC amount.

3. If the OBC cheque is dishonored, the concerned branch is informed about it.
4. Again place in the clearing house or send the OBC cheque with Return Memo to the issuing branch according to their information.

5. FOREIGN EXCHANGE

5. Introduction:

International trade involves a flow of goods from seller to buyer in accordance with a contract sale from one country to another. It is not possible for a country to fulfill with all the natural or necessary commodities. Therefore, countries need to exchange goods to satisfy mutual needs and wants of one another.

5.1 INTERNATIONAL TRADE:

International trade involves a flow of goods from seller to buyer in accordance with a contract of sale. It is the exchange of goods and services between peoples of different countries.

5.2. Reason for international trade:

Main reason for international trade is as follows:

- **Distribution of natural resources:** Not even single countries in this world have all the resources to fulfill their needs and demand. Different countries do not have different amounts of natural resources, whereas others might nor have those. As a result countries need to import or export to those resources both for fulfill the needs and earn revenue for the country.
- **The lack of self-sufficiency:** A country might have some resources but may have not all the technical or other support to convert them into finished goods. As a result they might need to import or export technology from other country.
- **Specialization in a certain commodities:** A country might produce a product that is produce by only that country. So in this case it is mandatory to bring those goods through international trade.
- **Economic principal of competitive advantage:** To produce a certain commodities a country might have need amount 10/- each, whereas some other countries need 2/- per amount. To import those goods the country

might need Tk.5 each. So it is profitable that to import that goods. As we know competitive advantage of economic principal.

- **The demand and supply of goods among the countries:** Some countries, which are producers of certain goods, still have to import the same goods from abroad. This may due to the insufficient supply locally to meet the strong demand for the goods.

5.3 Benefits of international trade:

Some major benefits of international trade are:

- **A gain in output for the participating countries:** international trade enables a country to specialize in the production of goods and services in which it has comparative advantages.
- **Better living Standard:** Specialization in production makes goods cheaper, so the Standard of living is improved.
- **Economics of scale:** As countries specialize in the production of goods and services, they are able to operate on a large scale, and thus enjoy the benefits arising from the economics of scale.
- **Transfers of technology:** The transfer of technology automatically accompanies an exchange of goods because nation can learn from the products of other nations (computer software).
- **Improving international relationship:** With more trade activities and closer contact, there comes an exchange of culture and ideas resulting in better understanding among the nation.
- **Marinating price stability:** With international trade, shortage of resources and goods can be solved by imports. Demand and supply can be brought closer together. Price fluctuation can be minimized.
- **Competition for low price:** International trade helps a country to secure from a monopoly business in a certain area. For example the monopoly business in cell phone Company by City cell has been changed when Grameen Phone came in the market.

5.4 Problems in international trade

- Difference in socio culture among the countries.
- Political instability.
- Credit risk in different foreign currency.
- Differ in the rules and regulation from one country to another.

5.5 The role of banks in enhancing international trade:

- **Provision of advances (Loan):** The provision of finance to importer for example trust receipt facility, documentary credit facilities and exporters for example negotiation of export bills, purchase of bills for collection encourages enterprise to engage in trade and enhance their liquidity position.
- **Provision of alternation payment methods:** Importers may not accept the payment of cash in advance, which gives exporters the greatest protections. On the other hand, the exporters may not accept open account, which gives Importers the best payment methods. A letter of credit, through bank channels overcomes the disadvantages of these two settlement methods and satisfies to a great extent, both the importer and exporters. So with help of banks volumes can be enlarged.
- **Medium of fund transfer:** A bank system allows payment to be made safely and quickly by one part to another, e. g. telegraphic transfer.

- I. Introduction
- II. Letter of Credit
- III. Different types of documentary credit (d/c)
- IV. Documentary letter of credit
- V. Parties related to a letter of credit
- VI. Securitization of letter of credit application
- VII. Accounting treatment in case of L/C opening
- VIII. Transmission of L/C to beneficiary through advising bank
- IX. Presentation of the documents
- X. Examination of shipping document
- XI. Amendment of the letter of credit
- XII. Retirement of shipping document

I. Introduction

Letter of credit can be defined as a credit contact where by the buyers bank is committed (on behalf of the buyer) to place an agreed amount of money at the sellers disposal some agreed conditions. Importer/ seller who applies for opening an L/C and Bank opens/ issues a L/C on behalf of the importer. Bank adds its confirmation to the credit and it is done at request of issuing bank may or may not be the advising bank. Advising/notifying bank through which the L/C is advised to the exporters. This bank is actually situated in exports country. It may also assume the role of confirming and/or negotiating bank depending upon the condition of the credit.

II. Letter of credit:

Letter of credit can be defined as a credit contact where by the buyers bank is committed (on behalf of the buyer) to place an agreed amount of money at the sellers disposal under some agreed conditions. Since the agreed condition include among other things, the presentation of some specified documents, the letter of credit is called.

III. Different types of Letter of Credit (L/C)

● **Red clause credit:**

Red clause credit is a special type of credit with a clause inserted authorizing the advising or confirming bank to make advances to the beneficiary before presentation of the documents.

The clause is added in the documentary credit at the request of the applicant for the credit. In other words, it is a reshipment finance in the form of a loan the advising/confirming bank provides to the beneficiary, with payment of principal and interest guaranteed by the issuing bank in case the beneficiary fails to ship goods and defaults in payment of the advances.

The credit specifies the advances to be given to the beneficiary, which can be in the form of percentage or a fixed sum.

Finance is given against undertaking from beneficiary certifying that he promises to ship goods and submit documents to advising bank, which has provided him with finance. Possible risks in issuing a red clause credit –

- Exporter may use the advance for other purpose
- Documents presented from the exporter may have discrepancies unacceptable to the importer.
- **Revolving credit:** A revolving credit is a credit, which provides for the amount of the credit to be renewed automatically after use without the need to renew the credit every time. It can be revolved with respect to either
 - Time or
 - Amount (i.e. total value of the credit): A revolving credit “with respect to time” can be cumulative or non-cumulative. A cumulative revolving credit allows any unused credit amount of a previous month to be carried

forward to the next month. A non-cumulative revolving credit, on the other hand, provides for a maximum amount of credit to be drawn each month. If the exporter fails to draw for the month, the amount in the

Month (full amount or any utilized balance) will be forfeited automatically.

- **Transferable letter of credit:** A transferable letter of credit, which can be transferred in whole or in part by the original beneficiary to one or more "second beneficiaries". It is normally used when the first beneficiary does not supply the goods himself, but acts as a middleman between the supplier and the ultimate buyer.
- **Back-To-Back letter of credit:** A Back-To-Back letter of credit is a new credit, it is different from the original credit based on which the bank undertakes the risk under the back-to-back letter of credit. In this case, the bank's main surety/security is the original credit (master L/C). The original credit (selling credit) and the back-to-back credit (buying credit) are separate instruments independent of each other and in no way legally connected, although they both form part of the same business operation. The supplier (beneficiary of the back-to-back credit) ships goods to the importer or supplier's goods to the exporter and presents documents to the bank as is specified in the credit. It is intended that the exporter would substitute his own documents for negotiation under the original credit, his liability under the back-to-back credit would be adjusted out of these proceeds. The exporter L/C is marked lien and no margin is taken. So we can say that back-to-back is a term given to an ancillary credit which arises where the seller uses the credit granted to him by the issuing bank to his suppliers.
- **Confirmed Credit:** If a letter of credit is confirmed by a bank (the advising bank), this means, in addition to the definite undertaking to the issuing bank to honor beneficiary's draft, the advising bank makes also its promise to pay the beneficiary. Such confirmation by the

advising bank not only confirms the undertaking if the issuing bank but also constitutes an additional promise on the advising bank (which becomes a confirming bank).

IV. Documentary letter of credit: Documentary credit may be either

1. Revocable credit.
2. Irrevocable credit.

● **Revocable Credit:** A revocable credit is a credit, which can be amended or cancelled by the issuing bank at any time without prior notice to the seller.

● **Irrevocable Credit :** An irrevocable credit constitutes a definite undertaking of the issuing bank (since it cannot be amended or cancelled without the agreement of all parties there to), provided that the stipulated documents are presented and the seller satisfies the terms and conditions. This sort of credit always referred to irrevocable letter of credit.

V. Parties Related to a Letter of Credit:

The parties are:-

1. The issuing bank
2. The confirming bank, if any
3. The beneficiary party.

Others parties, which facilitate the documentary credit, are:

1. The applicant
2. The advising bank
3. The negotiating bank / applicant bank
4. The transferring bank, if any.

The parties of letter of credit:

Importer: purchaser/buyer who applies for opening L/C.

Issuing bank: it is the bank which opens/issues a L/C on behalf of the importer.

Confirming bank: it is the bank, which adds its confirmation to the credit and it is done at request of issuing bank. Confirming bank may not be the advising bank.

Advising/notifying bank: it is the bank through which the L/C is advised to the exporters. This bank is actually situated in exporter's country. It may also assume the role of confirming and /or negotiating bank depending upon the condition of the credit.

Negotiating bank: it is the bank that negotiates the bills and pays the amount of the beneficiary. The advising bank and the negotiating bank may or may not be the same. Sometimes it can be confirming bank.

Paying /accepting bank: it is the bank on which the bill will be drawn (as per condition of the credit). Usually it is the issuing bank.

Reimbursing bank: it is the bank that would reimburse the negotiating bank after getting payment instruction from issuing bank.

VI. Securitization of L/C application:

The SBL official scrutinizes the application in the following manner:

1. The terms and conditions of the L/C must be complied with UCPDC 600 and exchange control & import trade regulation.
2. Eligibility of the goods to be imported.
3. The L/C must not be opened in favor of the importer.
4. Radioactivity report in case of food item.
5. Survey report or certificate in case of old machinery.
6. Carrying vessel is not of Israel or of Serbia-Montenegro.

7. Certificate declaring that the item is in operation not more than 5 years in case of car.

VII. Accounting Treatment in case of L/C Opening:

Now if the officer thinks fit the application to open an L/C either following entries are given to realize the L/C commission, charges, postage, L/C margin etc.

Clients account -----	Dr.
Sundry deposit on L/C -----	Cr.
Income a/c commission -----	Cr.
Sundry deposit margin foreign currency clearing (F.C.C.) A/C-----	Cr.
Vat (15% of commission) on L/C -----	Cr.

After that L/C number and the above entries are given in the L/C register, the contra entries stating the liability of the bank and the client are as follow.

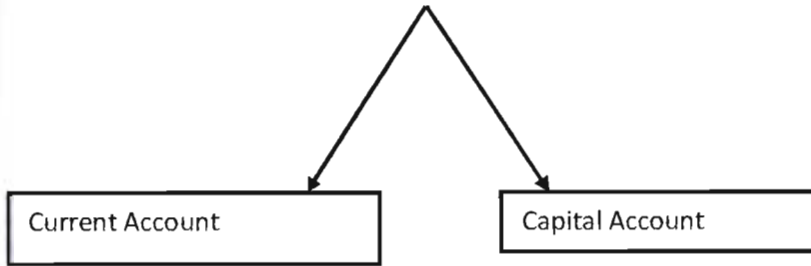
Customers liability -----	Dr.
Banker's liability -----	Cr.

5.5 Balance of payments:

The balance of payments is a bookkeeping system for recording all payments that have as direct bearing on the movement of funds between a nation (private and government) and foreign countries.

Different types of balance of payments:

Balance of payments:



(A) Current Account: The current account shows international transaction that involves currently produced goods and services. The difference between merchandise export (line 1) and import (line2) is called the trade balance. When merchandise imports are greater than exports, we have a trade deficit. If exports are greater than imports, we have trade surplus. The current account accounts are the net payments or receipts that arise from investment income, the purchase and sale of services and unilateral transfer.

(B) Capital Account: The Capital account describes the flow of capital United States and other countries. Capital outflows are American purchase of foreign assets (a payment item) and capital inflows are foreign purchase s of American assets (a receipts item). The capital outflows are less than the capital inflows.

VIII. Transmission of L/C to Beneficiary through advising Bank:

At the time of transmission of T/C is done through tested telex or fax to advise the L/C to the advising bank. The advising bank verifies the authenticity of the L/C.

The import procedure can be shown by the flow chart:

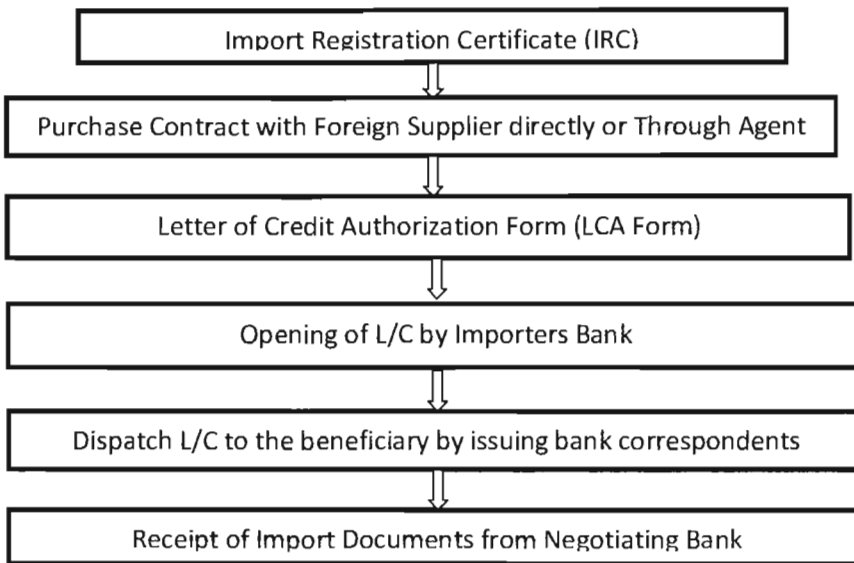


Figure-3: Import Flowchart

SBL has corresponding relationship or arrangement throughout the world by which the L/C is advised. Actually the advising bank does not take any liability if otherwise not required.

IX. Presentation of the Documents:

- a) The seller being satisfied with the terms and the conditions of the credit makes shipment of the goods as per L/C terms.
- b) After making the shipment of the goods in favor of the importer, the exporter submits the documents to the negotiating bank.
- c) After receiving all the documents, the negotiating bank then checks the documents against the credit. If the documents are found in order to. The bank will pay, accept or negotiable to SBL.
- d) Branch & bank received seal to be affixed on the forwarding schedule.
- e) The bill of exchange & transport documents must immediately be crossed to protect loss or fraudulent.

SBL checks the documents. The usual documents are:

- Invoice.
- Bill of lading.
- Certificate of origin.
- Packing list/weight list.
- Shipping advice.
- Non-negotiable copy of bill of lading.
- Bill of exchange.
- Pre-shipment inspection report.
- Shipment certificate.

X. Examination of the shipping document: One of the principal of document credit is that all parties deal with document and not with goods (articles 6 of UCPDC-600). That is why; the documents should be scrutinized properly. If any discrepancy in the documents is found that is to be informed to the party. A checklist may be followed for examining the documents.

XI. Amendment of the letter of credit: When the parties involved in a L/C, especially the seller want to change the terms and conditions due to some obvious and genuine reasons the credit should be amended. SBL transmits the amendment by telex to the advising bank. If the L/C is amended, service charge and telex charge is debited from the account accordingly. According articles 6 of UCPDC 600. Amendment must be complete and precise.

XII. Retirement of shipping document: On scrutiny , if is found that the document drawn in conformity with the terms of the credit i.e. the documents are in order SBL lodges the documents in pad and following voucher passed.

Accounting treatment

- L/C margin ----- Dr.
 Pad A/C ----- Cr.

(Margin amount transferred to pad a/c)

- Customer A/C ----- Dr.
 Pad A/C ----- Cr.

(Customer a/c debited for the remaining account)

- Pad A/C ----- Dr.
 SBL General A/C ----- Cr.

 Exchange Gains A/C ----- Cr.

(Amount given to SBL general a/c and interest credited)

Reversal entries

- Bankers liabilities ----- Dr.
 Customer's liability ----- Cr.

(Lodgments is given)

After realizing the telex charges, services charges, interest (if any), the shipping documents is then stamped with pad numbered and entered in the PAD registered. Intimating is given to the customer calling on the banks counter requesting retirement of the shipping documents. After passing the necessary vouchers, endorsement is made on the back of the bill of exchange as received payment and the bill of lading is endorsed to the effect please delivered to the order of M/S, less than two authorized signature of the banks officers (P.A. holder). Then the documents are delivered to the imp.

IMPOT AND EXPORT

- (1) Introduction
- (2) Import
- (3) Procedure of import
- (4) Payment procedure of the import documents
- (5) Financing Features
- (6) Import Business of SBL
- (7) Export
- (8) Export L/C process
- (9) Export Financing

(1) Introduction:

Bills (import) deals with L/C s and the issuance of L/C for import purposes. The letter of credit serves as a vehicle for the importer and exporter to ensure that their goods and money are coming. It is important to remember that the bank deals with documents and not goods. There is profit to be made in exports. The international market is much larger than the local market. Growth rates in many overseas markets far outpace domestic market growth. And meeting and beating innovative competitors abroad can help companies keep the edge they need at home.

(2) Import

Bills (import) deals with L/C and the issuance of L/Cs for import purposes. The letter of credit serves as a vehicle for the importer and exporter to ensure that their goods and money are coming. It is important to remember that the bank deals with documents and not goods. There are various steps towards the issuance of a L/C; these steps will also include SBL, as well as various serving as negotiating, confirming etc., banks.

This department deals with different types of L/Cs and with the payment of L/Cs.

There is a clear line as to the role of the bank as an advising bank and as a guarantor. L/Cs are used for the sale and purchased of goods.

A buyer, importer or applicant goes to their bank and applies for a letter of credit. This letter of credit is given and the bank then sends this L/C to another bank in another country. They may send this L/C to a sister bank or to an advising, negotiating or confirming bank. Either way these other bank is treated as an intermediary beneficiary and the seller or exporters. The L/C is given to certify that upon the receipt of goods, the importer will immediately send the money. Negotiating banks are also sometimes used, where there is a different bank, and they are given the L/Cs; and they will deal with the payments. Some advising banks are negotiating banks can be one and the same. In case the bank in the other country is not know to the importers bank, a sister bank known by both parties can be used as a guarantor of funds.

L/Cs is used mainly in trade. They usually include the mode of shipment of a specific good, and what the port of destination is. The expiry of the shipment, the documents all need to be submitted to the issuing bank. Certificates of origin , of where the goods ids produced , inspection certificates as to quantity and quality are general things importing countries will ask for pertaining to the shipment. Individual countries may have their own set of demands they want to ask.

There are two criteria for importing goods.

(A) Commercial Goods and

(B) Industrial Goods

There are also two types of L/C:

- **Sight L/Cs and**
- **Usance L/Cs**

Sight L/C has to be paid immediately though advanced payments can be allowed. Usance L/C has to be at a fixed maturity date. For example, payment upon the receipt of goods.

Beneficiaries that want to apply for an L/C need to have proper credit facilities. After calculating the outstanding and there is still room, then a L/C is issued. Calculations of margin and charges are also done. Upon the receipt of goods, proper documentation is certified and then payment is done. The reimbursement of funds can be made in through negotiating. They can be negotiated to the bank of choice in the relevant currency.

Essentially, an import letter of credit does not differ from an export letter of credit except from the point of view if the user. An importer has different considerations from those of the exporter, and a well-structured letter of credit will adequately serve the needs of both.

The Application Process:

When a buyer determines that he will need a letter of credit in order to purchase or finance an order, an application must be completed. A letter of credit constitutes a contingent liabilities of the applicant (buyer) and, therefore, the bank, which issues it, hence each letter of credit issued, becomes an extension of commercial credit. For that reason, it is necessary to apply for an import letter of credit just as one would apply for a loan. Once the credit approval is in place, the actual process of requesting the issuance of the letter of credit can be a relatively simple one.

Requesting an Amendment

If, after the letter of credit has been received, the seller finds that some of its terms or conditions are unacceptable, he may contract the buyer to arrange for an amendment. The buyer then requests the issuing bank to issue an amendment. If the terms of the amendment restrict, contract, or alter the value of

the letter of credit in any way, the seller must grant his approval before the amendment can be considered.

3) Procedure of import: The procedure, which follows at the time of import, is as follows

- The buyer and the seller conclude a sale contract provided for payment by documentary credit.
- The buyer instructs his bank (the issuing bank) to issue a credit in favor of the seller/exporter/ beneficiary.
- The issuing bank then sends message to another bank (advising /confirming bank), usually situated in the country of seller then advice or confirms the credit issue.
- The advising / confirming bank then informs the seller through his bank that the credit has been issued.
- As soon as seller receives the credit, if the credit satisfy him or her then he or she can reply that, he or she can meet its terms and conditions, he or she is in the position to load the goods and dispatch them.
- The seller /exporter then send the documents evidencing the shipment to the bank where the credit is available (the nominated bank). This can be the issuing bank of advising /confirming bank; bank named in the credit as the paying, accepting and negotiating bank.
- The bank then checks the documents against the credit. If the documents meet the requirements if the credit, the bank pay, accept or negotiate according to the terms of credit. In the case if credit available by negotiation, issuing bank will negotiate the resources.
- The bank if other than the issuing bank sends the documents to the bank.
- The issuing bank checks the documents and if they find that the documents has meet the credit requirements, than they realize to the

buyer upon payment of the amount due or other terms agreed between him and the issuing bank.

- The buyer sends transports documents to the carrier will then proceed to deliver the goods.

(4) Payment procedure of the import document:

1. Date of payment:

Usually is made within 7 day after the documents have been received if the payment is become differed, the negotiating bank claim interest for making delay.

2. Preparing sale memo:

A sale memo is made at B.C. rate to the customer. As the T.T. &O.D. rate is paid to the ID, the difference between these two rates is exchange trading. Finally, an inter branch exchange trading credit advice is sent to ID.

Requesting for currency:

For arranging necessary fund for payment, a requisition is sent to the international department.

5) Financing Features

Besides serving as a vehicle for payment, a letter of credit can serve as financing instruments if the seller and issuing bank agree to the arrangement. The most common methods are described below.

- **Deferred payment:** With this arrangement, payment is not required until a specified number of days after shipment of the merchandise. The buyer will have access to the documents so that he can claim his goods from the carrier, but payment is deferred until the stipulated future date.
- **Time Draft:** As with a deferred payment letter of credit, the buyer will be able to obtain the merchandise without making immediate payment as long as the letter of credit stipulates that the draft be drawn at a specified number of days after sight or after shipment. The bank on which the draft is drawn accepts the draft, thereby creating a bankers acceptance, and undertakes to pay it at its maturity. The seller then has the option of holding the draft to its maturity and collecting its face value, or discounting the draft before it matures. Discount rates are

Usually more receivables with these instruments are attractive, especially in a high interest rate environment.

(6) Payment procedure of the Import Document:

A. Date of payment: Usually is made within 7 days after the documents have been received. If the payment is deferred, the negotiating bank claims interest for making delay.

B. Preparing sale memo: A sale memo is made at B.C. rate to the customer. As the T.T. & O.D. rate is paid to the ID, the difference between these two rates is exchange trading. Finally, an inter branch exchange trading credit advice is sent to ID.

C. Request for Currency: For arranging necessary funds for payment, a requisition is sent to the international department.

Import Business of SBL: Transmission of telex: a telex is transmitted to the correspondent bank ensuring that payment is being import business of Standard Bank Ltd. from the year 2000 to 2005.

The import business handled by the Bank during the year 2005 rose to Tk. 16144.50 million against Tk. 11353.30 million in 2004 which shows growth rate of 20% in respect of 2004. The total foreign exchange business handled by the Bank also showed a marked increase from that of the corresponding period.

Particulars	2006	2005	2004	2003	2002	2001
Import Business	16144.50	11,353.30	6435.83	5171.88	2698.56	1457.06

Graphical Presentation of import business of SBL:

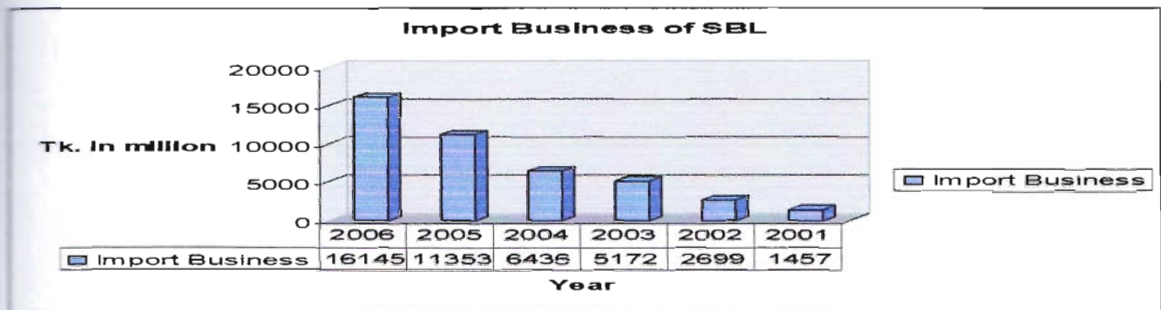


Figure-4: Import Business of SBL

It can be seen from the table and the graph that the import business of SBL is increasing every year at a very high rate. In the year 2004 and 2005 the increase is more compared to other years. The increasing trend reflects that the import business will also keep increasing in the coming years. But alternatively we can also observe that the percentage growth in import business has fluctuated. In the year 2001, 2003, 2004 it has been increased. In the year 2005 growth is lower than the year 2004. Though the growth rate is not increased that much, but the volume of import is increasing every year.

7. Export Business:

The export business handled by the Bank during the year 2005 rose to Tk. 7569.10 million against Tk. 3536.50 million in 2004 which shows growth rate 114.03% in respect of base year 2004. The total foreign exchange business handled by the Bank also showed a marked increase from that of the corresponding period.

Particulars	2006	2005	2004	2003	2002	20010
Export Business	7569.10	3536.50	1713.21	871.74	682.48	81.77

Table-11: Export Table

Graphical Presentation of Import business of SBL:

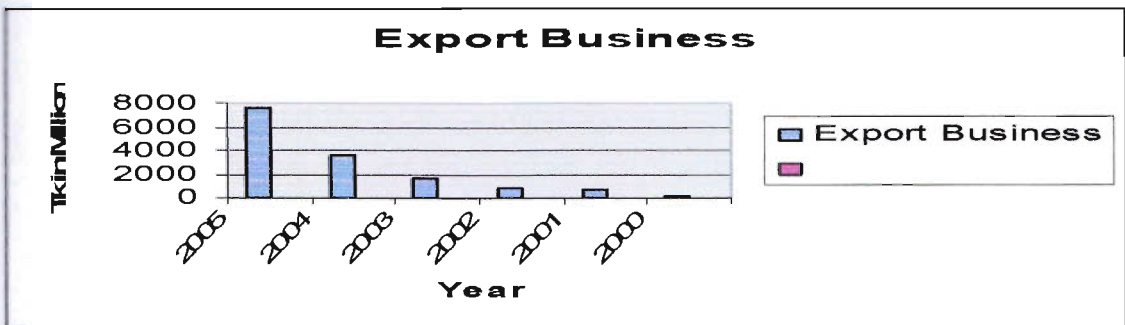


Figure-5: Export Business of SBL

7. EXPORT:

There is profit to be made in exports. The international market is much larger than the local market. Growth rates in many overseas markets far outpace domestic market growth. And meeting and beating innovative competitors abroad can help companies keep the edge they need at home.

There are also real costs and risks associated with exporting. It is up to each company to weight the necessary commitment against the potential benefit.

Ten important recommendations for successful exporting should be kept in mind:

- Obtain qualified export counseling and develop a master international marketing plan before starting an export business. The plan should clearly define goals, objectives, and problems encountered.
- Secure a commitment from top management to overcome the initial difficulties and financial requirements of exporting. Although the delays and costs involved in exporting may seem difficult to justify in comparison with established domestic sales, the exporter should take a long-range view of this process and carefully monitor international marketing efforts.
- Take sufficient care in selecting overseas distributors. The complications involved in overseas communications and transportation require international distributors to act more independently than their domestic counterparts.
- Establish a basis for profitable operations and orderly growth. Although no overseas inquiry should be ignored, the firm that acts mainly in response to unsolicited trade leads is trusting success to the element of chance.
- Devote continuing attention to export business when the local market booms. Too many companies turn to exporting when business falls off in the domestic market. When domestic business starts to boom again, they neglect their export trade or relegate it to a secondary position.
- Treat international distributors on an equal basis with domestic counterparts. Companies often carry out institutional advertising campaigns, special discount offers, sales incentive programs, special credit term programs, warranty offers, and so on in the domestic market but fail to make similar offers to their international distributors.

- Do not assume that a given market technique and product will automatically be successful in all countries. What works in Japan may fall in Saudi Arabia. Each market has to be treated separately to ensure maximum success.
- Be willing to modify products to meet regulations or cultural preferences of other countries. Local safety and security codes as well as import restrictions cannot be ignored by foreign distributors.
- Provide readily available servicing for the product. A product without the necessary service support can acquire a bad reputation quickly.

(8) Export L/C process

The letter of credit is a highly Standardized instrument, which has evolved over many years into a reliable method of effecting payment for commercial transactions throughout the world. To ensure a seamless transaction when relying on an export letter of credit for payment, it is important to understand the responsibilities of the parties.

(9) Export Financing: Export financing can be two types

1. pre-shipment credit
2. post-shipment credit

1. Pre-shipment Credit

Pre-shipment credit, as the name suggest, is given to finance the activities of an exporter prior to the actual shipment of goods. Pre shipment credit is essentially a short-term credit and liquidated by negotiation or purchase of export bills covering the merchandise generally. The bank grants pre-shipment credit against

irrevocable, confirmed, unrestricted letter of credit received by an exporter from an overseas buyer. Before extending pre shipment credit, the bank takes into consideration the credit worthiness, export performance of the exporter and other documents and information which are otherwise required for sanction of loan as per the existing rules and regulation in force.

- A. export cash credit (hypothecation)
- B. export cash credit (pledge)
- C. export cash credit against trust receipt
- D. packing credit
- E. back to back letter of credit
- F. Credit against red-clause letter of credit.

A. export cash credit (Hypothecation)

Under this arrangement, a credit is sanctioned against hypothecation of the raw materials or finished goods for export. Such facility is allowed only to major exporters. As the bank has got no security in this case, except charge documents and lien of export L/C or contract, the bank normally insists in the exporter finishing collateral security. The letter of hypothecation creates a charge against the merchandise in favor of the bank but neither the ownership nor the possession is passed to it.

B. Export Cash Credit (Pledge)

This credit facility is allowed against a pledge of exportable goods or materials. In this case, cash credit facilities are extended against the pledge of goods to be stored in the godown under bank's control by signing a letter of pledge and other pledge documents. The exporter surrenders the physical possession of the goods to the bank's effective control as security for payment of bank dues. In the event of failure of the exporter to honor his commitment, the bank can sell the pledged merchandise for recovery of the advance.



6. CASH SECTION

Banks, as a financial institution, accept surplus money from the people as deposit and give them opportunity to withdraw the same by cheque, etc. But among the banking activities, cash department play an important role. It does the main function of a commercial bank i.e. receiving the deposit and paying the cash on demand. As this department deals directly with the customers, the reputation of the bank depends much on it. The functions of a cash department are described below:

6.1 Function of Cash Department:

6.1. (A) Cash Payment:

1. Cash payment is made only against cheque
2. This is the unique function of the banking system which is known as “payment on demand”
3. It makes payment only against its printed valid Cheque

(B). Cash Receipt

1. It receives deposits from the depositors in form of cash
2. So it is the “mobilization unit” of the banking system
3. It collects money only its receipts forms

Cash packing:

After the banking hour cash is packed according to the denomination. Notes are counted and packed in bundles and stamped with initial.

LOCAL REMITTANCE:

Carrying cash money is troublesome and risky. That's why money can be transferred from one place to another through banking channel. This is called remittance. Remittances of funds are one of the most important aspects of the Commercial Banks in rendering services to its customers.

6.2 Types of remittance:

- Between banks and non banks customer
- Between banks in the same country
- Between banks in the different centers.
- Between banks and central bank in the same country
- Between central bank of different customers.

The main instruments used by the Standard Bank of remittance of funds are

- Payment order (PO)
- Demand Draft (DD)
- Telegraphic Transfer (TT)

Pay Order gives the payee the right to claim payment from the issuing bank. Payment is made from issuing branch only. Generally remit fund within the clearinghouse area of issuing branch. Bank charge only commission for this. However party must have an account with the bank, so that whenever the fund refund they (party) can collect it. But for the student and the pay order for job purpose of any applicant, account with the bank is not mandatory. Because in this case fund are non-refundable.

Demand Draft is an order of issuing bank on another branch of the same bank to pay specified sum of money to payee on demand. Payment is made from ordered branch. Generally remit fund outside the clearinghouse area of issuing

branch. Payee can also be the purchaser. Bank confirm through checking the 'Test Code' Bank charge a commission and telex charge for it.

issuing branch requests another branch to pay specified money to the specific payee on demand by Telegraph /Telephone. Payment is made from ordered branch. TT can be remit anywhere in the country. Bank charge a commission plus telephone charge. However this service is available only for a limited number of customers.

6.3 Test – key Arrangement: Test key arrangement is a secret code maintained by the banks for the authentication for their telex messages. It is a systematic procedure by which a test number is and the person to whom this number is given can easily authenticate the same test number by maintaining that same procedure. Standard Bank has test key arrangement with so many banks for the authentication of LC message and for making payment.

7. ACCOUNTS SECTION

Accounts Department is called as the nerve Centre of the bank. In banking business, transactions are done every day and these transactions are to be recorded properly and systematically as the banks deal with the depositors' money. . Improper recording of transactions will lead to the mismatch in the debit side and in the credit side. To avoid these mishaps, the bank provides a separate department; whose function is to check the mistakes in passing vouchers or wrong entries or fraud or forgery. This department is called as Accounts Department. If any discrepancy arises regarding any transaction this department report to the concerned department.

Besides these, the branch has to prepare some internal statements as well as some statutory statements, which are to be submitted to the Central Bank and the Head Office. This department prepares all these statements.

Workings of this department:

- Recording the transactions in the cashbook.
- Recording the transactions in general and subsidiary ledger.
- Preparing the daily position of the branch comprising of deposit and cash.
- Preparing the daily Statement of Affairs showing all the assets and liability of the branch as per General Ledger and Subsidiary Ledger separately.
- Making payment of all the expenses of the branch.
- Recording inters branch fund transfer and providing accounting treatment in this regard.
- Preparing the monthly salary statements for the employees.
- Preparing the weekly position for the branch which is sent to the Head Office to maintain Cash Reserve Requirement (C.R.R)

- Preparing the monthly position for the branch which is sent to the Head Office to maintain Statutory Liquidity Requirement (S.L.R)
- Make charges for different types of duties
- Preparing the budget for the branch by fixing the target regarding profit and deposit so as to take necessary steps to generate and mobilize deposit.
- Checking of Transaction List
- Recording of the vouchers in the Voucher Register.
- Packing of the correct vouchers according to the debit voucher and the credit voucher

8. LOAN & ADVANCES

This is the survival unit of the bank because until and unless the success of this department is attained, the survival is a question to every bank. If this section does not properly work the bank it may become bankrupt. This is important because this is the earning unit of the bank. Banks are accepting deposits from the depositors in condition of providing profit to them as well as safe keeping their profit. Now the question may gradually arise how the bank will provide profit to the clients and the simple answer is – Investments & Advance.

Reason for which bank provides Investment to the Borrowers

- To earn profit from the borrowers and give the depositors profit.
- To accelerate economic development by providing different industrial as well as agricultural Investment.
- To create employment by providing industrial Investments.
- To pay the employees as well as meeting the profit groups.

Credit is continuous process. Recovery of one credit gives rise to another credit. In this process of revolving of funds, bank earns income in the form of profit. A bank can invest its fund in many ways. Bank makes Investment to traders, businessmen, and industrialists. Moreover nature of investment may differ in terms of security requirement, disbursement provision, terms and conditions etc

8.1 LENDING PRINCIPLES: The Principle of lending is a collection of certain accepted time tested Standards, which ensure the proper use of Investment fund in a profitable way and its timely recovery. Different authors describe different principles for sound lending.

1. Safety
2. Security
3. Liquidity

4. Adequate yield

5. Diversity

1. Safety:

Safety should get the prior importance in the time of sanctioning the Investment. At the time of maturity the borrower may not will or may unable to pay the investment amount. Therefore, in the time of sanctioning the Investment adequate securities should be taken from the borrowers to recover the investment. Banker should not sacrifice safety for profitability. STANDARD Bank Ltd. exercises the lending function only when it is safe and that the risk factor is adequately mitigated and covered.

2. Liquidity:

Banker should consider the liquidity of the Investment in time of sanctioning it. Liquidity is necessary to meet the consumer need.

3. Security:

Banker should be careful in the selection of security to maintain the safety of the Investment. Banker should properly evaluate the proper value of the security. If the estimated value is less than or equal to Investment amount, the Investment should be given against such securities. The more the cash near item the good the security. In the time of valuing the security, the Banker should be more conservative.

4. Adequate Yield:

As a commercial origination, Banker should consider the profitability. So banker should consider the profit rate when go for lending. Always Banker should fix such a profit rate for its lending which should be higher than its savings deposits profit rate. To ensure this profitability Banker should consider the prospect of the project.

Diversity:

Banker should minimize the portfolio risk by putting its fund in the different fields. If Bank put its entire Investment able fund in one sector it will increase the risk. Banker should distribute its Investment able fund in different sectors. So if it faces any problem in any sector it can be covered by the profit of another sector.

PROCESS OF INVESTMENT:

Heads	Characteristics
Application	Applicant applies for the Investment in the prescribed form of the bank describing the types and purpose of Investment.
Sanction	<ol style="list-style-type: none"> 1. Collecting credit information about the applicant to determine the credit worthiness of the borrower. Sources of information 2. Personal Investigation, Confidential Report from other bank, Head Office/Branch/Chamber of Commerce. 3. CIB (Central Information Bureau) report from Central Bank. <ol style="list-style-type: none"> i. Evaluation of compliance with its lending policy. ii. Evaluating the proposed security. 4. LRA is must for the Investment exceeding one crore – as ordered by Bangladesh Bank. 5. If everything is in accordance the Investment is sanctioned
Documentation	<p>Then bank prepare an Investment proposal which contains terms and conditions of Investment for approval of H.O. or Manager.</p> <p>Takes the necessary papers and signatures from borrower</p>
Disbursement	<p>An Investment Account is opened.</p> <p>Where customer A/C -----Dr. Respective Investment A/C -----Cr.</p>

Services offered by Investment Department

The different types of Investments and Investment that Standard Bank offers are as follows:

- A. Secured Overdraft (SOD)
- B. Investment against Imported Merchandise (LIM)
- C. Investment against Trust Receipt (LTR)
- D. Payment Against Document (PAD)
- E. House Building Investment
- F. House Building Investment (Staff)
- G. Term Investment.
- H. Investment (general)
- I. Bank Guarantee
- J. Export Cash Credit
- K. Cash Credit (Pledge)
- L. Cash Credit (Hypo)
- M. Foreign Documentary Bill Purchase (FDBP)
- N. Local Documentary Bill Purchase (LDBP)

A. Secured Overdraft (SOD):

It is a continues advance facility. By this agreement, the banker allows his customer to overdraft his current account up to his credit limits sanctioned by the bank. The profit is charged on the amount, which he withdraws, not on the sanctioned amount. Standard Bank sanctions SOD against different security.

SOD (General):

Advance allowed to individual/ firms against financial obligation (i.e. lien on FDR/PSP/BSP/ insurance policy share etc.) This may or may not be a continuous Credit.

SOD (others):

Investment allowed against assignment of work order or execution of contractual works falls under this head. This advance is generally allowed for a definite period and specific purpose i.e. it is not a continuous credit. It falls under the category "others"

SOD (Export):

Advance allowed for purchasing foreign currency for payment against L/Cs (Back to Back) where the exports do not materialize before the import payment. This is also an advance for temporary period, which is known as export finance and under the category "commercial lending".

B. LIM (Investment against Imported Merchandise):

Investment allowed for retirement of shipping documents and release of goods imported through L/C taking effective control over the goods by pledge in go downs under Banks lock & key fall under this type of advance. This is also a temporary advance connected with import, which is known as post import financing, falls under the category "commercial lending".

C. LTR (Investment against trust receipt):

Advance allowed for retirement of shipping documents, release of goods imported through L/C falls under trust with the arrangement that sale proceed should be deposited to liquidate within a given period. This is also a temporary advance connected with import, which is known as post-import financing, falls under the category "commercial lending".

D. PAD (Payment Against Document):

Payment made by the Bank against lodgment of shipping documents of goods imported through L/C falls under this head. It is an interim advance connected with import and is generally liquidated against payments usually made by the

party for retirement of the documents for release of imported goods from the customer's authority. It falls under the category "commercial Bank".

E. House building Investment (General):

Investments allowed to individual/ enterprise construction of house (residential or commercial) fall under this of advance. The amount is repayable by monthly installment within a specified period, Investment is known as Investment (HBL-GEN).

- **Introduction:**

House building Investment is one of the common credit policies of banking sector. There was only one institution in our country, which is specified in HBFC, Bangladesh House Building Finance Corporation. Now days, besides this bank many commercial bank and Leasing Company provides house building Investment to the customers.

- **Profit rate:**

Profit rate may changes from time to time depending on the market profit rate. From the customer point of view this changes have an adverse impact on the customers. Some times if they have to bear a higher profit on the principal amount which causes a great burden on them.

- **Disbursement Procedure:**

The Disbursement Procedure or timing of disbursement depends on the client or the progress of work of the construction. The disbursement can be made two or three stages or more depending on the above conditions.

- **Made of repayment:**

The Investment shall be adjusted by monthly installment basis. The repayment will start from 6 (six) months, of the date of first disbursement (it may change according to the terms and conditions of the agreement).

- **Collateral:**

The land and the construction on the land are normally given as collateral. It may changes: -

- The documents to be obtained:
 1. DP note.
 2. Letter of disbursement
 3. Letter of installment.
 4. Letter of guarantee.
 5. Letter of under taking.
 6. Letter of agreement.
 7. Irrevocable general power of attorney.
 8. Memorandum of deposit of title deed.
 9. Any other documents if considered

F. House building Investments (staff):

Investments allowed to the Bank employees for purchase/construction of house shall be known as Staff Investment (HBFC-STAFF).

G. Term Investment:

Standard Bank considers the Investments, which are sanctioned for more than one year as term Investment. Under this facility, an enterprise is financed from the starting to its finishing, i.e. from installation to its production.

H. Investment (general):

Short term and long term Investments allowed to individual/ firms / industries for a specific purpose but a definite period and generally repayable by the installments fall under this head. These types of lending are mainly allowed to accommodate financing under the categories.

- a) Large and Medium Scale Industries.
- b) Small and Cottage Industries, Very often term financing for agriculture and others are also included here.

I. Bank guarantee:

The bank is very often requested by his customer to issue guarantees on their behalf to a third party – committing to make an unconditional payment of certain amount of money to the third party, if the customer (on whose behalf it gives guarantee) becomes liable, or creates any loss or damage to the third party.

J. Export cash credit (ECC):

Financial accommodation allowed to customer for exports of goods falls under this head is categorized as "Export Credit ". The Investment must be liquidated out of export proceeds within 180 days.

K. Cash Credit Hypothecation (CCH)

The mortgage of movable property for securing Investment is called hypothecation. Hypothecation is a legal transaction whereby goods are made available to the lending banker as security for a debt without transferring either the property in the goods or either possession. The banker has only equitable charge on stocks, which practically means nothing. Since the goods always remain in the physical possession of the borrower, there is much risk to the bank. So, it is granted to parties of undoubted means with the highest integrity.

L. Cash Credit Pledge (CCP):

Bailer in this case is called the "Pawnor" and the bailee is called the "Pawnee". In a contract of pledge, Pawnor must deliver the goods pledged to the Pawnee either actually or constructively. Transfer of possession in the judicial sense is essential in the valid pledge. In case of pledge, the bank acquire the possession of the goods or a right to hold goods until the repayment for credit with a special right to sell after due notice to the borrower in the event of non-repayment.



- **The formalities for Opening cash credit:**

The intending cash credit holder should submit the following documents and being fulfill properly:

1. Stock report, Rent receipt.
2. Trade license.
3. Up to date income tax clearing certificate.
4. Charge documents
5. Letter of continuity
6. Letter of arrangement
7. DP (Demand promissory) note.
8. Letter of guarantee.
9. Letter lien.
10. Limit sanctions advice.
11. Non-encumbrance certificate.

Observing the documents the bank authority prepares a CC proposal from that contains the following information.

- Nature of business.
- Transaction with CD account by the client.
- Allied deposit with SB/STD account.
- Number of adjustment(S)(applicable only for renewal of CC)
- Recycling: It is the ratio of total credit summation to the limit. If the ratio is higher it is better from banker's point of view.
- Turn over in the account.

Based on the above-mentioned information the dealing officer of the Investments and Investment department prepares recommendation about the prospect of granting the CC Investment to the client.

M. Foreign Documentary Bill Purchased (FDBP):

Payment made to a customer through purchase/ negotiation of a foreign documentary bills falls under this head. This temporary advance is adjustable

from the proceeds of the shipping/export documents. Its falls under the category "Export Credit"

Local Documentary Bill Purchased (LDBP):

Payment made against documents representing sell of goods to local export oriented industries, which are deemed as exports, and which are denominated in local currency/ foreign currency falls under this head. The bill of exchange is held as the primary security. The client submits the usance bill and the bank discounts it. This temporary liability is adjustable from the proceeds of the bills.

LENDING AUTHORITY:

As sure proper and orderly conduct of the business of the Bank, the Board of Directors' will empower the Managing Director and other Executives of the Bank to lend up certain amount under certain terms and conditions at their discretion. The lending officer is broadly categorized as follows:

- Managing Director
- Deputy Managing Director
- Executive vice President asset.
- Senior vice President
- Vice President
- Senior asset. Vice President
- Asst. vice President.

The amount and scope of each Officer lending authority is a function of the amount and extent of authority required by the officer to carry out his/her responsibilities to the Bank and its clients may prudent, effective manner. It must be emphasized that an Officer will not be delegated lending authority only on the basis of his position. In other words, an officer does not automatically get lending authority by virtue of his corporate and/ or functional title. Specified lending authority will be delegated by the Managing Director to various Executives after

taking into consideration his proven credit judgment, knowledge and experience. The amount of lending authority approved by the Board for various Executives form the upper limits of the authority that may be delegated to an officer holding corporate title. Each individual lending authority will be delegated to him in writing. The managing Director with the Executive Committee/ Board will review all lending authorities periodically.

Credit Information Bureau (CIB):

Bangladesh Bank has established within itself a Credit Information Bureau (CIB), which collects credit information from the banks. Banks are required to furnish such information in respect of credit limit of Tk. 50000 and over. They mention the Name of facility, security and charge along with outstanding balance. After consolidating such information in respect of each customer, the central bank supplies to the total limits sanctioned to and the number of banks dealing with a party. Thus the banks can find out if any of their customers is having excessive borrowings from the banking system at any particular time.

INVESTMENT CLASSIFICATION:

Investment classification is a process by which the risk or loss potential associated with the Investment accounts of a bank on a particular date is identified and quantified to measure accurately the level of reserves to be maintained by the bank to provide for the probable loss on account those risky Investment.

Like other banks, all types of Investments of STANDARD Bank fall into following four scales:

- **Unclassified:** Repayment is regular.
- **Sub-Standard:** Repayment is stopped or irregular but has reasonable prospect of improvement.
- **Doubtful debt:** Unlikely to be repaid but special collection efforts may result in partial recovery.

-1

- **Bad/ Loss:** Very little chance of recovery.

Part-IV

Practical Desk Work

9. PRACTICAL DESK WORK

Introduction: As I said earlier basically in Standard Bank Limited work for an intern starts from front desk to other departments of the bank. I started my work from the clearing section as his desk's daily work load is more than other areas of the bank. After this desk I have shifted to foreign exchange department and finally in the transfer or dispatch section.

I will try to describe my practical desk work from morning to the end of days work along with the diagram.

Clearing Section: Head of clearing section department have in-charged by a senior officer.

General Work: Clearing cheque receives, lodgment, posting, different voucher writing, IBC, sent advice to the principal branch.

Flow Chart:

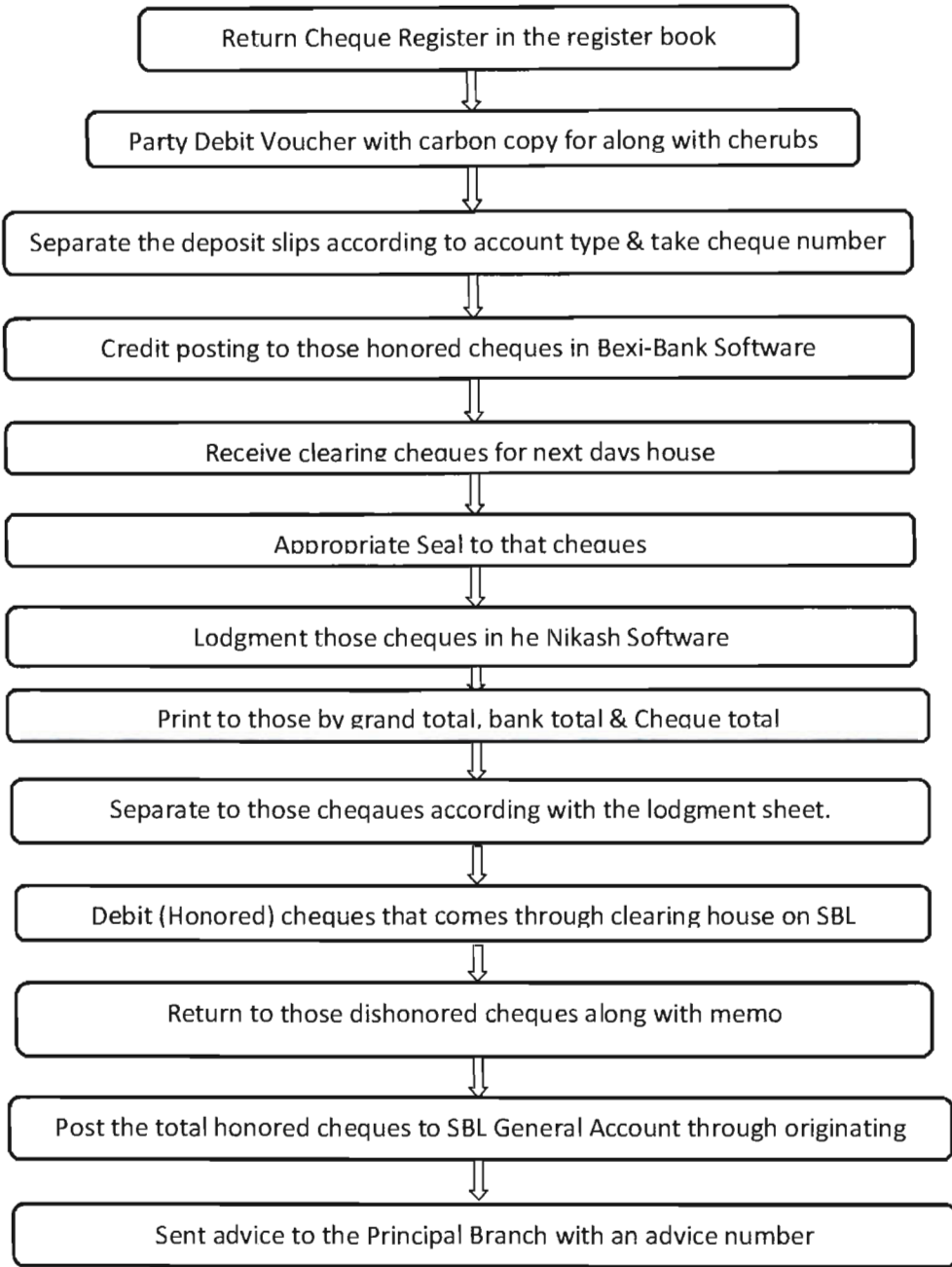


Figure-6: Flow Chart of Work in Clearing Desk

Return Register: At first I have to register the previous day's return cheques number along with the bank name, account number, and amount in the return register.

Party Debit Voucher: After that I have to do the party debit for those return cheques. If the party wants to bring them they bring those with the copy to those return cheques. Main copy remains for the bank. Again if the party wants to send those cheques to next day's house I have to write the re-lodgement voucher or G/L credit.

Separation of deposit slip: After that I have to separate previous days honored cheques deposit slip according to the account type. For example current account deposit slip, savings account deposit slip, sundry creditors, SBL G/L debit. The cheque and bank name should be back side of the deposit slip. But if there is no bank name or cheque number then I have to write those from previous day's lodgement sheet.

Credit Posting: Then at the beginning of the credit posting first I have to post the SBL G/L debit. Against that debit posting is made in the credit for different party account. So both debit and credit remains equal. Somehow there is any wrong posting of amount or in different party account that can find after posting in general ledger sheet in clearing department part

Cheque Receive: During the cheque receive at first I have to cheque the date, account name, account number and amount equal and depositor signature in both side of the deposit slip and in the cheque. After that I have to give crossing seal left top corner, clearing seal for next day's house and payees account seal at the behind of the cheque. If the cheque comes at the bank's name means instead of payees name bank name then I have to give receive payment seal behind the cheques.

Sundry Voucher: If there are some clearing cheque from outside Dhaka those come through dispatch section to clearing desk. I have to put number in the

register book and then make a sundry voucher along with bank name, branch name, cheque number and from where that cheque came.

Posting in Nikash: This software is delivered by Bangladesh Bank. The software where the clearing cheques of other banks are posted. Bank name, branch code of that bank, types of cheques, account number of that party in our bank, amount. Payees name is posted here.

Print from Nikash: When the posting is end print is mandatory because the bank sent those to clearing house. The print comes grand total, bank total and then cheque total chronologically. Finally the cheques have stepped according with branch total and bank total at the top and 2 copy of grand total at top most.

Debit (honored) to SBL's clearing cheques: within 1:30 to 2:00 pm those clearing cheques come from other bank. I have to debit those in our bank account if there is available balance in that account.

Return Cheques: those accounts that have not sufficient fund I have to return those. But before that the register for return cheques. Then along with memos that show the cause for return we have to return those.

Originating posting: The total amount of honored cheques and subtracts from return cheques total have been posted in originating to principal branch.

Advice to Principal Branch: Finally the total amount of honored cheques (in-word cheques) has been sent to the principal branch along with an advice number.

Foreign Exchange:

Introduction: In banking industry of Bangladesh Foreign exchange is considered as most valuable department of that bank. There work is vast and an employee feels proud to work in this department. Basically an intern in a bank comes and works in general banking section. But it was my luck that I get a chance to work here for 20 days. The export-import management course that our university offers as a major course for marketing helps me lot to understand the basics of this department.

General Work: LC Open, Lodgment, Payment, etc.

Letter of Credit: To import or export from other country it is mandatory to open a letter of credit or L/C.

It can be defined as an agreement between a buyer and a seller from two different or within same country through a bank. Bank work here as an intermediary between the importer and exporter.

An intern goes and has the work according to following diagram:

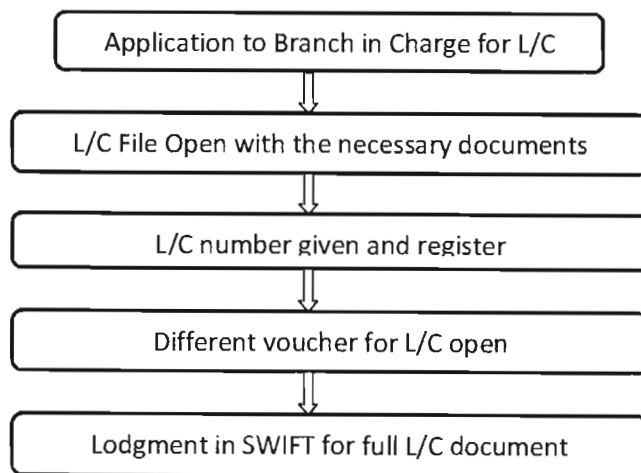


Figure-7: Flow Chart in Foreign Exchange Department

To open a L/C the following steps need to be taken:

- **L/C Application:** To open a L/C the party needs to apply the following banks branch in charge.
- **L/C Form:** It is second thing. As here the details about the importer and exporter information, L/C margin, L/C number, name of the insurance company and the charges take by the beneficiary bank.
- **Proforma Invoice:** After that the beneficiary party sent a proforma invoice that contains details information about the goods or materials, e.g. quantity, quality, type etc that the party wanted to import from the beneficiary party. It also contains the margin, currency in that country.
- **Insurance Copy:** Insurance is mandatory to open a L/C file. It gives the assurance of any kind demerge recovery during on board. An importer must inform when the goods come on the importer side.

SWIFT Field: It is a worldwide accepted lodgment process. During the lodgment different field and sub-field headed but after print it shows only the field not the head under each field. Following shows the L/C field and subfield:

- **Own SWIFT Address:** The beneficiary's bank address where the L/C has been opened.
- **Correspondent:**
- **MF27:** Sequence of the total.
- **MF40A:** Form of Documentary Credit.
- **MF20:** Documentary Credit Number (L/C Number)
- **OF23:** Reference to Pre-Advice.
- **OF31C:** Date of Issue (L/C Open Date).
- **MF40E:** Applicable Rules.
- **OC51D:** Applicant Bank Name and Address.
- **MF50:** Applicant Name & Address.
- **MF59:** Beneficiary Name & Address.

- **MF32B:** Currency Code (\$US, GBU or JPY etc).
- **OF39A:** Percentage credit amount tolerance.
- **OF39B:** Maximum credit amount.
- **OF39C:** Additional amount covered.
- **MC41D:** Available with (Bank name & Address)
- **OF42C:** Drafts At.
- **OC42D:** Drawer name & address.
- **OF42M:** Mixed Payment details.
- **OF42P:** differed payment details.
- **OF43P:** Partial Shipment.
- **OF43T:** Transshipment.
- **OF44A:** Place of taking in charge.
- **OF44E:** Port of Loading/airport of departure.
- **OF44F:** Port of discharge.
- **OF44B:** Place of final destination.
- **OF44C:** Latest date of Shipment.
- **OF44D:** Shipment period.
- **OF45A:** Description of Goods/ Service.
- **OF46A:** Documents Required.
- **OF47A:** Additional Conditions.
- **OF71B:** Charges.
- **OF48:** Period of Presentation.
- **OF49:** Confirmation Instruction.
- **OC53A:** Reimbursing Bank.
- **OF78:** Instruction to Pay/Accept/Negotiation.
- **OC57D:** Advice Though (Bank Name & Address).
- **OF72:** Sender to Receiver Information.

Transfer Section

Introduction: Standard Bank Limited has a very efficient and effective transfer section. It works both as a front desk and transfer department. It's just because of the decoration and the cost cutting policy of the bank. The transfer department has been headed by a senior officer.

This department's have a bunch of work of different kind. It means this department might or might not have the same kind of work daily as like others department of the bank. Very basic but most important works have been done here.

As I am an intern my last 1 (one) month spend here. The work I learned from this department is show and described through a flow chart in the following part.

General Works: Transfer department have the work of accounts open, cheque book issue, payment order, demand draft issue, fixed deposit receipt (FDR), telegraphic transfer (TT), in-word bill collection, out-word bill collection, local bill collection, payment order, demand draft, advices in-word register, out-word register are the work of this department.

Flow Chart:

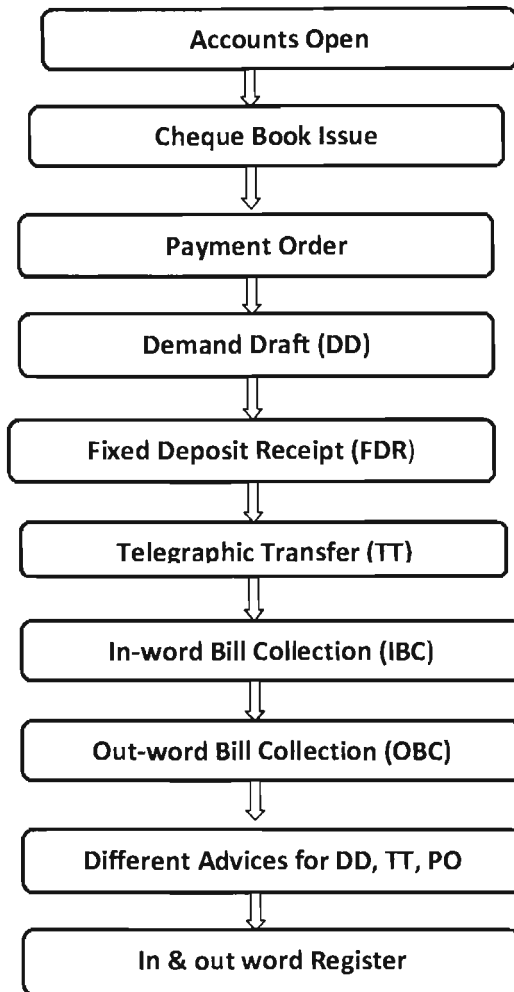


Figure-8: Flow chart of the Transfer Section

(1) **Accounts Open:** To become clients of the bank means he or she must have at least one account in that bank. Open of bank account is the very basic but most important work of the bank. As standard bank limited used the software called bexi-bank the total accounts open process is done systematically.

But there are some documents that have to be submitting during the open of an account. Those are following:

- Name of the applicant
- Profession of the applicant
- Permanent & Present Address of the applicant.
- 2 passport size photographs of the applicant with the signature behind the photos.
- Signature of the applicant.
- Introducer name and signature of the from the bank.
- Signature of the account holder in that bank.

After that as Standard bank have the steps against anti money laundering, so there is statesmen against this include rules and regulation. Means what will be and what will not be done by the accounts holder. If he or she done any money laundering what will be the banks steps against that clients. The accounts holder must signed it that. After get these documents systematically opens an account.

(2) Cheque Book Issue: A client draws money from the bank with only by the cheque. So soon after open the account a client is suppose to get a cheque book. But that client to say that to the authorized officer and department in charge has to fulfill some requirements to give those clients a cheque book. Those requirements are following:

- Entry the number in the cheque book registers according to serial.
- Accounts number in the front leaf and every leaf of the cheque book.
- Standard Bank seal (Round seal) behind each leaf in the middle of the tears side of the banks part.
- In the white page number of leafs and serial number of that cheque book.
- After that with a receiving signature in the register the officer handover that book to the clients.

(3) Payment Order (PO): Transfer of money from one place to another through the bank is done by payment order commonly known as pay order. To do a pay order there is a certain way.

- At first the client who wants to make the pay order have to write a pay order voucher. Here not the every thing rather the name of the favoring party to whom he want to make the pay order, his own name and signature, amount etc.
- After that the authorized officer writes the amount he wants to transfer.
- There is a pay order block where the details write down. It is 3 part block. First part is for the bank, second and third part is for the clients.
- At first write the name and date of the party to whom the pay order is made.
- Second on account of means by whom this pay order is send.
- Than the amount in numeric form. This part is for bank.
- In the second part is same like the first part.
- The final and most important part where the same thing write like first and second part including the amount write here in word also.
- Finally the amount seal or write by machine or red pen that: NOT OVER THAT PARTICULAR AMOUNT.

This is the steps one after 4 copy voucher is made against this pay order. Those are following:

(3) Fixed Deposit Receipt: To open a FDR account in standard bank limited the following procedure has been followed:

- Bank provides the interested clients a Fixed Deposit form.
- Clients fill up that FDR form, which contains name of the customer, amount of money, duration, rate of interest etc.
- After finishing the form fill up clients pay the money by cash or cheque.
- After receiving the form from the clients the respected officer look for the cash seal or transfer seal. If any of these are present and the form is

properly signed the officer provides a specimen signature card to the customer.

- Clients have to write his or her name thrice and at the same time three signature as well.
- At the same time respected officer issue a fixed deposit receipt on the specific FDR block.
- This block includes:
 - ❖ Name of the customer.
 - ❖ Amount of money deposited.
 - ❖ Date on which the FDR is deposited.
 - ❖ Due date- on which the FDR will be matured.
 - ❖ Duration for which FDR has been made.
 - ❖ Rate of interest to be paid.

An FDR is renewed automatically if the customer does not come to cash it after the maturity period. It can also be renewed upon the direction of the customer

(4) Telegraphic Transfer (TT):

(5) In-word Bill Collection (IBC):

(6) Local Bill Collection (LBC):

Part-V

SWOT Analysis

10. SWOT Analysis

SWOT: The word SOWT stands for Strength, Weakness, Opportunities and Threats... It helps the organization to identify how to evaluate its performance and scan the macro environment, which in turn would help the organization to navigate in the turbulent ocean of competition.

STRENGTHS

• Company Reputation

SBL has already established a favorable reputation in the banking industry of the country particularly among the newcomers. With in a period of six years, SBL has already established a firm footing in the banking sector having tremendous growth in the profits and deposits. All these have led it to earn a reputation in the banking field.

• Sponsors

SBL has been founded by a group of eminent entrepreneurs of the country having adequate financial strength. The sponsor directors belong to large industrial conglomerates of the country. The Board of Directors headed by its Chairman Mr. Kazi Akram Uddin has earned the reputation of being a successful businessman. Other directors are also eminent in their respective business area. Therefore, SBL has a strong financial strength and is built upon a strong foundation.

• Leadership

At SBL, eminent banker Mr. Mosharaf Hossain as the CEO of the Bank head of the management team. His years of banking experience at Pubali Bank Limited and others have enable him to navigate the organization in the turbulent ocean of fierce competition and taking SBL to a new millennium. Mr. S. A, Farooqui, present DMD of the Bank, supports the CEO. The bold leadership of Mr. Shahajadaa Syed M. Nizamuddinthe, Chief Banking Consultant (CBC) who was

the former CEO of the Bank has been guiding the CEO according to his Experience.

• Top management

Like the CEO and DMD the top management of the bank is also a major strength for the SBL and has contributed heavily towards the growth and development of the bank. The top management officials have all worked in reputed banks and their years of banking experience, skill, and expertise will continue to contribute towards further expansion of the bank. At SBL, the top management is the driving force and the think tank of the organization where policies are crafted and often cascaded down.

• Market Share Profitability

As already mentioned earlier, SBL has established a firm footing among the new comers in the banking industry of Bangladesh. They have already achieved a high growth rate accompanied by an impressive profit growth rate in 2004. The number of deposits and the loans and advances are also increasing rapidly.

• Strong Financial Resources

Standard Bank Limited has strong financial resources to run the banking business. In the year 2004 the capital fund of the bank including paid up capital, reserves, retained earnings stood at around To 759.00 million. It is expected that in the near future the banks financial resources will get much stronger.

• Facilities and Equipment

SBL has adequate physical facilities and equipment's to provide better service to the customers. The bank has computerized banking operations under the software called Bexi Bank. Counting machines in the teller counters have been installed for speedy service at the cash counters. Computerized statements for the customers as well as for the internal use of the banks are also available. All the branches of SBL are equipped with telex, SWIFT and fax facilities.

- **Impressive Branches**

SBL has earned a reputation in the banking sector for establishing impressive branches. The Gulshan Branch, Dhanmondi Branch, Uttara Branch, Agrabad Branch and the Jubilee Road Branch are the most lavish and impressive branches of SBL. This creates a positive image in the minds of the potential customers and many people get attracted to the bank. This is also an indirect marketing campaign for the bank for attracting customers. The other branches of the bank are also impressive and are compatible to foreign banks.

- **Interactive Corporate Culture**

SBL has an interactive corporate culture. Unlike other local organization, SBL's working environment is very friendly, interactive and informal. There are no hidden barriers or boundaries while interactive among the superior or the subordinate. The environment is also lively and since the nature of the banking job itself is monotonous and routine, SBL's lively work environment boosts up the spirit and motivation of the employees. At the same time.

- **Team work at mid level and lower level**

At SBL mid level and lower level management, there are often team works. Many jobs are performed in-groups of two or three in order to reduce the burden of the workload and enhance the process of completion of the job. People are eager to help each other and people in general are devoted to work.



WEAKNESSES

• No Vision

The greatest irony is that despite claiming to be "Setting a new Standard in Banking" which is used as its advertising platform and mission statement, the bank as of today has failed to develop a prescribed set of vision as it embarks in to the cyber age of twenty first century. The bank still could not identify the core area of business and where it should concentrate in its business, as the new millennium is already started. The bank does not have any long-term strategies of whether it wants to focus on retail banking or become a corporate bank. Till now, the bank is in a nowhere situation. Unofficially, retail banking is discouraged but at the same time the bank is not being able to pull itself away from retail banking. At the same time SBL has failed to be a full-fledged corporate bank. The path for the future should be determined right now.

• Advertising and Promotion

This is a major set back for SBL and one of its weakest areas. SBL does not pursue an aggressive marketing campaign. It does not expose itself to the general public and are not in the lime light unlike other banks. As a result people are not aware of the existence of this bank. Moreover there make ambiguity in most of the people between the existence of Standard Bank and Standard Chartered Bank.

• Poor Recruitment

During its inception, SBL has not recruited competent people in filling up its lower and some mid level positions. Other than the recruitment of the Probationary Officers people who were recruited from banks for the lower management are not competent enough to provide the best output. As a result the services of the bank are being jeopardized. The external search of the bank in attracting people from other banks had flaws in it and the right people were not taken from the right bank.

• Reference Appointment

This is one of the set backs of SBL and will have a long-term repercussion on the quality of Human Resource. Many people have been recruited under the reference of the recommendation of the Board of Directors, which has become a chronic disease in the PCB's. As a result, people having inadequate qualifications and experience have been recruited only because of their ties with the sponsors. The practice must be stopped considering the future of the bank and it is very important to have a component workforce.

• Low Remuneration Package

The remuneration package for the entry and the mid-level management is considerably low. The compensation package for SBL entry level positions is even lower than the contemporary banks. Under the existing low pay structure, it will be very difficult to attract and retain MBA's at SBL. Since foreign banks pay double then that of SBL, it will be very difficult to attract competent MBA's in future for SBL. Therefore SBL will fall to attract competent MBA's and retain them if they do not revise their pay structure.

• Human Resources Department

The HR department is another weak area of SBL. The HR department is very small relative to the size of the bank and other than the Head of HR wing; the staffs in this wing are incompetent to be an official in the HR department. Most of the HR practices and policies are not being followed or implemented here. The annual performance appraisal report of the employees is not evaluated properly and employees are not getting the required feedback. There is also no prescribed set of promotion policies. The bank is still practicing the traditional method where solely the experience or length of service is considered as the criteria for promotion. On the other hand, criteria for work output or productivity are not considered. Moreover, the HR department is only confined in the Head Office and does not have any role in the branch level activities.

- **Centralized Decision-Making**

At SBL, corporate decisions, the CEO, DMD and other top management officials craft policies and strategies and then they are cascaded down. At times the Board of Directors is also engaged in making corporate decisions. As a result of this practice there is only a top down flow of communication at SBL. The scope for bottom up communication is very limited and many bright ideas or opinions are not being able to climb up the ladder to the top management. Ideas remain their forever.

- **Noise Pollution**

This has become another major problem SBL. Since there are no cubical shaped offices, there is a tremendous noise in each department of the Bank. The noise greatly hampers the work activity and the level of concentration. This is the problem of having an open space office where everyone is communicating with each other and creates noise.

- **Lack of qualified system operators and computer operators**

Currently at SBL's Head office and in the Branches, there are computer operators who do not have any background academic knowledge on computer applications.

- **Few staff meetings**

It has been observed that there are very few staff meetings and departmental meetings at the branch level. This is not a good management practice.

- **Small Market Share**

It is revealed from the industry analysis that market share of Southeast Bank in terms of deposits and advances are relatively low.

- **High Concentration on Fixed Deposits**

High concentration on fixed deposits has negative effect on Bank's profitability. From our analysis it is found that during the period under review fixed deposit of the Bank was around 80% to 85% of total deposit.

OPPORTUNITIES

- **Diversification:** SBL can pursue a diversification strategy in expanding its current line of business. The management can consider options of starting merchant banking or diversify in to leasing and insurance. By expanding their business portfolio, SBL can reduce their business risk.
- **Product line proliferation:** There are several opportunities for SBL to expand its product line. In this competitive environment SBL must expand its product line to enhance its Sustainable Competitive Advantage (SCA). As a part of its product line proliferation, SBL can introduce the following products.
- **ATM:** This is the fastest growing modern banking concept. SBL should grab this opportunity and take preparations for launching ATM. Since SBL is a local bank, they can form an alliance with other contemporary banks in launching the ATM. Few local private commercial Banks have already successfully launched the ATM.
- **Credit Cards and Tele banking:** These are the new retail banking services provided by the foreign banks. SBL can evaluate the option of launching credit cards and Tele banking system. There are the recent developments in the banking sector and SBL should also evaluate the option of doing it.
- **On-line banking:** SBL should move towards the on line banking operations. It is high time that they should go for this because the foreign banks as well as some local banks are already in to the on line banking operations.
- **Introduction of SBL's own savings scheme:** This can be another new retail product for SBL. They can start introducing their own savings scheme or pension scheme for different professions. For example, Standard Chartered Grindlays has SYFANZ and PLANZ and Standard Chartered also has similar offers. Therefore for attracting more depositors, the management should consider the option of its own savings scheme.
- **Introduction of corporate scheme:** This is an innovative way of attracting corporate clients to the bank. In stead of providing CCS to executives of various companies, SBL can introduce a special scheme for corporate

officers for the purchase of consumer durable at an attractive interest rate. In this way, the bank will be able to attract a lot of corporate clients and in the long run the bank would be benefited by getting business for the bank from the corporate clients in

Terms of L/C, Loans and advances etc. for example, officers of BTC, Lever Brothers, Square, and BStandardco can be entered in to the corporate scheme.

- **Separate schemes for service holders**

The bank as a part of expanding its loan portfolio can assistance in terms of giving loans to service holders under various professions under a separate scheme. The bank can provide assistance to Engineers, Doctors, Lawyers and other professions under a separate scheme. Standard Chartered Grind lays has already introduced such a scheme for different professions.

THREATS

- **Multinational Banks**

The emergence of the multinational banks and their rapid expansion poses a potential threat to the new PCB's. Due to the booming energy sector, more foreign banks are

Expects to arrive in Bangladesh. Moreover, the already existing foreign banks such as Standard Chartered, CITI N.A are now pursuing an aggressive branch expansion strategy. This bank is establishing more branches countrywide and is expected to get into for operation soon. Since the foreign banks have tremendous financial strength, it will pose a threat to local banks to a certain extent in terms of grabbing the lucrative clients.

- **Upcoming Banks**

The upcoming private local banks can also pose a threat to the existing PCB'S. It is expected that in the next few years more local private banks may emerge. If that happens the intensity of competition will rise further and banks will have to develop strategies to complete against an on slaughter of foreign banks.

• Contemporary Banks

The contemporary banks of SBL such as Standard Bank, Premier Bank, Bank Asia, and Mercantile Bank are its major rivals. Mercantile Bank and others are carrying out aggressive campaign to attract lucrative corporate clients as well as big time depositors. SBL should remain vigilant about the steps take by these banks as these will in turn affect SBL strategies.

• No new deposit creation

This is a problem and a threat faced by the whole banking sector of Bangladesh. Due to the current economic slowdown, there is hardly any new deposit creation as there few investments and savings accompanied by a galloping inflation. As a result the new banks are not being able to attract absolutely new depositors but rather they have to hunt or snatch away depositors from other banks.

• Default culture

This is a major problem in Bangladesh. As SBL is a very new organization the problem of non-performing loans is very minimum or insignificant. However, as the bank becomes older this problem arises and the whole community suffers from this chronic disease. SBL has to remain vigilant about this problem so that proactive strategies are taken to minimize this problem if not elimination.

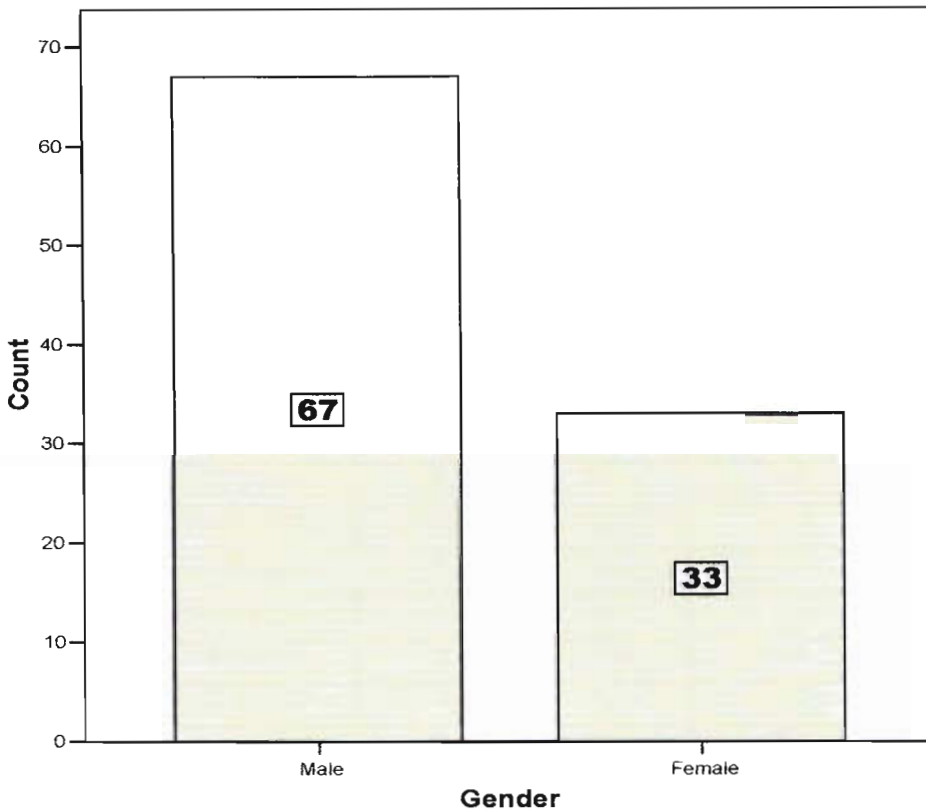
Part-VI
Survey Results

11. Survey Results

Introduction: As I did my internship one of the progressive private bank in Bangladesh name **Standard Bank Limited** so to evaluate the overall customer satisfaction of the private banks clients would help to understand the overall situation. As I did my customer satisfaction survey on 100 randomly selected private banks clients of Bangladesh the satisfaction level and the response shows below both in table and through the graphical representation.

1. Gender

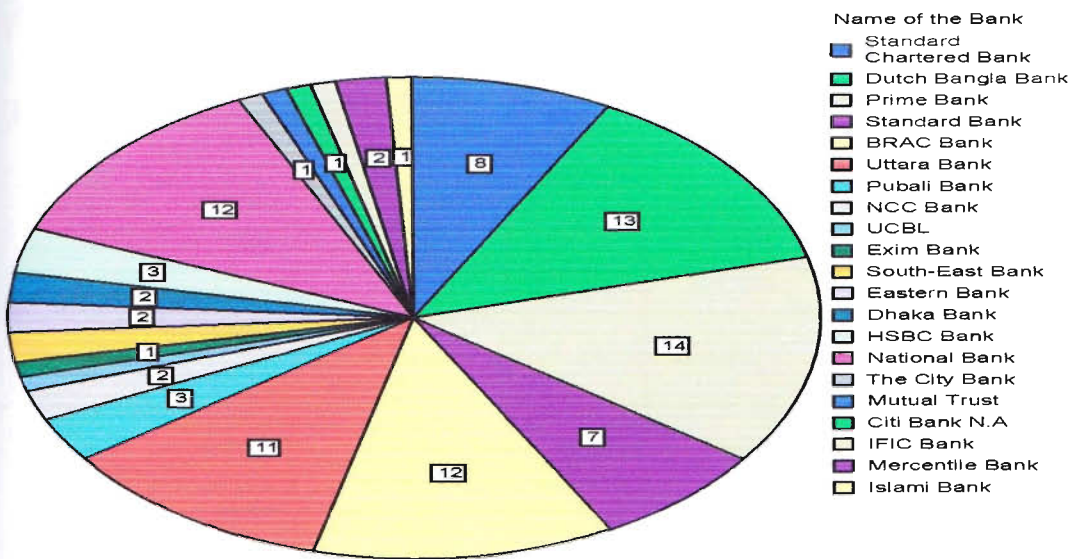
		Frequency	Percent	Valid Percent	Cumulative Percent
	Male	67	67.0	67.0	67.0
	Female	33	33.0	33.0	100.0
	Total	100	100.0	100.0	



Interpretation: from the above table and graph we can see that most of the respondent are male and the percentage are 67% where as the female respondent are 33%. It means that male are going more to these private banks or they are more bother to deal with the bank. Probability is high that females have les oppotunities or they have lack of scope to deal with the banks.

2) Name of the Bank

Name of the Bank	Frequency	Percent	Valid Percent	Cumulative Percent
Standard Chartered Bank	8	8.0	8.0	8.0
Dutch Bangla Bank	13	13.0	13.0	21.0
Prime Bank	14	14.0	14.0	35.0
Standard Bank	7	7.0	7.0	42.0
BRAC Bank	12	12.0	12.0	54.0
Uttara Bank	11	11.0	11.0	65.0
Pubali Bank	3	3.0	3.0	68.0
NCC Bank	2	2.0	2.0	70.0
UCBL	1	1.0	1.0	71.0
Exim Bank	1	1.0	1.0	72.0
South-East Bank	2	2.0	2.0	74.0
Eastern Bank	2	2.0	2.0	76.0
Dhaka Bank	2	2.0	2.0	78.0
HSBC Bank	3	3.0	3.0	81.0
National Bank	12	12.0	12.0	93.0
The City Bank	1	1.0	1.0	94.0
Mutual Trust	1	1.0	1.0	95.0
Citi Bank N.A	1	1.0	1.0	96.0
IFIC Bank	1	1.0	1.0	97.0
Mercantile Bank	2	2.0	2.0	99.0
Islami Bank	1	1.0	1.0	100.0
Total	100	100.0	100.0	

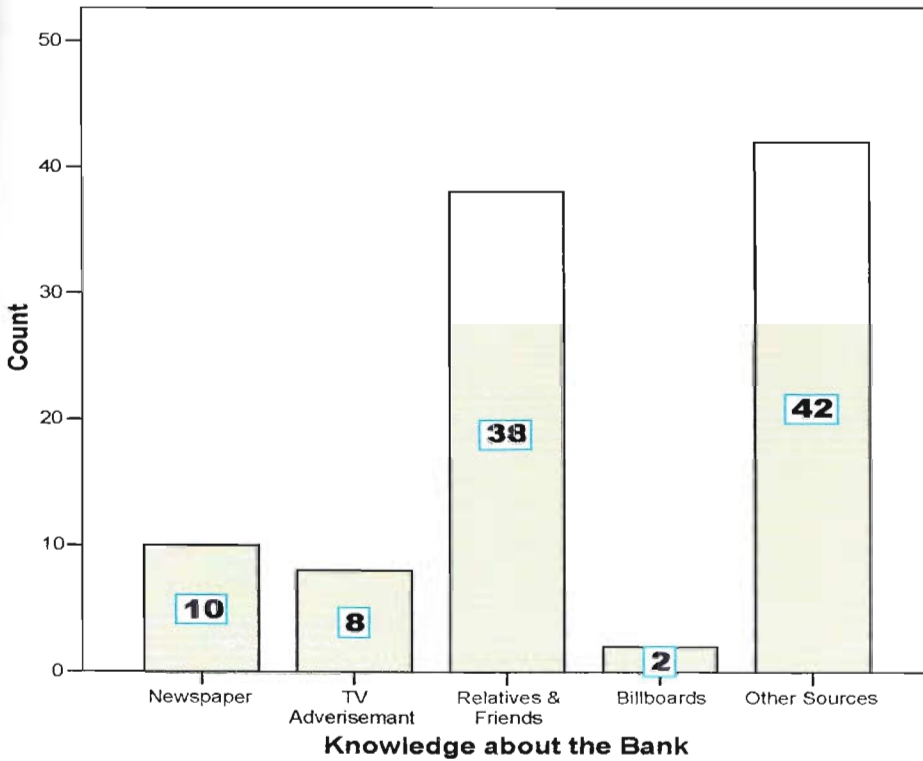


Interpretation: I find 21 private banks clients among 54 private banks in Bangladesh. Among these most respondent were from Prime Bank Limited as the percentage shows 14% whereas the nearest respondent were from Dutch Bangla Bank as 13%, and BRAC Bank 12%. Though Prime is one of the oldest private banks in Bangladesh and Dutch Bangla bank is one of the newest banks in this arena. But still Dutch Bangla came to front line as because of their advertisement, customer social responsibility (CSR) like mathematics Olympiad co-operation with Prothom-Aalo the leading Bangla newspaper of the country. Also BRAC Bank has their road show to increase the clients especially to the younger generation like students. These things help a lot to aware about these two banks.

It means that bank marketing not remains only with the personal selling.

3) Knowledge about the Bank

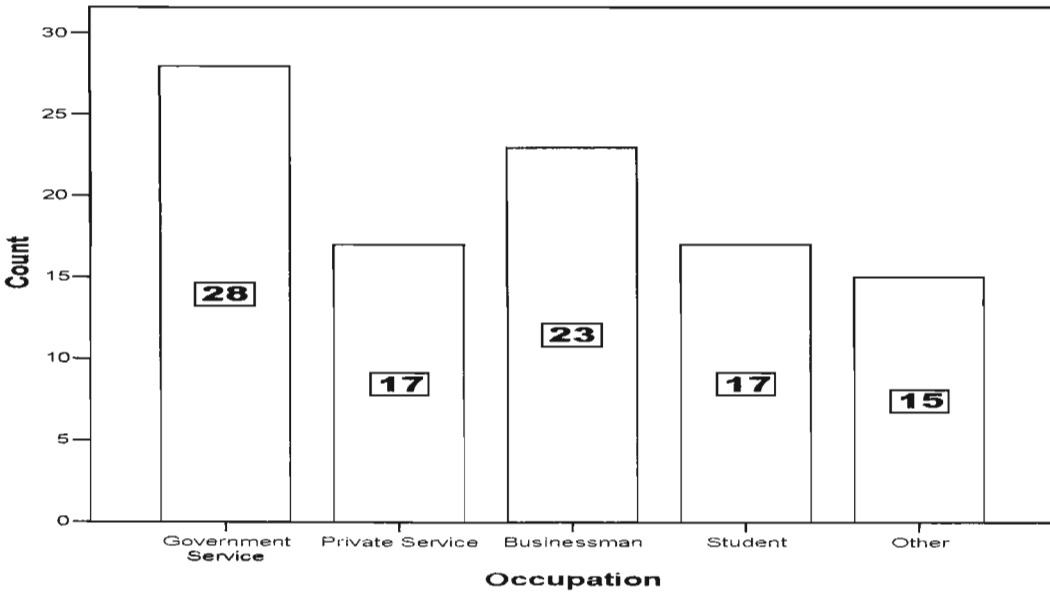
Source of Knowledge about the Bank	Mean	N	Std. Deviation
Newspaper	4.30	10	6.717
TV Advertisement	3.75	8	3.615
Relatives & Friends	7.82	38	5.858
Billboards	3.00	2	.000
Other Sources	8.69	42	5.937
Total	7.41	100	5.971



Interpretation: Very important for any organization because it represents the client's source of awareness. Here we see that 38% and 42% customers are known from relatives and friends and from other sources. Newspaper is also a very effective medium.

(4) Occupation

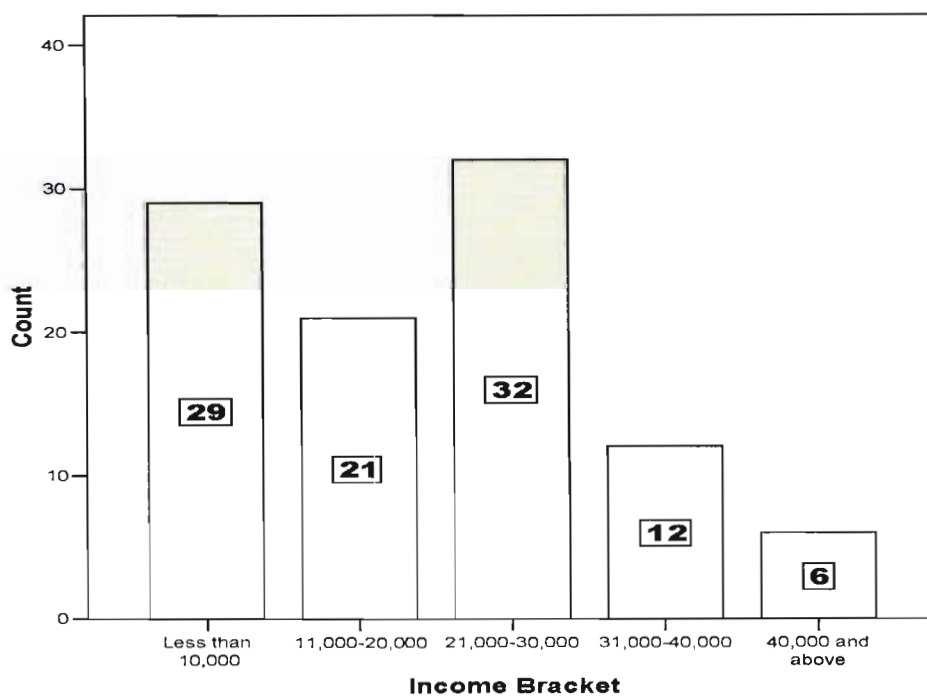
Occupations		Frequency	Percent	Valid Percent	Cumulative Percent
	Government Service	28	28.0	28.0	28.0
	Private Service	17	17.0	17.0	45.0
	Businessman	23	23.0	23.0	68.0
	Student	17	17.0	17.0	85.0
	Other	15	15.0	15.0	100.0
	Total	100	100.0	100.0	



Interpretation: From the above graph and table we see that the respondent belongs mostly in government service as 28% and 23% respondent are the businessman's. Equally private service holder and students are 17%. Recently due to the road show and some promotional activities in ATM cards the customer of private banks increase especially of the BRAC and Dutch Bangla Bank.

(5) Income Bracket

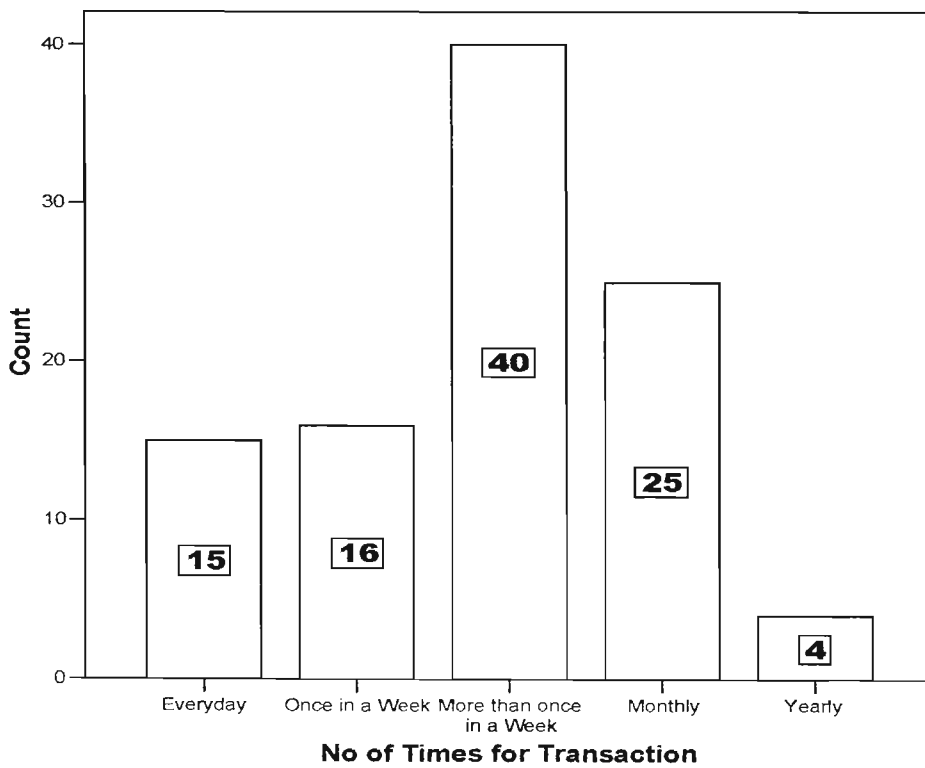
Income Range	Frequency	Percent	Valid Percent	Cumulative Percent
Less than 10,000	29	29.0	29.0	29.0
11,000-20,000	21	21.0	21.0	50.0
21,000-30,000	32	32.0	32.0	82.0
31,000-40,000	12	12.0	12.0	94.0
40,000 and above	6	6.0	6.0	100.0
Total	100	100.0	100.0	



Interpretation: The private bank clients are mostly between the income group of less and 10,000 to 21,000 to 30,000. It means the middle income people still not feel willingness to open an account in these private banks. It gives us a scenario that less income people have less knowledge and higher income group have the capability about the charges they take from their clients.

(6) Number of Times for Transaction

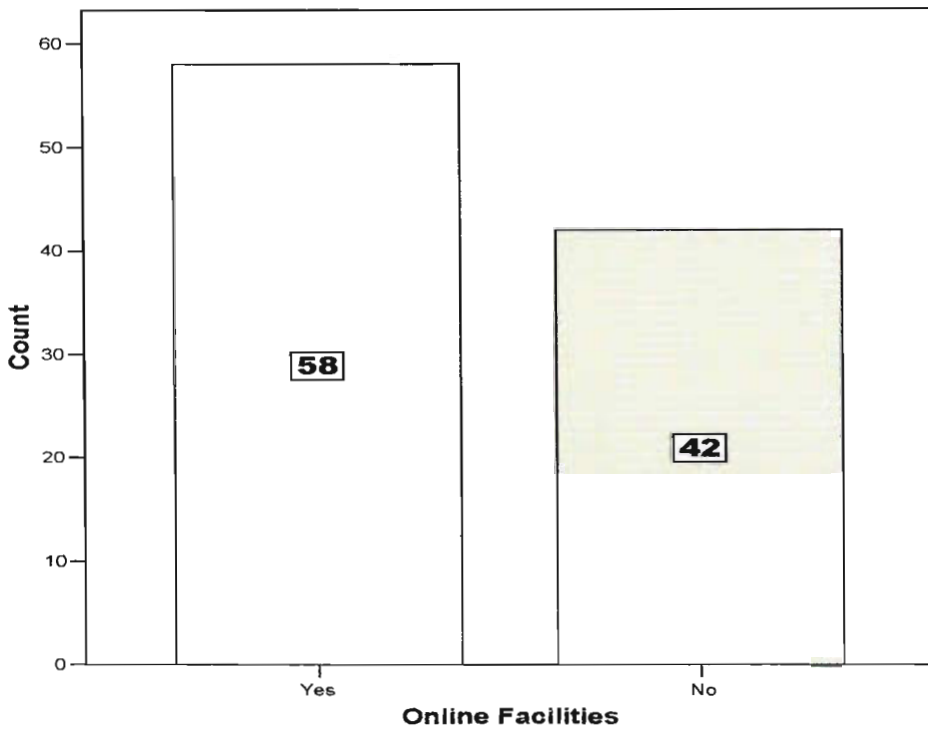
Time of Transaction		Frequency	Percent	Valid Percent	Cumulative Percent
	Everyday	15	15.0	15.0	15.0
	Once in a Week	16	16.0	16.0	31.0
	More than once in a Week	40	40.0	40.0	71.0
	Monthly	25	25.0	25.0	96.0
	Yearly	4	4.0	4.0	100.0
	Total	100	100.0	100.0	



Interpretation: Essential, now-a-days especially for the businessman to deal in banks. Because the ultimate objective of any works relates with the money. So most of respondent go more than once a week in the bank represents 40% whereas the nearest is 25% who goes at least once in a month.

(7) Online Facilities

		Frequency	Percent	Valid Percent	Cumulative Percent
	Yes	58	58.0	58.0	58.0
	No	42	42.0	42.0	100.0
	Total	100	100.0	100.0	

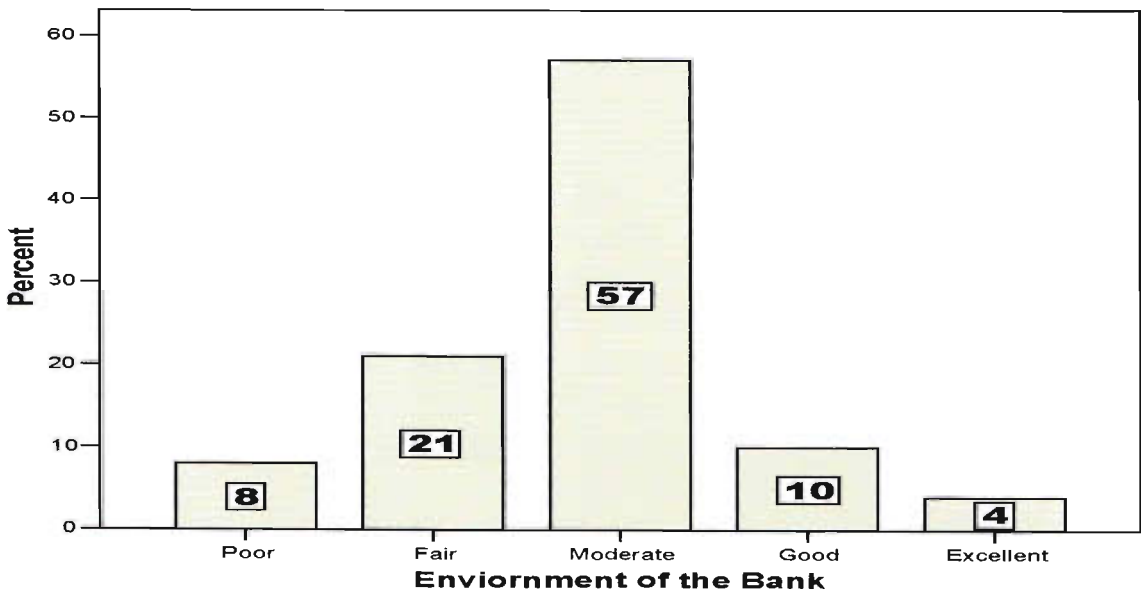


Interpretation: Among the 54 private banks more than 58% banks have the online facilities. Still some of the banks still not have the full phased online facilities. It will create a bad effect on overall clients of these banks due to fastest growing world. As the international private commercial banks like Standard Chartered, HSBC, Citi Bank N.A have the 100% online facilities.

(8) Environment of the Bank

	Frequency	Percent	Valid Percent	Cumulative Percent
Poor	8	8.0	8.0	8.0
Fair	21	21.0	21.0	29.0
Moderate	57	57.0	57.0	86.0
Good	10	10.0	10.0	96.0
Excellent	4	4.0	4.0	100.0
Total	100	100.0	100.0	

Environment of the Bank



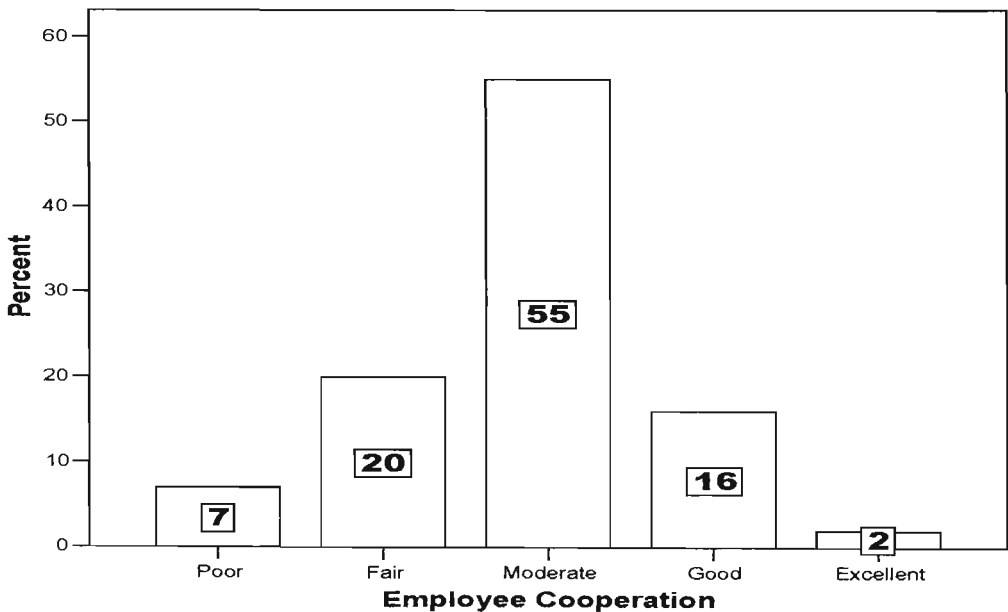
Interpretation: From the above table and graph we can see that 8% of the clients said the environment is poor. 21% respondent said fair, 57% said moderate, 10% said good about the environment. Only the 4% clients said excellent.

It represents that totally 14% people are satisfied with the current environment of the private banks.

(9) Employee Cooperation

	Frequency	Percent	Valid Percent	Cumulative Percent
Poor	7	7.0	7.0	7.0
Fair	20	20.0	20.0	27.0
Moderate	55	55.0	55.0	82.0
Good	16	16.0	16.0	98.0
Excellent	2	2.0	2.0	100.0
Total	100	100.0	100.0	

Employee Cooperation



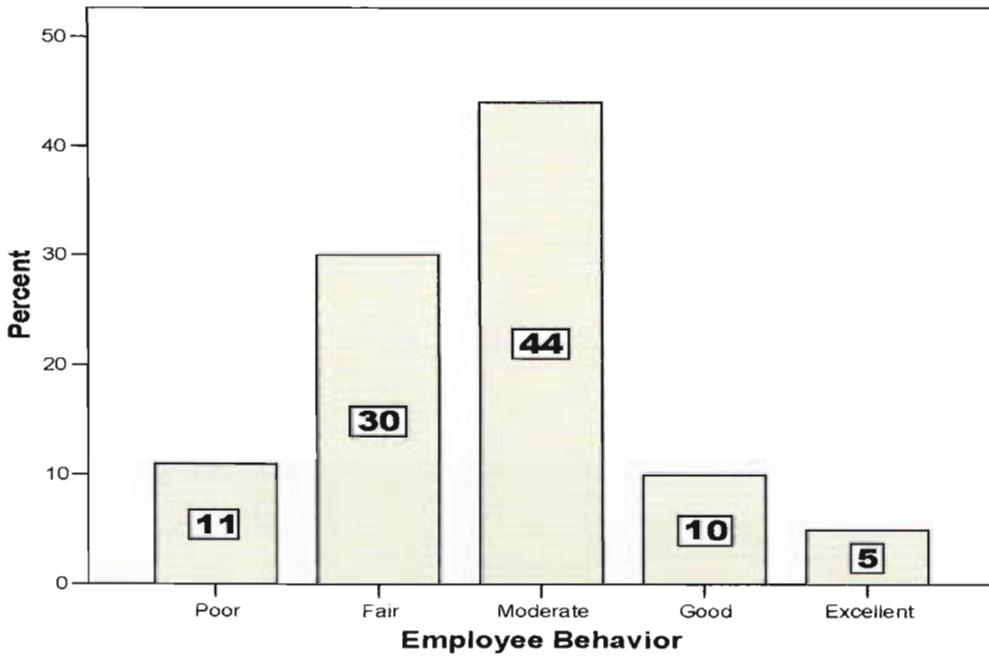
Interpretation: From the above table and graph we can understand that 7% of the employee co-operate poorly, 20% of the employee’s cooperation is fair, 55% of employee co-operate moderately, 16% of the employee cooperation is good and only 2% is excellent.

It means that total 18% client get full cooperation from the employee.

(10) Employee Behavior

	Frequency	Percent	Valid Percent	Cumulative Percent
Poor	11	11.0	11.0	11.0
Fair	30	30.0	30.0	41.0
Moderate	44	44.0	44.0	85.0
Good	10	10.0	10.0	95.0
Excellent	5	5.0	5.0	100.0
Total	100	100.0	100.0	

Employee Behavior

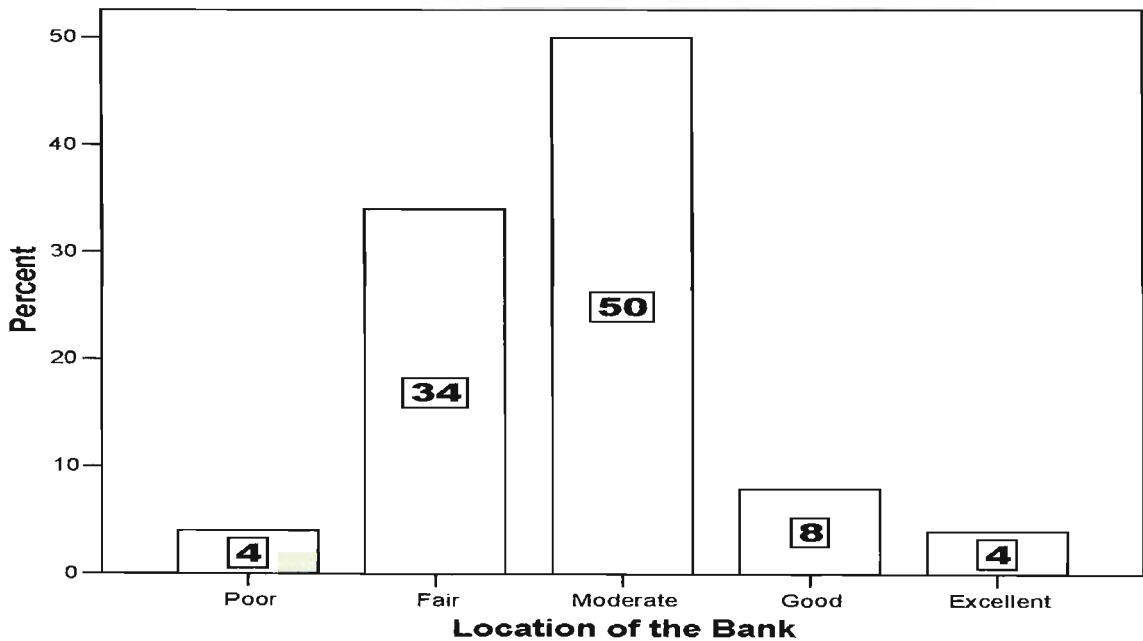


Interpretation: From the above table and graph we can see that 11% behavior is poor or bad, 30% of the employee fair enough, 44% behave moderately means neither bad nor good. Only 10% employee behave good and 5% of the employee behavior excellent.

(11) Location of the Bank

	Frequency	Percent	Valid Percent	Cumulative Percent
Poor	4	4.0	4.0	4.0
Fair	34	34.0	34.0	38.0
Moderate	50	50.0	50.0	88.0
Good	8	8.0	8.0	96.0
Excellent	4	4.0	4.0	100.0
Total	100	100.0	100.0	

Location of the Bank

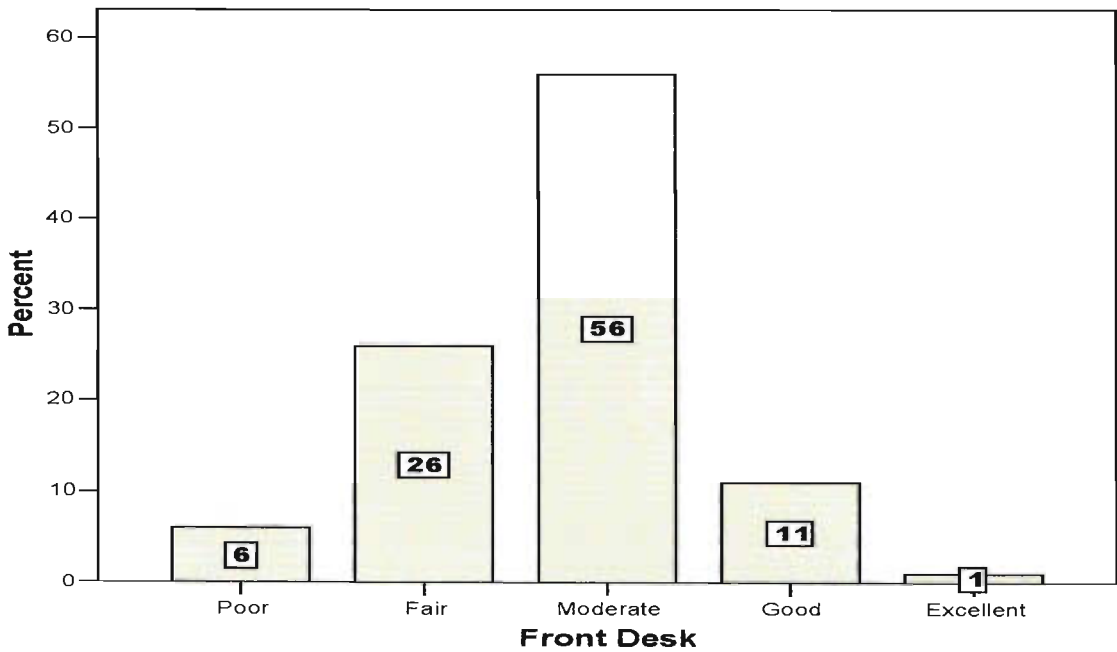


Interpretation: From the above table and graph we can see that 4% of the bank location is in a poor location. 34% of the banks location is fair enough, 50% banks location is moderate and 8% banks location is good. 4% of the banks location is excellent.

(12) Front Desk

	Frequency	Percent	Valid Percent	Cumulative Percent
Poor	6	6.0	6.0	6.0
Fair	26	26.0	26.0	32.0
Moderate	56	56.0	56.0	88.0
Good	11	11.0	11.0	99.0
Excellent	1	1.0	1.0	100.0
Total	100	100.0	100.0	

Front Desk

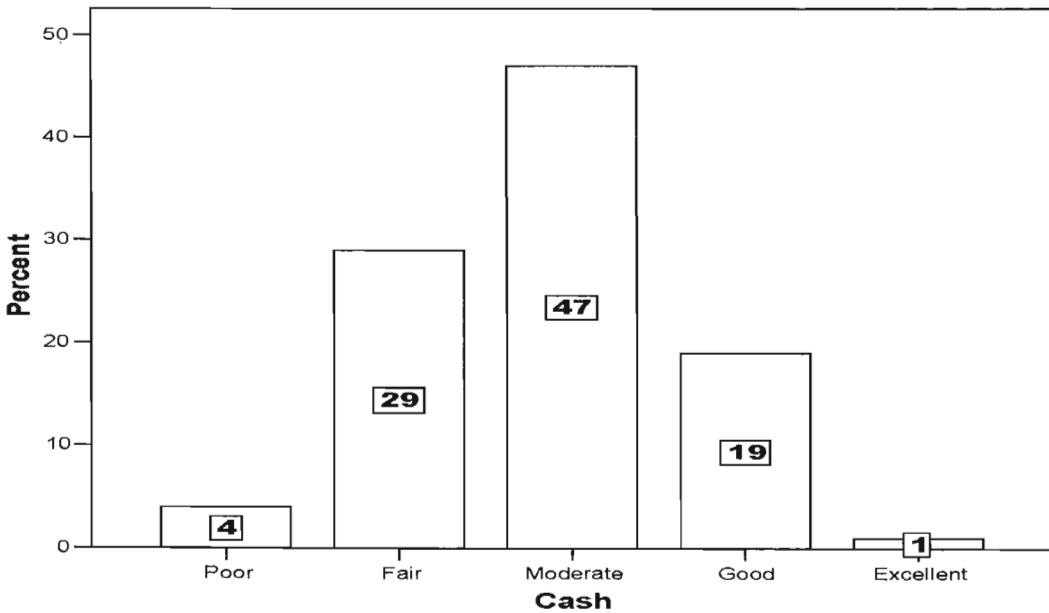


Interpretation: From the above table and graph we can see that 6% of the front desk or reception of private banks have poor service. 26% of the private banks front desk is fair enough, 56%, 11%, having moderate and good chronologically. Only 1% of the front desk is excellent.

(13) Cash

		Frequency	Percent	Valid Percent	Cumulative Percent
	Poor	4	4.0	4.0	4.0
	Fair	29	29.0	29.0	33.0
	Moderate	47	47.0	47.0	80.0
	Good	19	19.0	19.0	99.0
	Excellent	1	1.0	1.0	100.0
	Total	100	100.0	100.0	

Cash

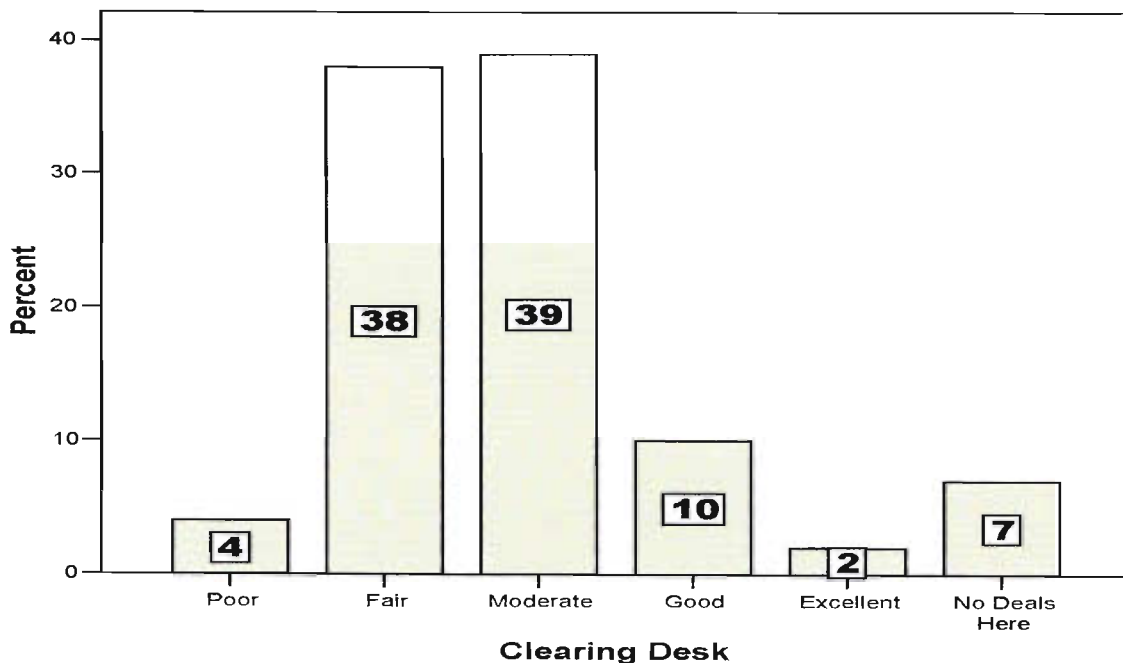


Interpretation: Important and sensitive section. Here 4% of the clients response that they get poor dealings, 29% is fair, 47% cash deals moderately. Whereas 19% and only 1% cash dealings is good and excellent.

(14) Clearing Desk

	Frequency	Percent	Valid Percent	Cumulative Percent
Poor	4	4.0	4.0	4.0
Fair	38	38.0	38.0	42.0
Moderate	39	39.0	39.0	81.0
Good	10	10.0	10.0	91.0
Excellent	2	2.0	2.0	93.0
No Deals Here	7	7.0	7.0	100.0
Total	100	100.0	100.0	

Clearing Desk



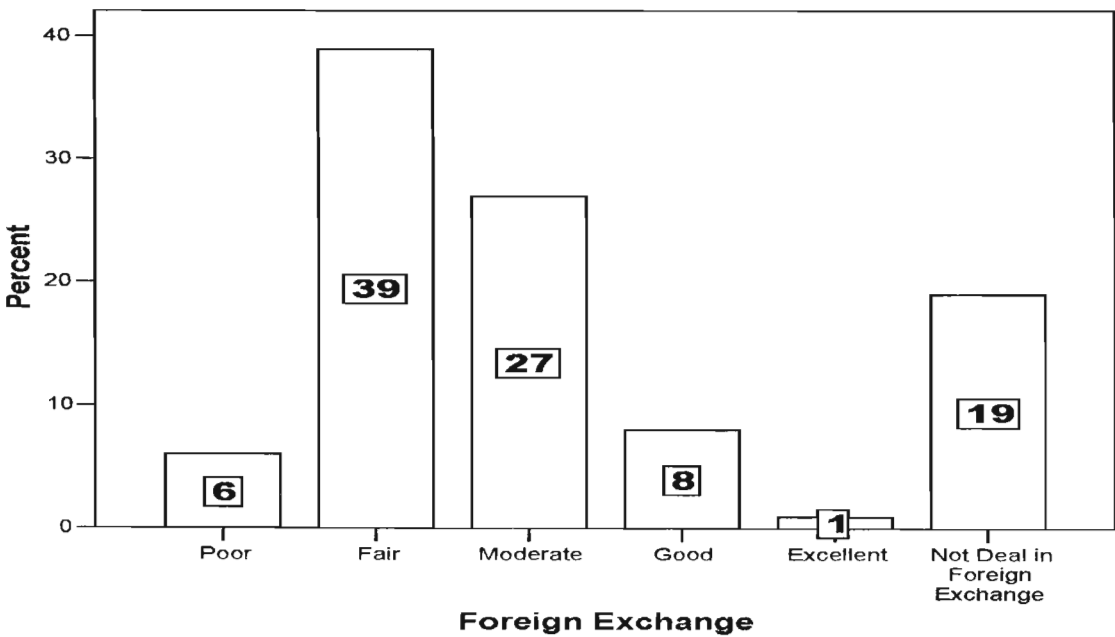
Interpretation: Mostly used by the businessman. Here 38% respondent said they get fair dealings and 39% get moderate dealings. 4%, 10% and 2% get poor, good and excellent dealings.

7% of the respondents not deal in this section.

(15) Foreign Exchange

	Frequency	Percent	Valid Percent	Cumulative Percent
Poor	6	6.0	6.0	6.0
Fair	39	39.0	39.0	45.0
Moderate	27	27.0	27.0	72.0
Good	8	8.0	8.0	80.0
Excellent	1	1.0	1.0	81.0
Not Deal in Foreign Exchange	19	19.0	19.0	100.0
Total	100	100.0	100.0	

Foreign Exchange



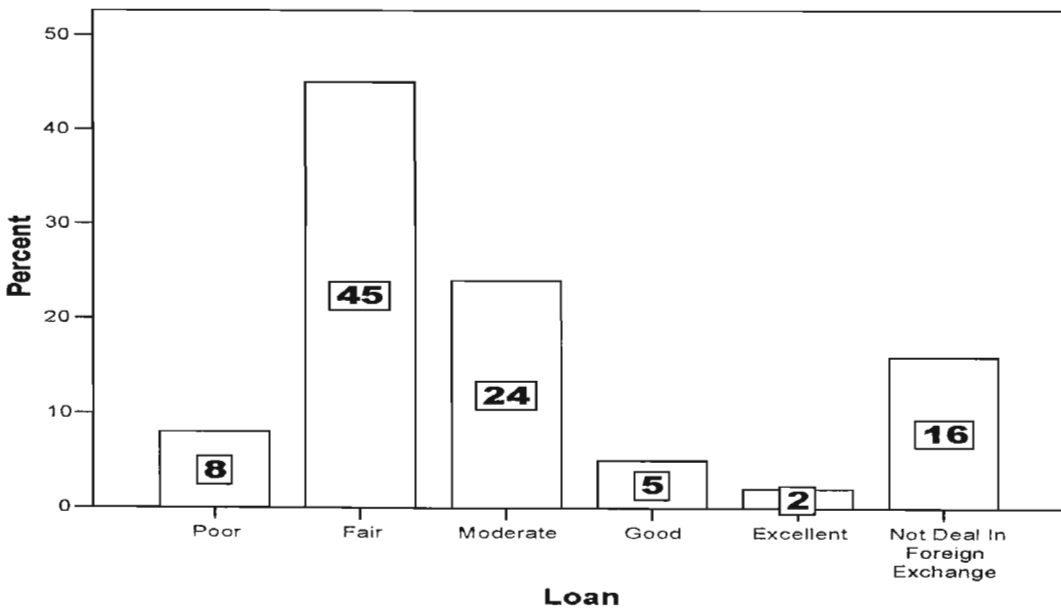
Interpretation: The above table and graph shows that 6% of the clients get poor dealings, 39% of the clients get fair, and 27% of the clients get moderate dealings. 8% and 1% of the clients get good and excellent dealings from these private banks.

19% of the clients not deal here as only the F.C accounts holder deals in this section.

(16) Loan

	Frequency	Percent	Valid Percent	Cumulative Percent
Poor	8	8.0	8.0	8.0
Fair	45	45.0	45.0	53.0
Moderate	24	24.0	24.0	77.0
Good	5	5.0	5.0	82.0
Excellent	2	2.0	2.0	84.0
Not Deal In Foreign Exchange	16	16.0	16.0	100.0
Total	100	100.0	100.0	

Loan



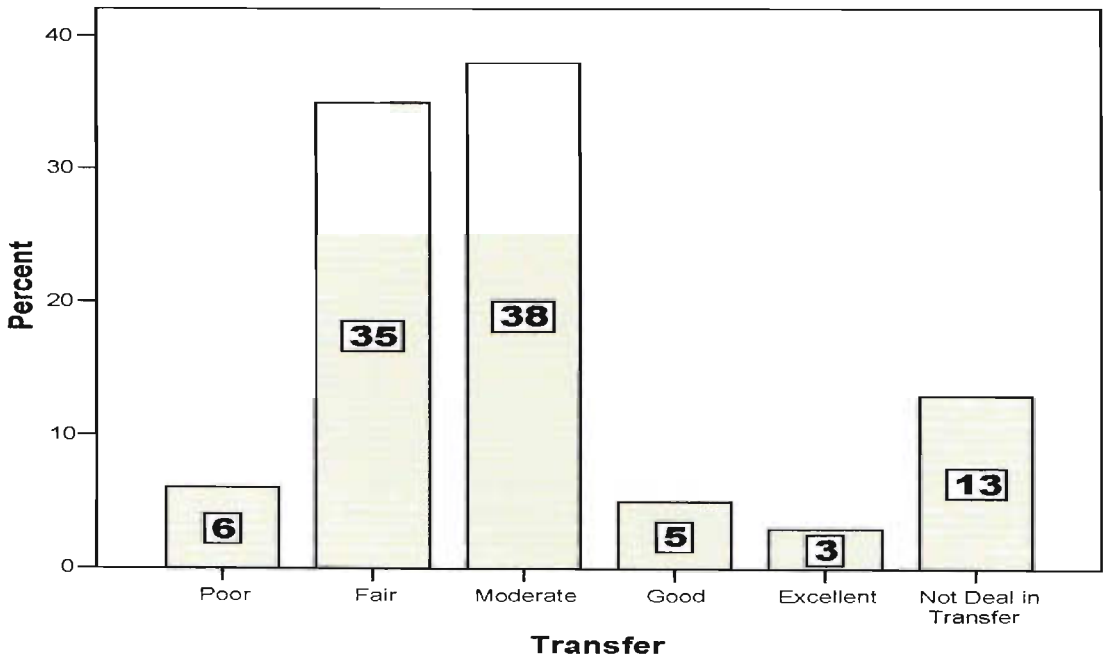
Interpretation: The above table and graph shows that 8% of the clients get poor dealings, 45% is fair, and 245 get moderate dealings. 5% and 2% gets good and excellent dealings to take loans.

16% of the clients have no loan account or take loan from the bank.

(17) Transfer

	Frequency	Percent	Valid Percent	Cumulative Percent
Poor	6	6.0	6.0	6.0
Fair	35	35.0	35.0	41.0
Moderate	38	38.0	38.0	79.0
Good	5	5.0	5.0	84.0
Excellent	3	3.0	3.0	87.0
Not Deal in Transfer	13	13.0	13.0	100.0
Total	100	100.0	100.0	

Transfer



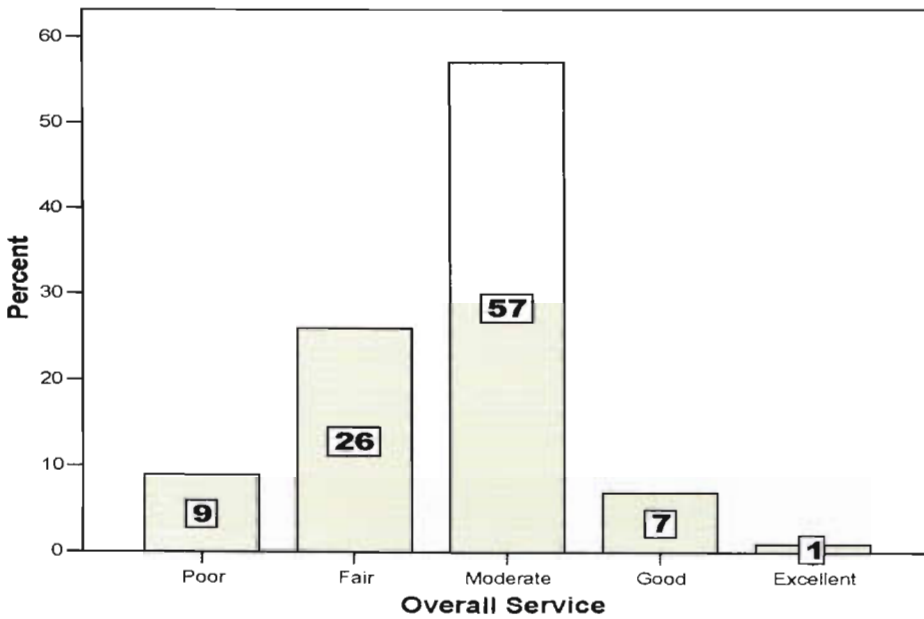
Interpretation: From the above table and graph shows that 6% of clients said that they get poor transfer service, 35% is fair enough, 38% of the clients get moderate dealings. 5% and 3% get good and excellent dealings.

13% of the clients did not deal in this section.

(18) Overall Service

	Frequency	Percent	Valid Percent	Cumulative Percent
Poor	9	9.0	9.0	9.0
Fair	26	26.0	26.0	35.0
Moderate	57	57.0	57.0	92.0
Good	7	7.0	7.0	99.0
Excellent	1	1.0	1.0	100.0
Total	100	100.0	100.0	

Overall Service

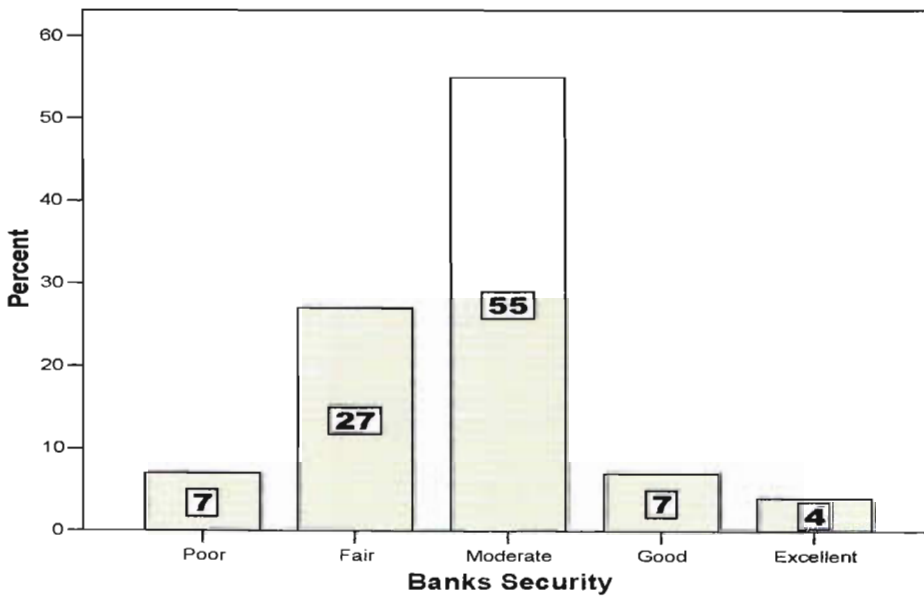


Interpretation: From the above table and graph shows that 9% of the clients said that they get overall poor service, 26% gets fair service, 57% gets moderate service. 7% and only 1% gets good and excellent service.

(19) Banks Security

		Frequency	Percent	Valid Percent	Cumulative Percent
	Poor	7	7.0	7.0	7.0
	Fair	27	27.0	27.0	34.0
	Moderate	55	55.0	55.0	89.0
	Good	7	7.0	7.0	96.0
	Excellent	4	4.0	4.0	100.0
	Total	100	100.0	100.0	

Banks Security

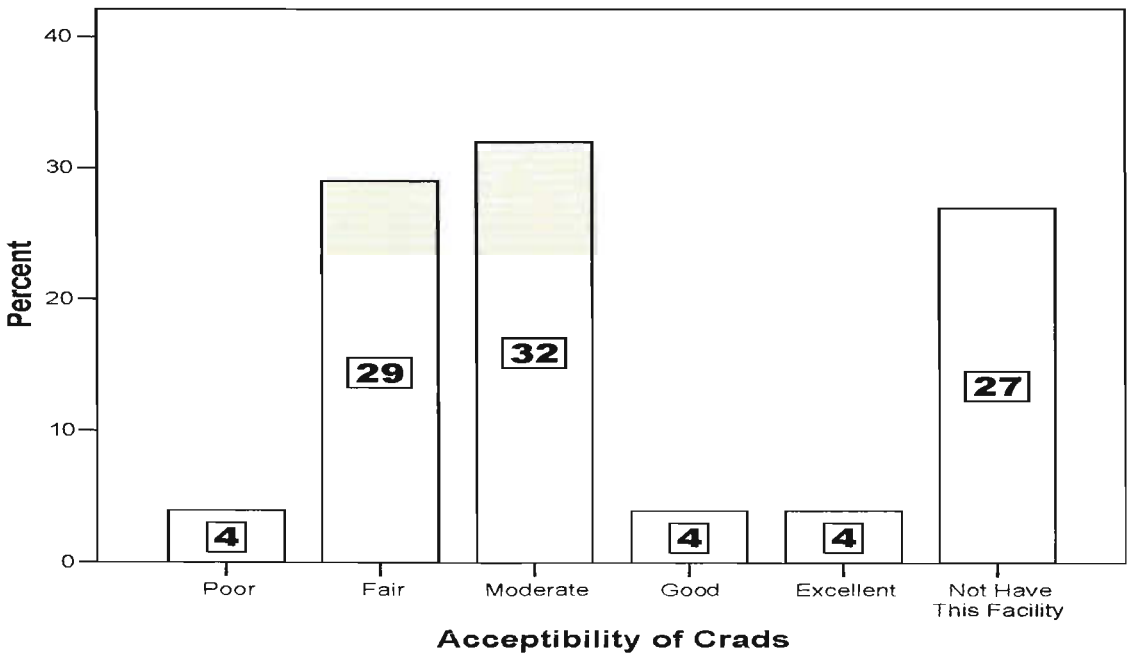


Interpretation: Important issue. 7% of the respondent said the banks security is poor, 27% is fair, 55% of the clients said that they gets feel the security is moderate. Only 7% and 4% feels the security is good and excellent.

(20) Acceptability of Cards

		Frequency	Percent	Valid Percent	Cumulative Percent
	Poor	4	4.0	4.0	4.0
	Fair	29	29.0	29.0	33.0
	Moderate	32	32.0	32.0	65.0
	Good	4	4.0	4.0	69.0
	Excellent	4	4.0	4.0	73.0
	Not Have This Facility	27	27.0	27.0	100.0
	Total	100	100.0	100.0	

Acceptability of Crads



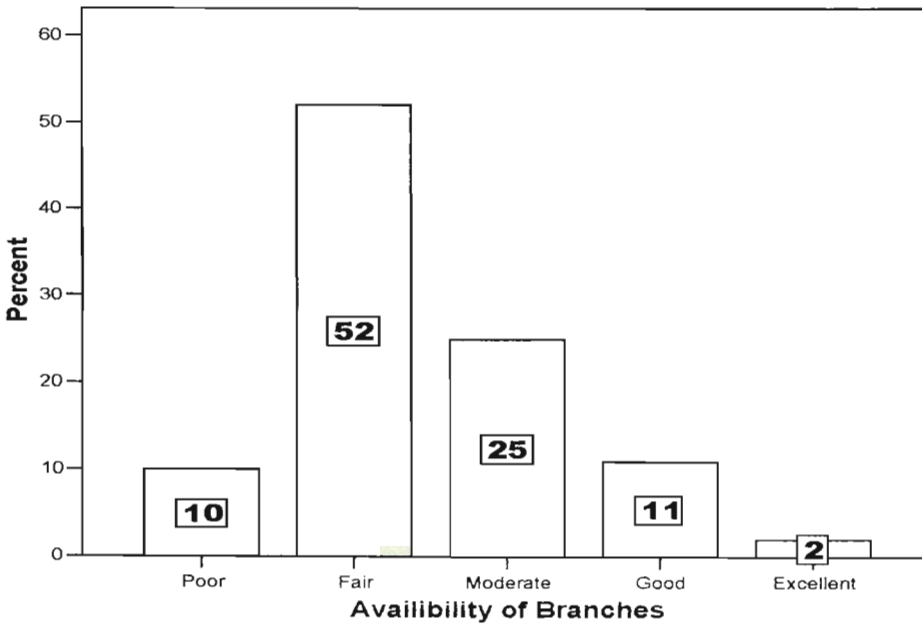
Interpretation: From the above table and graph shows that 4% private banks cards are poorly accepted, 29% of the clients said there banks cards are fairly accepted, 32% are moderately accepted. Here in the graphs we see that both for good and excellent acceptance of the cards are 4%.

But still 27% of the banks have no ATM or Credit Cards facility.

(21) Availability of Branches

		Frequency	Percent	Valid Percent	Cumulative Percent
	Poor	10	10.0	10.0	10.0
	Fair	52	52.0	52.0	62.0
	Moderate	25	25.0	25.0	87.0
	Good	11	11.0	11.0	98.0
	Excellent	2	2.0	2.0	100.0
	Total	100	100.0	100.0	

Availability of Branches



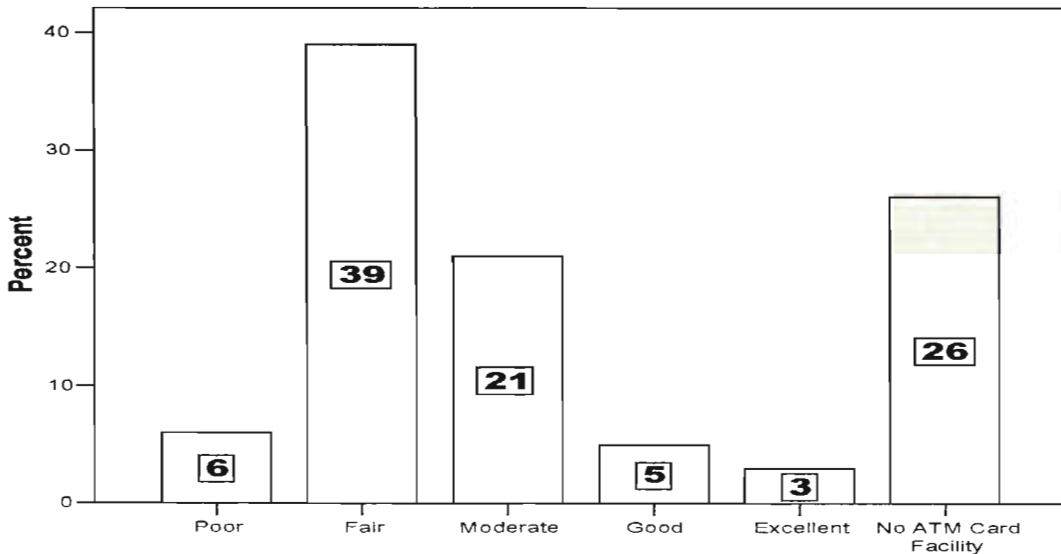
Interpretation: the above table and graphs shows that 10% private banks have poor number of branches. 52% is fair enough, 25% of the branches are moderate. 11% and 2% respondent said their branches are good or available enough.



(22) Availability of ATM Booths

	Frequency	Percent	Valid Percent	Cumulative Percent
Poor	6	6.0	6.0	6.0
Fair	39	39.0	39.0	45.0
Moderate	21	21.0	21.0	66.0
Good	5	5.0	5.0	71.0
Excellent	3	3.0	3.0	74.0
No ATM Card Facility	26	26.0	26.0	100.0
Total	100	100.0	100.0	

Avaibility of ATM Booths



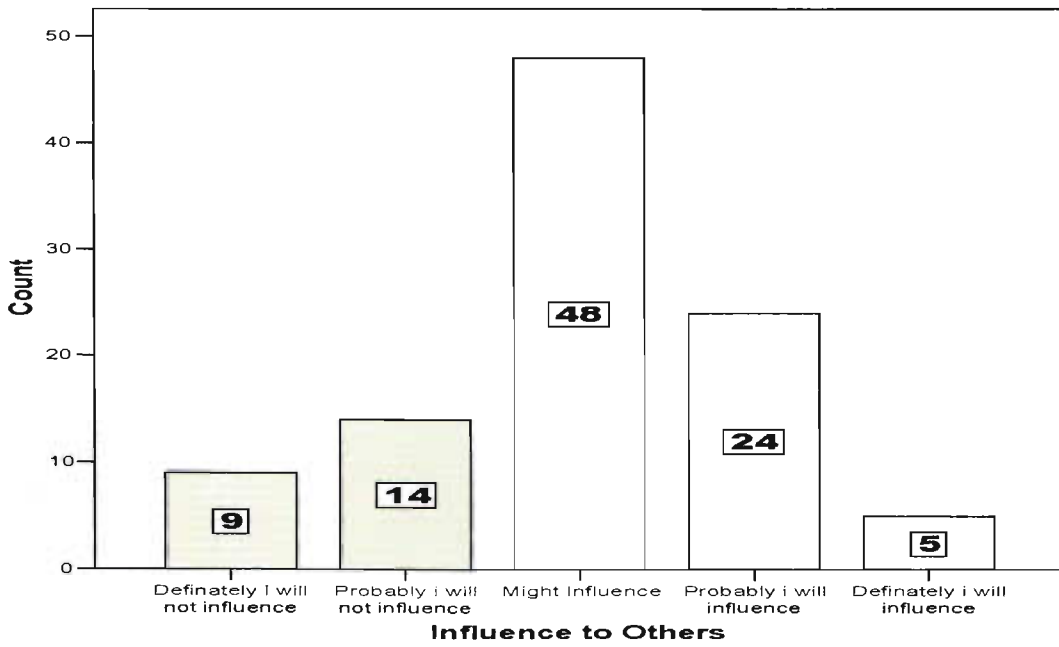
Avaibility of ATM Booths

Interpretation: The table and graphs shows that 6% respondent said their banks ATM booths availability is poor. 39% of the banks ATM booths are fair, 21% banks ATM booths is moderately available. 5% and 3% of banks ATM booths are available enough.

But 26% of the banks have no ATM cards or booths availability.

(23) Influence to Others

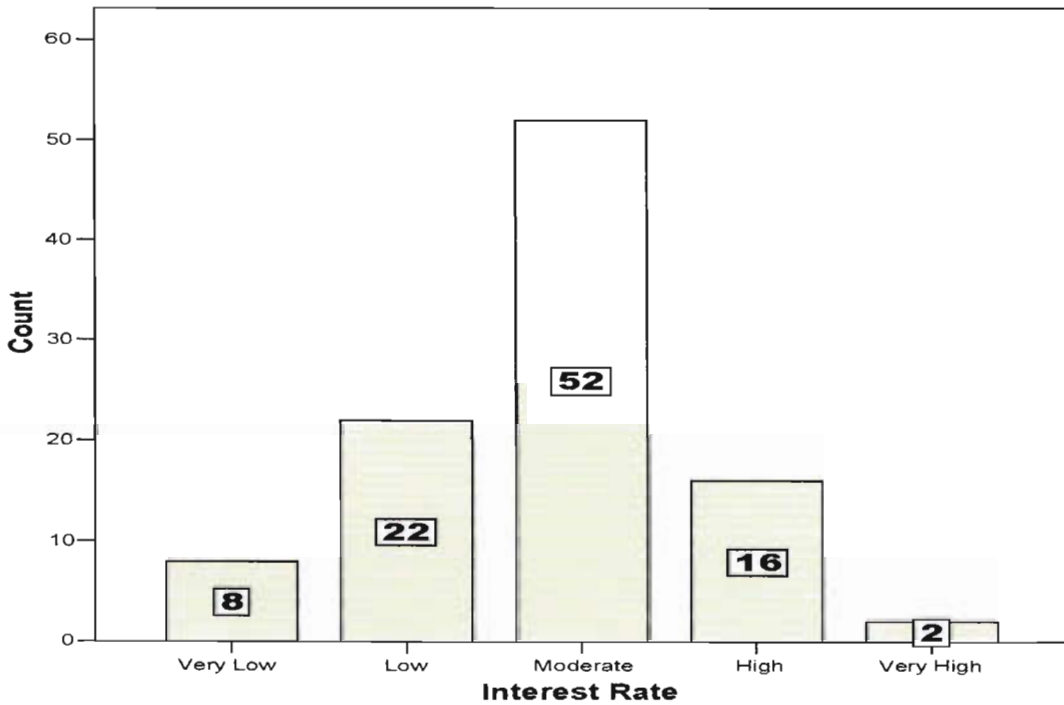
		Frequency	Percent	Valid Percent	Cumulative Percent
	Definitely I will not influence	9	9.0	9.0	9.0
	Probably I will not influence	14	14.0	14.0	23.0
	Might Influence	48	48.0	48.0	71.0
	Probably I will influence	24	24.0	24.0	95.0
	Definitely I will influence	5	5.0	5.0	100.0
	Total	100	100.0	100.0	



Interpretation: From the above table and graphs we can see that 9% of the respondent would definitely not influence to open an account in their bank. 14% have chance that they might not influence. 48% might influence. 24% may be influence. Only 5% of the respondent will definitely influence.

(26) Interest Rate

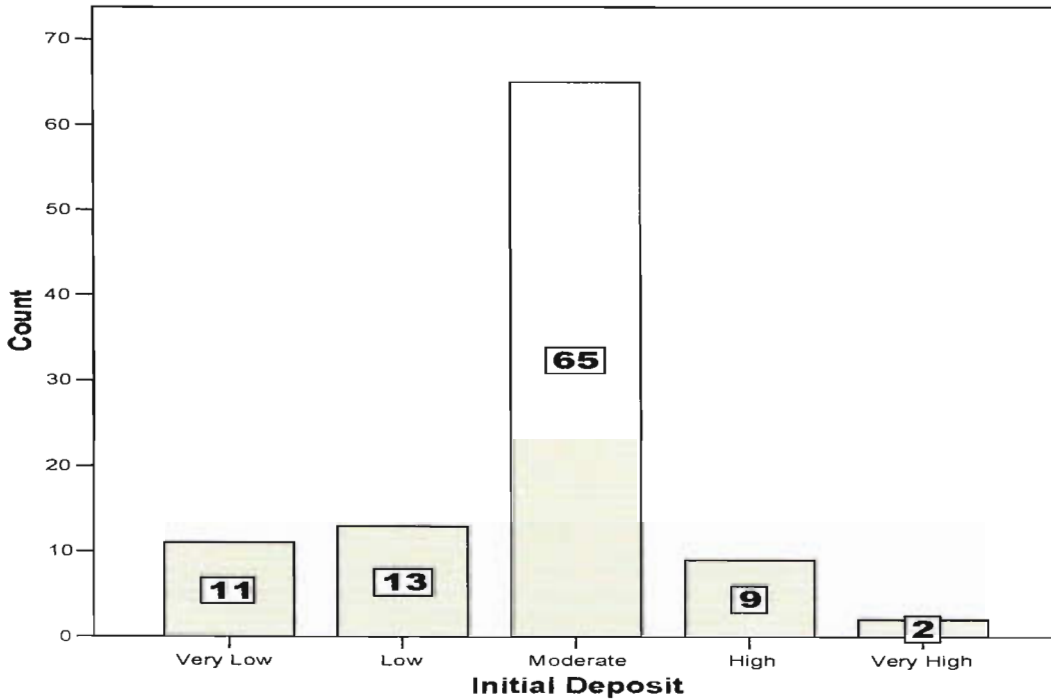
		Frequency	Percent	Valid Percent	Cumulative Percent
	Very Low	8	8.0	8.0	8.0
	Low	22	22.0	22.0	30.0
	Moderate	52	52.0	52.0	82.0
	High	16	16.0	16.0	98.0
	Very High	2	2.0	2.0	100.0
	Total	100	100.0	100.0	



Interpretation: From the above graph and table we can understand that 8% of the respondents think their banks gives very low interest. 22% is gives low, 52% of the respondent thinks they get moderate interest. 16% of the respondent thinks they get high interest and only 2% of the respondent thinks they get very high interest.

(27) Initial Deposit

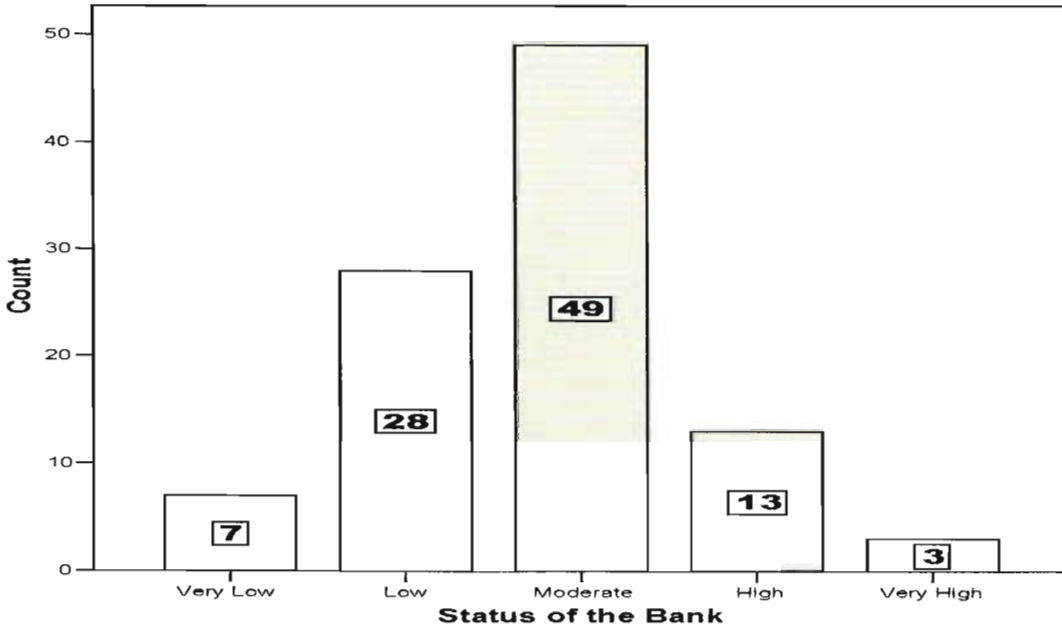
		Frequency	Percent	Valid Percent	Cumulative Percent
	Very Low	11	11.0	11.0	11.0
	Low	13	13.0	13.0	24.0
	Moderate	65	65.0	65.0	89.0
	High	9	9.0	9.0	98.0
	Very High	2	2.0	2.0	100.0
	Total	100	100.0	100.0	



Interpretation: From the above graph and table we see that 11% of the respondent has to deposit very low amount to open an account. 13% have to deposit low amount, 65% of the respondent have to deposit moderate amount to open an account. 9% of the respondent gives high amount to open an account and only 2% of the respondent has to deposit very high amount to open an account.

(28) Status of the Bank

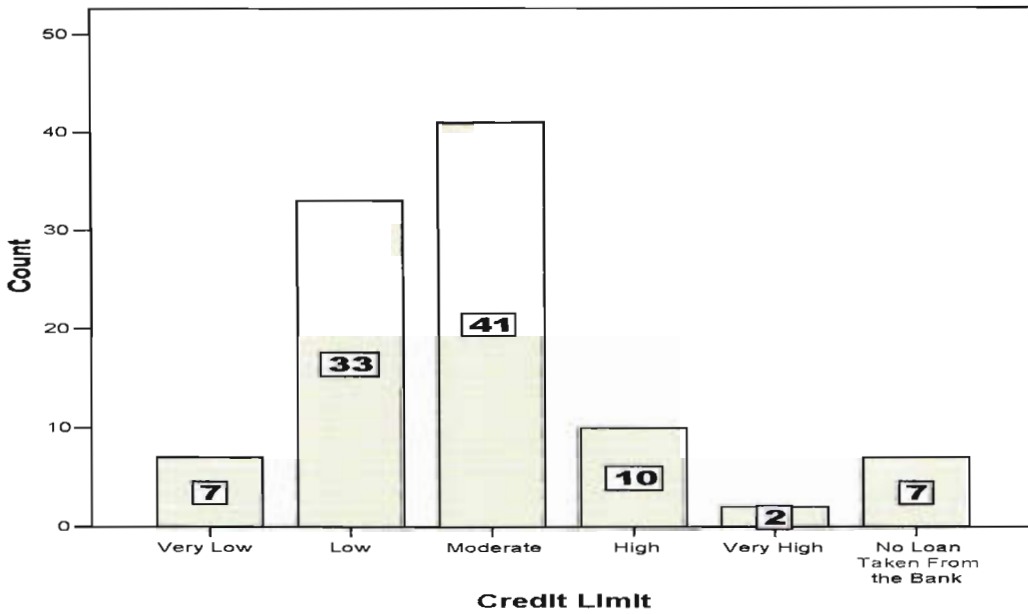
	Frequency	Percent	Valid Percent	Cumulative Percent
Very Low	7	7.0	7.0	7.0
Low	28	28.0	28.0	35.0
Moderate	49	49.0	49.0	84.0
High	13	13.0	13.0	97.0
Very High	3	3.0	3.0	100.0
Total	100	100.0	100.0	



Interpretation: Personal feeling about their bank. 7% respondent shows that they think their bank have very low status. Whereas 28% of the respondents think they have low statuses but not very low. 49% of the respondent thinks their bank status is moderate. 13% thinks that they have high status. Only 3% respondent thinks that they have very high status.

(29) Credit Limit

	Frequency	Percent	Valid Percent	Cumulative Percent
Very Low	7	7.0	7.0	7.0
Low	33	33.0	33.0	40.0
Moderate	41	41.0	41.0	81.0
High	10	10.0	10.0	91.0
Very High	2	2.0	2.0	93.0
No Loan Taken From the Bank	7	7.0	7.0	100.0
Total	100	100.0	100.0	

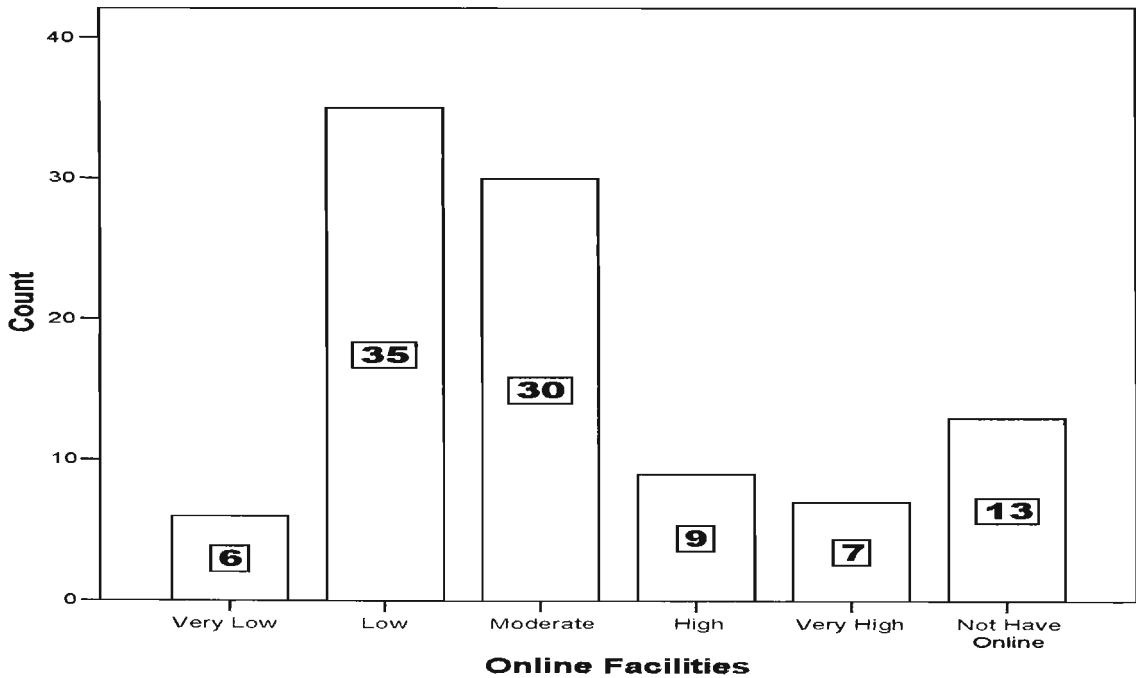


Interpretation: Especially for the loan takers. 7% of the loan takers think they got very low credit limit. 33% of the loan takers they think they got low limit, 41% think they got moderate credit limit in loan taking. 10% and 2% of the loan takers think they got high to very high credit limit in taking loan.

7% of the clients have no loan account or they not take loan from the bank.

(30) Online Facilities

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very Low	6	6.0	6.0	6.0
	Low	35	35.0	35.0	41.0
	Moderate	30	30.0	30.0	71.0
	High	9	9.0	9.0	80.0
	Very High	7	7.0	7.0	87.0
	Not Have Online	13	13.0	13.0	100.0
	Total	100	100.0	100.0	



Interpretation: The above table and graph shows that 6% of the clients think their bank have very low online facilities, 35% of the bank have low facilities, 30% of the bank have moderate facilities.9% and 7% of the clients think they have high to very high online facilities.

13% of the banks have no online facilities.

Part-VII
Discussion

Discussion on the Results

(1) Table: Gender

Gender	Percentage
Male	67.0%
Female	33.0%

Table-8: Gender Response

Discussion: From my survey I got the response mostly from male as the percentage shows that 67% whereas the female respondents are 33%.

It means the women's have less opportunity or they have less scope to in the banks. Probably because of the fewer schemes for women's. The private banks should increase the women's entrepreneurship schemes like small and medium enterprise, boutique loans, and poultry loans only for women etc.

(2) Table: Name of the Banks

Name of the Bank	Percentage
Standard Chartered Bank	8%
Dutch Bangla Bank	13%
Prime Bank	14%
Standard Bank	7%
BRAC Bank	12%
Uttara Bank	11%
Pubali Bank	3%
NCC Bank	2%
UCBL	1%
Exim Bank	1%
South-East Bank	2%
Eastern Bank	2%
Dhaka Bank	2%
HSBC Bank	3%
National Bank	12%
The City Bank	1%
Mutual Trust	1%
Citi Bank N.A	1%
IFIC Bank	1%
Mercantile Bank	2%
Islami Bank	1%
Total	100

Table-9: Banks

Discussion: From the above table we see that highest percentages of user are from Prime Bank as the percentage shows that 14% of the respondent has the account in this bank. On the other hand lowest percentages in bank users are the City Bank, Mutual Trust Bank, Citi bank N.A, IFIC Bank, Islami Bank, UCBL Bank, Exim Bank. As we know Prime Bank is one of the first generation banks. They have the separate customers department and they continuously research on their client's satisfaction. On the other hand Exim Bank, Mutual Trust Bank, IFIC bank have both from second and third generation bank. But they do not have these kinds of activities. Prime bank also have the market promotional

activities, recently they go for give scholarships to the talent but poor students of the country.

So this kind of social responsibility will increase the clients of these private banks.

(3) Table: Sources of Knowledge.

Sources of Knowledge	Percentage
Newspaper	10.0%
TV Advertisement	8.0%
Relatives & Friends	38.0%
Billboards	2.0%
Other Sources	42.0%
Total	100.0%

Table-10: Sources of Knowledge

Discussion: A common word in banking sector is very popular is that “Banking is Personal Selling”. Now-a-days it is changing. As the graph shows above that highest percentage goes to the other sources is 42%. As I said earlier that private banks goes for road shows, social responsibility. Dutch Bangla Bank and BRAC bank is two very popular 3rd generation bank. Dutch bangla arranges mathematics Olympiad every year with Prothom Aalo the leading newspaper of the country. Where as BRAC bank regularly arranges road shows about their new products and especially target the young generation like students. So, as a result though they are very new in the baking arena in Bangladesh their clients are increasing at a very high rate and they are competing with the first generation banks like prime bank.

(4) Table: Preference

Preference	Percentage
Efficiency	25.0%
Accuracy of the Work	11.0%
Speed of the Work	28.0%
Environment of the Bank	28.0%
Availability of the Branches	8.0%
Total	100.0%

Table-11: Clients Preferences

Discussion: As we know that banks works are very sensitive because it is mainly deals with the cash related activities. But still we see that as the world goes with the time so speed of the work is become important day by day. The highest percentage shows that 28% of the respondent wants speedy work. At the same time environment of the banks is equally important. Because the public banks of Bangladesh are not so good traditionally. On the other hand respondent are not bother about the availability of the branches, Because of the communication become so easy and private banks are came with new technology like online banking services.

(5) Table: Occupation

Occupation	Percentage
Government Service	28.0%
Private Service	17.0%
Businessman	23.0%
Student	17.0%
Other	15.0%
Total	100.0%

Table-12: Respondent Occupation

Discussion & Causes: Most of the private banks clients are from government service holder 28%. Lowest percentages are from other jobs holder, especially the housewives. As I show earlier most respondents are males. So to increase this rate private banks should focus more on women's entrepreneurship.

(6) Table: Income

Income	Percentage
Less than 10,000	29.0%
11,000-20,000	21.0%
21,000-30,000	32.0%
31,000-40,000	12.0%
40,000 and above	6.0%
Total	100.0%

Table-13: Income

Discussion: Highest percentage here shows that those who income less than 10,000 monthly deposit or deals in the banks more. Percentage is 29%. People who earn less in Bangladesh have the tendency to deposit in a certain percentage from them earning. Scheme like 3 months FDR, Pay Order mostly done by the lower income group peoples. On the other hand the higher income group people have lower percentage as they some times have black money so they not want to deals in banks because of the government rules and regulation.

(7) Table: Transaction Time

Times for Transaction	Percentage
Everyday	15%
Once in a Week	16%
More than once in a Week	40%
Monthly	25%
Yearly	4%
Total	100

Table-14: Time of Transaction

Discussion: Highest percentage shows here 40% who make transaction more than once in a week. As these respondent are from businessman. Because they have almost everyday have some kind of transaction in the banks. On the other hand the lowest percentage yearly mainly by the housewives.

(8) Table: Online Facilities

Online facilities	Percentage
Yes	58.0%
No	42.0%
Total	100.0%

Table-15: Online Facilities

Discussion: Very important for the private banks. Because world become faster day by day. It is nice to know that 58% of our private banks have already some extent online and only 42% of the banks have to be online.

(9) Table: Environment of the Bank

Environment	Percentage
Poor	8.0
Fair	21.0
Moderate	57.0
Good	10.0
Excellent	4.0
Total	100.0

Table-16: Banks Environment

Discussion: Most respondent gives opinion that environment of the private banks are moderate. The percentage shows that 57%. There are some foreign banks like Standard Chartered, HSBC have really nice environment. On the other hand lowest percentage goes with excellent environment 4%. It mans still the Bangladeshi private banks have to improve their environment a lot to touch the excellence in their environment.

(10) Table: Employee Cooperation

Employee Cooperation	Percentage
Poor	7.0%
Fair	20.0%
Moderate	55.0%
Good	16.0%
Excellent	2.0%
Total	100.0%

Table-17: Employee Cooperation

Discussion: Most of the respondent gives opinion that employee co-operative as percentage shows that 55%. Now a day the private banks especially Bangladeshi private banks like BRAC, Dutch Bangla, and Prime are very conscious and trained their employees in a way that they are able to help the clients a lot.

(11) Employee Behavior

Clients Response	Percentage
Poor	11.0%
Fair	30.0%
Moderate	44.0%
Good	10.0%
Excellent	5.0%
Total	100.0

Table-18: Employee Behavior

Discussion: Private Banks clients response good in a percent of 44%. Means they are very satisfied with the employee behavior. As the private banks gives more emphasis and make this a part of their performance that they behave nicely with their clients. But still lowest percentage goes with excellent by 5%. It means respondent still not think that the behavior of the employee not reach the highest level.

(12) Table: Location

Response of the Clients	Percentage
Poor	4.0%
Fair	34.0%
Moderate	50.0%
Good	8.0%
Excellent	4.0%
Total	100.0%

Table-19: Location

Discussion: Most of the respondent gives opinion that location of these private banks are in moderate as percentage shows that 50%. If we consider Dutch Bangla Bank they have the highest number of ATM booths. On the other hand as the number of branches will increase it will be automatically helpful for the clients to reach. At the same time online facilities give the clients opportunity to banking any time and anywhere from the Bangladesh. So location is important. But only 4% banks reaches the maximum highest that is excellent.

(13) Table: Front Desk or Reception

Criteria	Percentage
Poor	6.0%
Fair	26.0%
Moderate	56.0%
Good	11.0%
Excellent	1.0%
Total	100.0%

Table-20: Front Desk

Discussion: It can be said as the face of the bank. Reception or front desk employee need more knowledgeable because a client first comes here and wants to know about the other section or his or her demand. 56% of the respondent thinks the front desk or receptionist is moderate in knowledge and other particular things.

(14) Table: Cash

Criteria	Percentage
Poor	4.0%
Fair	29.0%
Moderate	47.0%
Good	19.0%
Excellent	1.0%
Total	100.0%

Table-21: Cash Dealings

Discussion: Most important and sensitive place of a bank. A bank needs most efficient, dependable and reliable person for this section. The table shows that private banks work well enough for this section. Highest percentage of the respondent thinks the cash sections dealings is moderate. Percentage is 47%. On the other hand 1% of the client's response they get the excellent service. So the graphs are towards upward and that is a good sign. Now-a-days sometimes complain arise that from the bank also the clients gets the fake note. So it is need to be sure that efficient and careful employee should place here.

(15) Table: Clearing Desk

Criteria	Percentage
Poor	4.0%
Fair	38.0%
Moderate	39.0%
Good	10.0%
Excellent	2.0%
No Deals Here	7.0%
Total	100.0%

Table-22: Clearing Desk

Discussion: Not all clients have the dealings here. Mainly the businessman gives cheques here. Here the dealings of the private banks are moderate as the percentage shows that 39% it's because of the efficient employee. Because dealings late here make all other dealing late. Those businessmen who transaction with their clients not in cash rather in cheques they make the dealings

with this section. The lowest percentage here shows 4% respondent that there banks have poor clearing section.

(16) Table: Foreign Exchange

Criteria	Percentage
Poor	6.0%
Fair	39.0%
Moderate	27.0%
Good	8.0%
Excellent	1.0%
Not Deal in Foreign Exchange	19.0%
Total	100.0%

Table-23: Dealings in F.E

Discussion: Again not all the clients deals here. Only the FC account holder and the businessman deal in this section. But here the highest percentage goes for moderate. Probably because traditionally banks take the employee will all fields' means bangle, English, literature these subjects. As a result there are no specialized employee not grows. Although this departments treat as the most valuable department all through in banking sector. Only one respondent gives opinion that his or her banks have the excellent dealings in foreign exchange.

(18)Table: Loan

Criteria	Percentage
Poor	8.0%
Fair	45.0%
Moderate	24.0%
Good	5.0%
Excellent	2.0%
Not Deal In Foreign Exchange	16.0%
Total	100.0%

Table-24: Loans & Advances

Discussion: All most all income group and all classes of people take loan from banks to any purpose. Now a day's private bank gives different types of short

term loan. For example, any purpose loan, home loan, car loan, shopping loan etc. It is the main source of income for banks. But highest percentage of the respondent shows that they are fairly satisfied. The percentage is 45%. Probably because of the higher interest rate. But we saw earlier most of the income group people are less than 10,000 monthly incomes. Only 2% of the respondent thinks the loan facility with interest rate is excellent. Again previously we saw there are very few people who have the income level over 40,000 per month. So, probably they will not bother about the interest percentage.

(19) Table: Transfer

Criteria	Percentage
Poor	6.0%
Fair	35.0%
Moderate	38.0%
Good	5.0%
Excellent	3.0%
Not Deal in Transfer	13.0%
Total	100.0%

Table-25: Transfar

Discussion: Not all people deals here. Mainly the businessman. But respondent shows that they are satisfied with the services in this section. Probably because the number of branches increases by the private banks in Bangladesh. So it will be easier for these banks that they transfer from one branch to with more efficiency and more rapidly.

(20) Table: Security

Criteria	Percentage
Poor	7.0%
Fair	27.0%
Moderate	55.0%
Good	7.0%
Excellent	4.0%
Total	100.0%

Table-26: Banks Security

Discussion: Burning question of the time because of the BRAC bank tragedy. Still 55% of the despondent think that the security of the bank is moderate. Whereas 4% think it is excellent. So we understand that the positivity is increasing. But it should be 100% excellent. To do those private banks might have their own security forces and Bangladesh bank has the regulatory body to monitor the security of these banks.

(21) Table: Branch Availability

Criteria	Percentage
Poor	10.0%
Fair	52.0%
Moderate	25.0%
Good	11.0%
Excellent	2.0%
Total	100.0%

Table-27: Branch Availability

Discussion: Most of the private banks branches are fairly available as 52% of the respondent thinks that. It's because all the private banks are not established in same time rather there are 3 different generation banks in Bangladesh. Also to establish a branch is long term and costly process. At the same time it has to be effective. Again 2% of the clients thinks that there banks branches are excellent availability. Probably some of the first generation banks also some 3rd generation banks are very rapidly increases there branches.

(22) Availability of ATM Booths

Criteria	Percentage
Poor	6.0%
Fair	39.0%
Moderate	21.0%
Good	5.0%
Excellent	3.0%
No ATM Card Facility	26.0%
Total	100.0

Table-28: ATM Booths

Discussion: Highest percentage here is 39% whereas lowest percentage is 3%. Because some of the private banks like, UCBL, Standard Bank, South-East Bank not have any ATM card facilities. We see that 26% of the respondent said they have no ATM card options. But now some first generation bank like Prime Bank, The City Bank going for ATM card facility. So on an average the availability of ATM booths go towards the moderate. Again some of the banks especially Dutch Bangla Bank have the highest number of TAM booths all over Bangladesh.

(23) Table: Overall Service

Criteria	Percentage
Poor	9.0%
Fair	26.0%
Moderate	57.0%
Good	7.0%
Excellent	1.0%
Total	100.0%

Table-29: Overall Service

Discussion: Overall customer satisfaction towards the service is good as percentage represents that 57% of the respondent gives opinion that the overall service these private banks are good. But still only one respondent thinks that the overall service of the private banks is excellent. So still to achieve the highest level the private banks have to careful about all the features of the bank.

(24) Table: Cards Acceptability

Criteria	Percentage
Poor	4.0%
Fair	29.0%
Moderate	32.0%
Good	4.0%
Excellent	4.0%
Not Have This Facility	27.0%
Total	100.0%

Table-30: Acceptability of Cards

Discussion: Highest percentage goes with the moderately accepted as percentage shows that 32%. On the other hand lowest percentage goes with poorly, moderately and excellent acceptability of the ATM cards is 4% each. As the culture of Bangladesh is still by deal with in cash so it will take time to use the ATM or Credit Cards. Also some of the ATM or credit cards are taken very few shops.

Again when the uses of ATM cards will increase acceptability in shopping malls, retail shops, and other places will also increase.

(25) Table: Probability to Influence

Criteria	Percentage
Definitely I will not influence	9.0%
Probably I will not influence	14.0%
Might Influence	48.0%
Probably I will influence	24.0%
Definitely I will influence	5.0%
Total	100.0%

Table-31: Influential Probability

Discussion: Most important. As the number of clients will increase or a bank increase their profit as large number of clients they will get. But the influential percentage of the clients is highest 48% who have the chance that might influence to others. It represents that still the clients are full satisfied to surly influence to others. The lowest percentage goes that they will definitely influence. Only 5% of the respondent gives opinion towards this criterion.

**(26) Table: Interest Rate**

Criteria	Percentage
Very Low	8.0%
Low	22.0%
Moderate	52.0%
High	16.0%
Very High	2.0%
Total	100.0%

Table-32- Interest Rate

Discussion: 52% of the clients think that they have moderate interest rate they are getting or they have to pay. Only 2% of the private banks charges very high interest rate or giving very high interest. But as per Bangladesh Bank rules and regulation there is certain way that interest should be given. That policy should followed by every bank.

(27) Table: Deposit

Criteria	Percentage
Very Low	11.0%
Low	13.0%
Moderate	65.0%
High	9.0%
Very High	2.0%
Total	100.0%

Table-33: Initial Deposit

Discussion: 65% of the respondent thinks they pay moderate initial deposit to open an account. Only 2% of the banks need to high initial deposit to open account. Banks like standard chartered charges high initial deposit to open an account. After that up to a certain level they not charges but below that they charges a high percentage.

(28) Status of the Bank

Criteria	Percentage
Very Low	7.0%
Low	28.0%
Moderate	49.0%
High	13.0%
Very High	3.0%
Total	100.0%

Table-34: Status of the Bank

Discussion: General reflects that standard chartered, HSBC this two are very prestigious bank. But 49% of the respondent think they have moderately prestigious bank and only 3% of the respondent thinks there banks is very high prestigious.

(29) Credit Limit

Criteria	Percentage
Very Low	7.0%
Low	33.0%
Moderate	41.0%
High	10.0%
Very High	2.0%
No Loan Taken From the Bank	7.0%
Total	100.0%

Table-35: Credit Limit

Discussion: Those who take loan from the bank they are moderately satisfied as the percentage is highest towards the moderately satisfied clients 41%. Probably because of the interest rate is high, loan sanction is difficult. On the other hand 2% of clients give response that their banks charges highest interest rate to take loan. This is not equal government can take steps a fixed interest for the loan takers and those who deposit in the banks.

(30) Online Facilities

Criteria	Percentage
Very Low	6.0%
Low	35.0%
Moderate	30.0%
High	9.0%
Very High	7.0%
Not Have Online	13.0%
Total	100.0%

Table-36: Online Facilities

Discussion: Modern technology for our private banking arena. Previously I give the percentage of online facilities. Among them 35% of the clients said their banks have low online facilities. Banks like Standard Bank, UCBL, Islami Bank have very limited online facilities. It means not all the branches have this online facility. Probable cause might be it is very expensive, banks need to have efficient IT division, infrastructure of the bank needs to appropriate for online services, and branches have to be sufficient.

On the other side 6% of the banks have very low online facilities. South East, National Bank has very low online facilities.

Recommendation:

Standard Bank Limited one of the progressive 3rd generation bank in Bangladesh. Started its journey back in 1999 passed eight year in Bangladeshi private banking sector. In this journey Standard Bank got a very efficient management team, a bunch of efficient employee.

During my internship I found some great experience as well as some weakness in this bank. Though they passed eight year in banking sector but still they are not able to go for full phase online facilities, no ATM or Credit Card facilities, there number of branches is still far less than any other bank of 3rd generation. Also they name not strict rules and regulation for banking. Employees are less knowledgeable.

So I suggest the following points to improve themselves:

- Need to increase the number of branches.
- Go for full phase online banking as soon as possible.
- Trained the employee more efficiently.
- Open more schemes for small and medium enterprise (SME).
- Starts the service of ATM cards.
- Internal and External recruitment should more systematic.
- To make more knowledge about the bank advertisement need to increase.
- Market promotion activities like road show, social responsibility like scholarships need to start.
- Open a separate marketing department to survey and analyze on their clients.
- Research and Development (R &D) department should establish.



Conclusion: I completed my 3 months internship program in Standard Bank Limited Dhanmondi Branch. I found there the employee were very co-operative, and efficient. I tried to develop an overall picture of this branch and on the bank itself. I tried to found the overall market situation of private banks and find the opportunities of standard bank limited. I hope that I will make my internship experience in future for work. I also hope the customer satisfaction I collect

Survey Questionnaire:

Dear Respondent thank you for giving me your valuable time. I am a student of East-West University doing survey on "Customer Satisfaction of Private Bank in Bangladesh". Your response will be very helpful to me. However this survey is only for academic purpose.

(1) In which bank do you make your transaction?

- Standard –Chartered Bank
- Dutch Bangla Bank
- Prime Bank
- Standard Bank
- Premier Bank
- Uttara Bank
- Other Bank (Please Specify_____)

(2) From where you know about your bank?

- Newspaper
- TV Advertisement
- Relatives & Friends
- Billboards
- Other Sources

(3) What is your preference during transaction?

- Efficiency
- Accuracy of the work
- Speed of the work
- Environment of the bank
- Availability of the branches

(4) How many times do you make transaction in banks?

- Everyday
- Once in a week
- More than once in a week
- Monthly
- Yearly

(5) Does your bank have online facilities?

- Yes
- No

(6) What is your opinion about the **Environment** of your bank?

Your Bank	Environment				
	Poor	Fair	Moderate	Good	Excellent
1.					
2.					
3.					
4.					
5.					
6.					

(7) What is your opinion about the **Employee Cooperation** of your bank? .

Your Bank	Employee Cooperation				
	Poor	Fair	Moderate	Good	Excellent
1.					
2.					
3.					
4.					
5.					
6.					

(8) What is your opinion about the **Employee Behavior** of your bank? .

Your Bank	Environment				
	Poor	Fair	Moderate	Good	Excellent
1.					
2.					
3.					
4.					
5.					
6.					

(09) What is your opinion about the **Location** of your bank? .

Your Bank	Location				
	Poor	Fair	Moderate	Good	Excellent
1.					
2.					
3.					
4.					
5.					
6.					

(10) What is your opinion about the different sections dealings with you?.

Your Bank	Sections				
	Poor	Fair	Moderate	Good	Excellent
1. Front Desk					
2. Cash					
3. Clearing					
4. Foreign Exchange					
5. Loan					
6. Transfer					

(11) What is your opinion about the different features of your bank?.

Your Bank	Features				
	Poor	Fair	Moderate	Good	Excellent
1. Service					
2. Security					
3. Acceptability of Cards					
4. Availability of Branches					
5. Availability of ATM Booths					

(12) What is your probability to influence others about your bank?.

- Definitely I will not influence
- Probably I will not influence
- Might influence
- Probably I will influence
- Definitely I will influence

(13) Different attributes of your bank? .

	Very Low	Low	Moderate	High	Very High
1. Interest Rate					
2. Deposit					
3. Statues					
4. Credit Limit					

(14) How do you describe yourself?

	1. Strongly Disagree	2. Moderately Disagree	3. Do not Agree	4. Moderately Agree	5. Strongly Agree
Rude					
Delicate					
Excitable					
Calm					
Dominating					
Submissive					
Organized					
Unorganized					
Rational					
Youthful					
Emotional					
Emotional					
Formal					
Informal					
Traditional					
Changing					

(15) Your Gender .

- Male Female

(16) Which Income bracket do you belong? .

- Less Than 10,000 11,000 to 20,000
 21,000 to 30,000 31,000 to 40,000
 40,000 above

(17) What is your occupation? .

- Government Service Private Service
 Businessman Student Others

Appendix:

Sources of Information are:

1. **Primary Sources:** (a) Standard Bank Limited

Dhanmondi Branch

(b) Standard Bank Limited

Head Office, 123-124 Motijheel C/A.

(c) 100 Respondent during the survey.

2. **Secondary Sources:**

- a) **Standard Bank Limited:** Annual Report 2006
- b) **Standard Bank Web:** www.standardbankltd.com
- c) **Search Engine:** www.google.com
- d) **Others:** www.wikipedia.com
- e) <http://en.wikipedia.org>
- f) Other Banks websites