

Internship Report
on

General Banking of Mercantile Bank Limited

International Airport Road Branch

Internship Report
on

General Banking Activities of Mercantile Bank Limited

Submitted to:

Professor Abul Kalam

Dean
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Major: Finance

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Letter of Transmittal

Date: 12 May 2022

Professor Abul Kalam

Dean

Sonargaon University (SU).

Subject: Submission of Internship Report.

Dear Sir,

With great gratification I am submitting my internship report on "**General Banking Activities of Mercantile Bank Limited**" that you have assigned me as an essential requirement of internship program. It is really an enormous prospect for me to congregate vast information and grasp the subject matter in an appropriate way. I have found the study is quite interesting, beneficial, insightful and tried my level best to prepare an effective and creditable report.

I honestly, not only anticipate that my analysis will assist to provide a clear idea about the overall condition of "General Banking of Mercantile Bank Limited", but also optimistic enough to believe that you will find this report's worth for all the labor I have put in it. I welcome your entire query & take pride to answer them.

Yours sincerely,

_____

Luma Farhana Islam Nabila

BBA 1801013070

Major: Finance

Certificate of Supervisor

This is certifying that the intern paper **" General Banking Activities of Mercantile Bank Limited**" has been prepared as a part of complete of the BBA program from Department of Business Administration, Sonargaon University (SU), carried out by Luma Farhana Islam Nabila bearing ID: BBA 1801013070 under my supervision. The report or the information will not be used for any other purposes.

Professor Abul Kalam

Dean

Faculty of Business

Sonargaon University (SU)

Student Declaration

I am Luma Farhana Islam Nabila, a student of Bachelor of Business Administration (BBA), ID: BBA1801013070 from Sonargaon University (SU) would like to solemnly declare here that this internship report on **General Banking Activities of Mercantile Bank Limited** has been authentically prepared by me. while preparing this report I didn't breach any copyright act internationally. I am further declaring that, I did not submit this report anywhere for awarding any degree, diploma or certificate.

Luma Farhana Islam Nabila
ID: BBA 1801013070
Program: Bachelor of Business Administration
Sonargaon University (SU)

Letter of Authorization

This is to certify that the internship report on "**General Banking Activities of Mercantile Bank Limited**" prepared by Luma Farhana Islam Nabila, a student of BBA program, ID 1801013070 Department of Business Administration, Sonargaon University under my supervision and guidance.

I wish his success in life.

SIGNATURE OF THE SUPERVISOR

……

Professor Abul Kalam

Dean

Faculty of Business

Sonargaon University (SU)

Acknowledgement

At first, I would like to express my gratitude to Almighty Allah who has given me opportunity to go through the total process of internship and to write a report in this regard.

In the preparation of this Project Report, I would like to acknowledge the encouragement and assistance given to me by a number of people. I am most grateful to my internship supervisor **Professor Abul Kalam**, Dean of Sonargaon University (SU) for providing detailed feedback and support all the time on this report. Without the guidance of **Professor Abul Kalam** this path would not have been so easy for me.

I would like to express my gratitude to **Al Mansur**, VP & Head of Branch of Mercantile Bank Limited, International Airport Road Branch, **Muhammad Akter Hossain**, AVP & Manger Operation, Mercantile Bank Limited, Airport Road Branch and **Tangima Anis**, SEO, In-charge of General Banking. Thanks to them for helping me with the relevant information about the general banking of MBL that I needed to prepare this report. Without their contribution, it would not have been possible for me to conduct this project work.

During my internship tenure I came across to meet many supporting coworkers who were always helpful in providing all sort of information needed and share their views and ideas with me. I would also like to thanks the clients who have been kind enough to respond to my questionnaire and at the same time appreciated the work I was doing.

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Executive Summary

Now a day's necessity of Bank as a financial institution is undeniable. In the age of modern civilization, Bank is playing its spending role to the economic development wheel moving. The co-operation of the bank is needed in every stage of economic activity. I was assigned to pursue internship on "General Banking Activities" of Mercantile Bank Limited, International Airport Road Branch**.** There are some differences between theories and practice. The employee who associated with general bank the help me to complete the report by providing various information. From them learn much practical activity. Today it is one of the country's leading banks in the private sector contributing significantly to the national economy. Its headquarters is situated in Dhaka. Currently the bank has 150 branches and 185 Own ATMs around the country and it is growing continuously towards the service excellence through its products and services. The Authorized Capital of the Mercantile Bank Limited, International Airport Road Branch today is BDT 1000 million. The internship report is a partial requirement of BBA. As a part of internship program, I was placed at Airport Road Branch of MBL. During the three months internship program I have learned extensively about commercial banking operation. This report explores MBL activities of Airport Road Branch as one of the leading non-government organization. This report contains information about all commercial activities that the bank deals with. I have mainly focused on General Banking system of MBL in this report. General banking operation includes all the general activities performed by the bank. I have discussed about different types of account holder and different types of account such as Saving Account, Current Account, Fixed Deposit Rate (FDR), Pension Saving Scheme (PSS) & other existing accounts with their rates and other activities of General Banking in detail. I have also done survey about customer perception of Mercantile Bank Limited.

Chapter
ONE
Introduction

1.1 Introduction

As a partial requirement of BBA program, I need to go for internship to gather practical experience and need to submit the report regarding that practical knowledge. This report is originated after completing the BBA program from Department of Business Administration under Sonargaon University. This report is the outcome of the assigned internship, suggested by the supervisor, Mr. Abul Kalam of Business Administration, Sonargaon University (SU).

The report will definitely increase the knowledge of other students to know the banking industry of Bangladesh, and the various services MBL is providing to be the premier financial institution in the country.

1.2 Objectives of the Report

The primary objective of the study is to meet the partial requirements for the fulfillment of the course 'practical orientation in Banks'.

The core objectives of the practical orientation program in banks are as follows –

- To fulfill the partial requirement of BBA Program.
- Too familiar with the working environment in bank.
- To apply theoretical knowledge in the practical field.
- To observe and analyze the performance of the specific branch and the bank as a whole.
- To be acquainted with day to day functioning of service-oriented banking business.

1.3 Methodology of the Report

This report is prepared based on information collected from different sources. But despites this I have emphasized more on my practical observation. Almost the entire report consists of my practical observation. It has followed specific methodology to prepare this report worthy.

The study requires various types of information of present policies, procedure and methods of general banking operation. I used both primary and secondary data in preparing this report.

1) Primary Data sources:

- Practical banking work
- Personal discussion with the officers and executives of Mercantile Bank Limited➢ Personal interview with the customer

2) Secondary Data sources:

- Annual report of Mercantile Bank Limited.
- Files and documents of the branch.
- Different papers and forms related to account opening, closing and check books.
- Official website of Mercantile Bank Limited and goggle search.

1.4 Sources of Data

1) Primary sources

- Observation of banking activities.
- Conversation with employees, expert's opinions of MBL, International Airport Road Branch.

2) Secondary sources

- Daily diary (containing my activities of practical orientation of MBL) maintained by me.
- Corporate Portal of Mercantile Bank Limited maintained by IT division.
- Bangladesh Bank economic review.
- Different websites.
- Other published documents provided by Mercantile Bank Limited.

Chapter TWO

Background of the Company

2.1 Background of the Company

Bangladesh economy has been experiencing a rapid growth since the 90s. Industrial and agricultural development, international trade, inflow of expatriate Bangladeshi workers remittance, local and foreign investments in construction, communication, power, food processing and service enterprises ushered in an era of economic activities. Urbanization and lifestyle changes concurrent with the economic development created a demand for banking products and services to support the new initiatives as well as to make channel consumer investments in a profitable manner. A group of highly acclaimed businessmen of the country grouped together to respond to this need and established Mercantile Bank Limited in June 2, 1999.

Public confidence is of outmost importance for the development of banking industry in Bangladesh. Keeping that in mind, MBL ensures a culture of good corporate governance to thrive. MBL promotes greater efficiency, accountability and transparency in its business decision. Another crucial step of MBL is to synchronize the attitudes, belief and culture in accordance with the needs of our human resources, clients, stakeholders and the overall financial system of Bangladesh. The unprecedented COVID-19 crisis has brought unbearable distress to human life all over the world. Despite facing this crisis, MBL demonstrates strong commitment to implement sustainable business practices. Hence, it formulates business strategies in consideration with UN Sustainable Development Goals (SDGs) and focus robustly on asset growth is underpinned by a solid business strategy that ensures its operations are managed safely, reliably and optimally.

Mercantile Bank Limited has achieved 3rd prize (jointly) under category of Private Banking sector in the prestigious 20th ICAB National Award for Best Presented Annual Reports 2019.

MBL has been able to establish itself as a leading third generation private commercial bank by dint of its prudent policy guidelines coupled with proper execution, wider range of banking products and admirable customer services. The core activities of the Bank are to provide all kinds of commercial banking services including Deposits Mobilization, Corporate Banking, SME and Consumer Businesses, Discounting bills, Foreign Exchange Business, Off Shore Banking, Treasury function, Card business, Mobile Banking (MyCash), Internet Banking, Locker Service and Islamic Banking etc. MBL caters card services to its customers by VISA dual prepaid card, Credit Card, Debit card, Agent Banking, VISA Medical Card, VISA International Student Card, VISA Dual Hajj Card and

International/Dual cards with various up-to-date facilities. Mercantile Bank has started centralized ‘MBL Contact Center’ to provide banking services to customers’ doorstep on 24/7 basis.

2.2 The Commitments

Mercantile Bank values its customers. Each customer’s expectations of superior services and products are bank’s prime moves. On this joyous occasion, Mercantile Bank highlighted its core values. These are:

- Patience
- Focus
- Goal
- Experience
- Loyalty
- Care
- Sincerity
- Foresight
- Punctuality
- Trust
- Knowledge.

2.3 The Mission

To be the premier financial institution in the country providing high quality products and services backed by latest technology and a team of highly motivated personnel to deliver Excellence in Banking. MBL will become most caring, focused for equitable growth based on diversified deployment of resources and nevertheless would remain healthy and gainfully profitable bank.

2.4 The Visions

At Mercantile Bank Limited draw our inspiration from the distant stars. Our team is committed to assure a standard that makes every banking transaction a pleasurable experience. Would make finest corporate citizen

Our people, products and processes are aligned to meet the demand of our discerning customers. Our goal is to achieve a distinction like the luminaries in the sky. Our prime objective is to deliver a quality that demonstrates a true reflection of our vision- Excellence in Banking.

2.5 The Values

- Customer focus
- Integrity
- Teamwork
- Respect for the individual
- Quality
- Responsible citizenship.

2.6 Strategies

- Establish MBL as one of the top five successful private commercial banks by 2009.
- Build a strong deposit base.
- Introduce new products & services and upgrade existing products & services at comparatively low cost in order to assure quick respond to the changing demands in the market.
- Strengthen corporate identity and values.
- Bring the entire system under a very advanced IT platform.
- Socialize and present the bank to the community as a corporate partner.

2.7 Core Values

- Customer delight.
- Innovation
- Ethical Values
- Caring for Human Resources
- Commitment
- Socially Responsible

2.8 Objectives

- The prime objective of MBL is to deliver a quality that demonstrates a true reflection of their vision-Excellence in Banking.
- Improve the quality of lone and services, and diversify the sources of revenue. Focus on Current, Savings & Short-Term Deposit Accounts to reverse the ratio (26:74) with Fixed Deposit Receipt.
- Take immediate action required to reverse the rise of cost of fund.
- Increase fee-based income: increase volume & fee of Letter of Credit & guarantee, increase export and exchange earnings.
- Reduce operating cost by at least 20%.

2.9 Departments of MBL

Mercantile Bank maintains the jobs in a proper and organized considering their interrelationship that are allocated in a particular department to control the system effectively. Different departments of MBL are as follows:

2.9.1 Human resources division: Mercantile Bank Limited recognizes that a productive and motivated work force is a prerequisite to leadership with its customers, its shareholders and in the market it serves. Mercantile Bank treats every employee with dignity and respect in a supportive environment of trust and openness where people of different backgrounds can reach their full potential.

The bank's human resources policy emphasizes on providing job satisfaction, growth opportunities, and due recognition of superior performance. A good working environment reflects and promotes a high level of loyalty and commitment from the employees. Realizing this MBL has placed the utmost importance on continuous development of its human resources, identify the strength and weakness of the employee to assess the individual training needs, they are sent for training for self-development. To orient, enhance the banking knowledge of the employees Mercantile Bank Training Institute (MBTI) organizes both in-house and external training.

2.9.2 Personal banking division: The personal banking department deals with the consumer credit schemes such as the personal loan, car loan, education loan, tax loan, personal secured loan that are tailored to meet the demand of individual customers. The manager of MBL credit who approves and

administers all the activities heads this department. The approval officer mainly rejects or approves the credit requests. After being checked by the approval officer, the credit requests go to the processing officer for further processing of the application.

2.9.3 Treasury division: Their main job is to take decisions regarding purchase and sell of foreign Currency. The purpose of treasury's operations is to utilize the funds effectively and arrange funds at a lowest possible rate of interest, through maintaining effective relationship with other banks and following the Government rules and foreign exchange regulations.

2.9.4 Computer & information technology division: This department gives the software and hardware supports to different departments of the bank. As Mercantile Bank is engaged in online banking, the role of IT is very crucial for the bank. This department is the most active department of MBL where employees always stand by to solve any problems in the system. The managers and executives of IT division work continuously to develop the total IT system of MBL so that it can be operated with ease, accuracy, and speed. And the new banking software Flex Cube is under process of installation. As a result, the bank will able to give the services of international standards. To achieve better economics of scale & efficiency in transaction processing the IT Division played a key role in the centralization of Trade Finance & Credit operations.

2.9.5 Credit division: The borrowing capacity provided to an individual by the banking system, in the form of credit or a loan. The total bank credit the individual has is the sum of the borrowing capacity each lender bank provides to the individual. Credit Policy Committee is composed of the managing director, the general manager, the Chief Risk Officer and the assistant general manager responsible for credits. Committee meets every other week, evaluates the banks overall lending portfolio and determines principles and policies regarding portfolio management.

Mercantile Bank Ltd. Was rated by Credit Agency of Bangladesh Ltd. on the basis of audited Financial Statements.

2.9.6 Operation division: This is an integral and vital part of the bank. The services department ensures smooth operation and functioning within and between all the departments of MBL. It also provides continuous support to the core banking activities of MBL. The manager of services heads the department who formulates and manages various critical issues of the services function of MBL. He is followed by a group of executives who are the heads of various subsidiary divisions that operate

within the services department. The services department is considered as the backbone of all other departments.

2.9.7 Finance & accounts division: This is considered as the most powerful department of MBL. It keeps tracks of each and every transaction made within MBL Bangladesh. It is headed by manager of FCD who ensures that all the transactions are made according to rules and regulation of MBL group. Violation of such rules can bring serious consequences for the lawbreaker. The functions of FCD are briefly discussed below along with an organ gram of the department.

2.9.8 Audit & risk management division: The Risk Management Division is responsible for measuring risks that the Bank might face in the course of its operations, developing corporate risk management policies and ensuring that risks remain within the limits in which the Bank prefers to bear such risks in line with its own strategic targets and risk appetite. The primary goal of risk management is to provide capital to businesses in line with their risks (economic capital), maximize risk-adjusted return and increase the added value.

The risk management function consists of Market Risk, Credit Risk and Operational Risk Management Units. Bank Risk Committee, Asset-Liability Committee (ALCO), Credit Policy Committee, and Operational Risk Management Committee are the other risk management bodies. The committees are MANCOM ALCO. As per Bangladesh Bank instruction "BASEL

Implementation Team" has been formed which will be responsible for proper implementation of BASEL capital adequacy guidelines in the Bank. The guidelines have been issued by Bangladesh Bank recently but the target date for implementation is 31st December 2009. DHA

Chapter
THREE

Products of MBL

3.1 Products of MBL

3.1.1 Retail Banking: Mercantile Bank Limited always provides suitable product (loans and advances) for its customers. The bank also designs new products and reengineering the existing products to keep the same competitive in the market. Liability Sales Wing consists of total 150 trained members, who are attached with different branches across the country; hunt Current Account & Savings Account (CASA) from individual customers. Besides this team also cross sells asset products like Car Loan, Home Loan, Personal Loan and House Furnishing Loan to salaried and business persons. Recovery Team takes care of the special assets under the division.

3.1.1.1 Deposit Double: Deposit amount becomes double (provisional) in stipulated period (at present 9 years. The minimum deposit amount is BDT 10,000.00 or its multiples. The account will be matured after completing specified years (at present 9 years) on the same date as it was open.

Deposit Product Name	Tenure	Weightage	Provisional Rate
Mudaraba Digun Briddhi Amanat Prokolpa (MDBAP)	10 years	1.10	7.18%

3.1.1.2 Deposit Pension Scheme: Mercantile Bank is well poised to be the leading Personal Banking business amongst the local private banks. Bank's conscious efforts in brand building, introducing and supporting new packaged products, developing PB organization along with non-traditional delivery channels have resulted in good brand awareness amongst its chosen target markets.

Installment based savings schemes are a major category of saving instruments amongst mid to upper middle-income urban population.

DPS is an installment-based savings scheme (Deposit Pension Scheme) of Mercantile Bank for individual clients. The key differentiators of the product will be Amount of monthly deposit. The scheme offers the clients the flexibility of tailoring the amount of

monthly deposit based on his monthly cash flow position. The minimum monthly deposit will be BDT 500.00 The client will have the option of depositing any amount in multiples of BDT 500.00 subject to a maximum of taka 20,000.
Flexible tenor of the scheme- The client has flexibility of deciding on the tenor of the scheme in-terms of number of months. However, the minimum tenor would be 48 months and the maximum would be 144 months.

Flexibility to open any number of DPS account- A client can open maximum five DPS accounts in client's name, in his/her spouse's name or in the name of his/her children or in joint names with any of his/her family members.

Late payment fee – Clients failing to deposit any installment will pay 5% late payment fee on the deposit installment amount as late payment fee, which will be realized at the time of depositing the next deposit Installment.

Payment through account – Clients will have to open an account with Mercantile Bank Limited and a standing instruction will be executed for auto-debit to affect the monthly installment. OD facility against DPS – Clients will have the option of taking advance up to 90% of the deposited amount at the time of application. However, to be eligible for the OD facility, the account must be at least 2 years old or the minimum ticket size of the advance will be taka 20,000.00.

Restrictions & client eligibility

Any Bangladeshi citizen attaining 18 years of age will be eligible to avail this product by opening an account in any of the branches of MBL. Branch will ensure compliance with account opening formalities.

A minor operated by the legal guardian may also open the account.
The tenor and the deposit amount agreed by the applicant and accepted by the Bank at the time of opening the account cannot be changed afterwards. Closure of account

The account will immediately cease to operate in case of the following:
Death of the account holder and Failure to pay 5 consecutive installments
Settlement of the account

Documentation – In order to open the account, the account holder will execute the following documentation:

- Fulfilling account opening formalities
- Filling up the DPS application form
- 2 copy pass port size photographs of the applicant
- 1 copy passport size photograph of the nominee attested by the applicant ➢ Product name

3.1.1.3 Special Deposit Scheme

Product features

- Deposit amount in multiples of taka 50,000 However the minimum deposit will be taka 1, 00,000 (singly or jointly) and the maximum taka 50, 00,000 (singly/Jointly).
- Initial deposit date Any day of the month.
- Interest due One month after the initial deposit date the interest will be credited to the savings/current account.
- Tenure 3 Years.
- Monthly income on taka 100,000-taka 791.66 subject to tax on customer account.

Opening an account

Clients must have or open a savings account through which initial deposit will be collected. The monthly interest accrued on the deposit will be disbursed to the client through this savings/current account.

Deposit mode

The depositor(s) will have the option of making the initial deposit to the new / existing savings account in cash or through an account payee cheque.

- Interest payout mode: Interest payout mode should be transfer to savings account.
- Interest payout frequency: Interest payout frequency should be monthly.
- Renewal / redemption instruction.
- Maturity / renewal instruction should only be “Renew principal and redeem interest” or redeem interest & principal.

Closure of account: The account will immediately cease to operate in case of death of the depositor. Settlement of account: The account will be settled in line with the instructions laid down in the account opening forms in case of death of the accountholder.

Premature encashment

- Premature encashment before maturity, but after one year the client will be entitled to prevailing interest rate on the savings account.
- The interest already credited to the clients account on a monthly basis to be adjusted against principal deposit at the time of premature encashment.
- Premature encashment before maturity and before one year the client will be entitled no interest. The interest already credited to the clients account on a monthly basis to be adjusted against principal deposit at the time of premature encashment
  OD facility against deposit.
- Clients will have the option of taking advance up to 90% of the deposited amount at the time of application. The prevailing lending rate will be affected against the advance.

Documentation

In order to open the account, the account holder will execute the following documentation:

- Fulfilling account opening formalities
- Filling up the SDS application form
- 1 copy passport size photograph of the applicant
- 1 copy passport size photograph of the nominee attested by the applicant

Restrictions & client eligibility

Any Bangladeshi citizen attaining 18 years of age will be eligible to avail this product by opening an account in any of the branches of MBL. Branch will ensure compliance with account opening formalities.

A minor operated by the legal guardian may also open the account.
The deposited amount and the tenure agreed by the applicant and accepted by the bank at the time of opening the account cannot be changed afterwards.

3.1.1.4 Excel Account: Excel Account has been tailored in the manner of having both asset and liability characteristics blended into a single product for salaried individuals employed in any institution. On virtue of this product, prospective clients receive a credit interest based on the credit balance available in the account. The clients will also be required to pay the bank OD interest if the balance of the account becomes overdraft.

- The tenure of the account will be for 3 years maximum, having renewal facility for every year until the client resigns from the institution.
- OD facility is a pre-embedded feature of the Excel Account. An OD limit is given to the account up to the amount of the salary of the individual employed at the institution.
- For a credit balance this facility provides an interest rate of 4.5% p.a. based on the daily balance of the account. If in the case, the account is utilized for an OD limit, the debit balance will be subject to a debit interest rate of 16% p.a.

At current, the Excel account is featured with ATM Facilities. Very soon, MBL will be offering debit card facility with Excel Account.

Pre-requisites for availing the Excel account

- The institution to which the individual is employed must have salary account maintained with the bank.
- The institution must have a corporate guarantee maintained with the bank.
- The account is subject to taxes and other Govt. levies during the tenure of the deposit.

3.1.1.5 Salary Account: Mercantile Bank has launched a special package of savings account for employees belonging to institutions with which Mercantile Bank has a corporate agreement. With this package salaried employees of these institutions enjoy interest on a daily balance. The key features of the salary account are:

Interest to be calculated on a daily balance basis

- No periodic service charges
- ATM card facility
- Credit card facility
- On-line banking facility
- Internet & SMS banking facility

3.1.1.6 Income Unlimited

- Deposit amount in multiples of taka 50,000 however the minimum deposit will be taka 1, 00,000 (singly or jointly) and the maximum taka 50, 00,000 (singly/jointly).
- Initial deposit date any day of the month.
- Interest due One month after the initial deposit date the interest will be credited to the savings/current account.
- Tenure 3 years
- Monthly income on taka 100,000-taka 1,000 subject to 10% income Tax ➢ Rate of interest 12% (simple)

3.1.1.7 Gift Cheque

Mercantile Bank has recently refurbished its gift Cheque. The features of the gift cheque are as follows:

- Can be encased at any branch even if the encasing branch is not the issuing branch of the instrument.
- Interest will be applicable only if the instrument is encased after three months from the date of issue in the following manner:

  1. No Interest if encased before three months from the date of issue. 2. 6% if encased after three months and before twelve months from the date of issue.
  3. 7.25% if encased after twelve months from the date of issue.
- The gift cheque may be encased using either of the two modes, (a) cash or (b) fund transfer. Encashment of gift cheque is not allowed over clearing.
- No service charge is applicable

Mercantile Bank Limited issues gift cheques in three denominations of tk.100, tk.500 and tk.1000

3.1.1.8 Personal Loan: As part of establishing a Retail Banking franchise of Mercantile Bank Limited, the bank has successfully launched Personal Loan. The product is a term financing facility to individuals to aid them in their purchases of consumer durables or services. The facility becomes affordable to the clients as the repayment is done through fixed installment s commonly known as EMI (equated monthly installment) across the facility period. Depending on the size and purpose of the loan, the number of installments varies from 12 to 48 months.

a. Salaried employees of institutions in the Dhaka, Chittagong and Sylhet markets.
b. Professionals who are self-employed and have at-least 3 years of independent practice in the area of profession.

c. Businessmen who are permanent residents of Dhaka, Chittagong and Sylhet metropolis with at least 3 years of continued operation in the line of business.

Restrictions & client eligibility

Loans are restricted to Bangladeshi nationals falling in the categories mentioned below the minimum age for any borrower will be 21 years and the maximum age 57 years with a minimum verified Gross Family Monthly Income of BDT 10,000.

Salaried employees

- Permanent salaried employees with at-least 12 months of confirmed service with the present employer.
- Work station in Dhaka, Chittagong, Sylhet and where Mercantile Bank operates.
- University graduates

Professionals

- Doctors, Dentists, Engineers, Chartered Accountants, Architects who are members of their professional institutes.
- Practice and location in Dhaka, Chittagong, Sylhet and where Mercantile Bank operates.

At-least 3 years of continued practice in the respective profession in Dhaka or Chittagong.

Businessmen

- Continued operation of the enterprise of at-least 3 years in the present line of business.
  - Membership of the trade association.
- A resident of Dhaka, Chittagong, Sylhet and where Mercantile Bank operates for at least 5 continuous years.

3.1.1.9 Car Loan: As part of establishing a personal banking franchise of Mercantile Bank Limited, the bank has successfully launched Car Loan. The product is a term financing facility to individuals to aid them in their pursuit of has a car of their dream. The facility becomes affordable to the clients as the repayment is done through fixed installment s commonly known as EMI (equal monthly installment) across the facility period. Depending on the size and purpose of the loan, the number of installments varies from 12 to 60 months. In case of brand-new cars, the loan tenure will be maximum 72 months.

Target market

a. Salaried employees of institutions in the Dhaka, Chittagong and Sylhet markets.
b. Professionals who are self-employed and have at-least 3 years of independent practice in the area of profession.

c. Businessmen who are permanent residents of Dhaka, Chittagong and Sylhet metropolis with at least 3 years of continued operation in the line of business.

3.1.1.10 Vacation Loan: Like the Car Loan, Vacation Loan of Mercantile Bank Limited is a term financing facility to individuals to aid them in their pursuit of spending a vacation in the country or abroad. The facility becomes affordable to the clients as the repayment is done through fixed installments commonly known as EMI (equal monthly installment) across the facility period. Depending on the size and purpose of the loan, the number of installments varies from 12 to 48 months.

Targeted market

The target market for personal loan mainly comprises of the following categories – a. Salaried employees of institutions in the Dhaka, Chittagong, Sylhet markets and where Mercantile Bank operates.

b. Professionals who are self-employed and have at-least 3 years of independent practice in the area of profession.

c. Businessmen who are permanent residents of cities where Mercantile Bank operates with at least 3 years of continued operation in the line of business.

3.1.1.11 Home Loan: The product is a term financing facility to individuals to aid them in their purchases of apartment or house or construction of house. The facility will become affordable to the clients as the repayment is done through fixed installment as commonly known as EMI (equal monthly installment) across the facility period. Depending on the size of the loan, the maximum period of the loan would be 180 months (15 years).

Target market: The target market for Home Loan will be mainly focused in Dhaka and Chittagong. However, strong recommendation from branches operating in other areas will also be facilitated with the major concentration on the following category:

a. Salaried employees of institutions with minimum 3 years continuous service

b. Self-employed professionals who are self-employed and have at-least 5 years of independent practice in the area of profession. (Example: Doctors, Dentists, Engineers, Chartered Accountants, Architects who are members of their professional institutes.)

c. Businessmen who are permanent residents of Dhaka, Narayangonj, Chittagong and Sylhet with at least 5 years of continued operation in the line of business.

3.1.2 Corporate Banking: Corporate Banking business was performed fairly well despite a sluggish credit demand in the market. This year priority has been given to expand business in low risk sectors. Besides we have designed a comprehensive risk management system to monitor and control our asset quality. Letter of Credit, Guarantee, Import & Export Finance, Syndicate

Loan, Project Financing, Leasing, Working Capital Financing etc. all are Corporate Banking Products.

3.1.2.1 Securitization of Assets: A powerful and effective means of generating funds for a certain category of institutions, securitization of assets is still in its infancy in the need however for such a service is great and there is a lot of support from multilateral financial institutions, such as the World Bank and the Asian Development Bank, for such activities to be developed further in this country.

Mercantile Bank intends to take up this challenge and play a significant role in ensuring that securitization of assets becomes a normal part of the range of financial instruments available for organizations who can count on a steady, but piecemeal, flow of revenue and want to translate this stream into cash resources with which to carry out further lending activities to new customers. Some practical issues still need to be settled such as those concerning pricing, or the legal framework, but it is expected that, as Mercantile Bank and other institutions pursue more such securitization activities these will be resolved.

3.1.2.2 Finance & Advisory Services: Given the needs of its large and varied base of corporate clients Mercantile Bank will be positioning itself to provide investment banking advisory services. These could cover a whole spectrum of activities such as guidance on means of raising finance from the local stock markets, mergers and acquisitions, valuations, reconstructions of distressed companies and other expert knowledge-based advice. By this means Mercantile Bank hopes to play the role of strategic counselor to blue-chip Bangladesh companies and then move from the level of advice to possible implementation of solutions to complex financing problems that may arise from time to time.

3.1.2.3 Syndication of Fund: There has been a surge in the number of syndication deals closed in the last few years. 2004 was an exceptionally good year for syndicated deals for the local commercial banks also for the foreign banks. The total number of syndications in 2004 exceeded 10 totaling over tk. 10 billion. This rise in the number of syndications can be primarily attributed to the prudential lending guidelines of the Bangladesh Bank. A commercial bank may provide funded facilities up to a maximum of 15% of its equity. Due to this reason, projects with sizeable costs need to approach more than one bank for their debt requirements and therefore the demand

for syndications exist. Credit risk diversification has led many international companies to introduce credit derivatives that are actively being traded. Securitization of assets is one such credit risk derivative that allows Financial institutions to diversify their portfolios. In 2009 due to slow investment in the state of global economic meltdown in the whole world. Therefore, investors adopted a go-slow strategy to initiate new ventures, which subsequently deters the credit growth in project financing.

3.1.2.4 Small & Medium Enterprises: Mercantile Bank has come forward to extend its services towards Micro and Small & Medium Enterprises. Since inception, the Mercantile Bank has held socio-economic development in high esteem and was among the first to recognize the potentials of SMEs. Mercantile Bank pursues & tried to perfect throughout 2008 has been scientifically applied in 2009 in lending various fund & non-fund-based loans & advances to a wide array of customers through existing as well as a no. of new SME Branch & Service Centers.

3.2 Services of MBL

3.2.1 Personal Banking: Amongst Private Sector banks, MBL has already made its mark in the personal banking segment. The promotions like "Baishakhi Offer", a strategic tie up with Electra International Limited, distributor of Samsung brand products, and "Freeze the Summer Campaign" a strategic tie-up with Electronics Limited, distributor of General Brand electrical appliances saw Mercantile Bank to experience more than a reasonable growth on the personal banking business in 2008.

3.2.2 Corporate Banking: Providing a tailored solution is the essence of our Corporate Banking services. Mercantile Bank recognizes that corporate customers' needs vary from one to another and a customized solution is critical for the success of their business.
Mercantile Bank offers a full range of tailored advisory, financing and operational services to its corporate client groups combining trade, treasury, investment and transactional banking activities in one package.

Whether it is project finance, term loan, import or export deal, a working capital requirement or a forward cover for a foreign currency transaction, our Corporate Banking Managers will offer you the right solution. You will find top-class skills and in-depth knowledge of market trends in

our corporate Banking specialists, speedy approvals and efficient processing fully satisfying your requirements – altogether a rewarding experience.
Their experience in handling Corporate Banking business covers a wide span of businesses and industries. You can leverage on our expertise in the following sectors particularly:

- Telecom, media and technology
- Textile, ready-made garments
- Edible oil, consumer and diversified industries
- Shipping, ship breaking, steel and engineering
- Energy, chemicals and pharmaceuticals
- Cement and construction
- Financial institutions

3.2.3 Islamic Banking: Mercantile Bank has started its 'Islamic Banking Operations' '**Taqwa**' with the aim to serve the customers who prefer Islamic Shari'ah Based Banking and committed to Islamic lifestyles by taking the formal permission from Bangladesh Bank for Islamic banking window operations. Keeping the ever-increasing interest of the largest community in mind, the Honorable Board of Directors (BOD) of MBL has decided to go for Islamic Banking operations.

A separate Islamic Banking Division at Head Office with a team of experienced Islamic Bankers is also working to look after the Islamic Banking activities of the bank. World class dedicated Core Banking Software (Temenos T24) has been adopted for secured & faster operations & services to the Islamic Banking customers of the bank.

Mercantile Bank Limited has started its Islamic Banking operations formally on 29th June, 2020 with 10 (ten) noes of Islamic Banking Windows (IBWs). Gradually, MBL has expanded its Islamic Banking network over the country by opening more 35 Islamic Banking Windows (IBWs) during the year 2020 & 2021. Presently, MBL Islamic Banking is providing customer services by 45 (Forty-Five) Islamic Banking Windows under its wide network conventional branches spreading all over the country by using its' true on-line banking platform. MBL digital banking wallet "Rainbow" services as well as Taqwa Debit Card and Taqwa Card (alternative to traditional Credit Card) is going to be available for the better & time befitting services of MBL Islamic Banking customers.

3.2.4 Capital Market Services: Capital Market operation besides investment in treasury bills, prize bonds and other Government securities constitute the investment basket of MBL.

Mercantile Bank Securities Limited has been developed to ensure development of sound capital market and to provide higher, better and diversified services to a wide range of customers. MBSL is offering high quality products and services at a competitive rate. Mercantile Bank Securities Limited offers full-fledged international standard brokerage service with margin loan facility. We are also a full-service Depository Participant (DP) of Central Depository Bangladesh Ltd. (CDBL). The brokerage service is designed to provide customers with necessary support profitably in the stock market.

3.2.5 ATM Card Services Features:

- Cash withdrawals – up to tk.1 lac per day
- Utility payments – T&T, Mobile phones, DESA, etc.
- Multi-account access
- Fund transfers
- Mini statements
- PIN change

MBL Cardholder can withdraw cash up to 50% of your total credit limit 24-hours a day from any MBL ATM or any Q-Cash ATM or any VISA logo ATMs across the country; or from any VISA ATMs worldwide.

3.2.6 Credit Card Services: MBL introduce an advanced product of VISA named VISA Platinum Credit Card by which customers get higher status than existing Gold product. Mercantile Bank Ltd. VISA Credit card offers maximum 45 days credit facilities free of interest and minimum payment is 5% of outstanding billing amount for easy repayment and convenience of the customers. For withdrawal of cash from MBL ATM by MBL cardholders no cash advance fee and from any other Q-cash ATM the fee is Tk.10 only. Moreover, our VISA cardholders can also withdraw cash from any Visa logo ATM locally and internationally.

3.2.7 Locker Services: The Locker Service of Mercantile Bank is a very user-friendly service with safety, security & confidentiality of the valuables kept in the Lockers. Our locker service is

the total secure facility for the purpose of deposit of confidential documents, Jewellery or other valuables permissible as per law. At present Locker service offered to the Customers from select 36 branches of MBL.

3.2.8 Online Banking Services: Online Banking has been facilitated in all Branches of the Bank since January 01, 2006. Now, customers can enjoy a number of online Banking services in CD, SB, SND, Loan accounts and Monthly Savings Scheme (MSS) accounts.

Online Banking Times

Sunday to Thursday: 10 am to 4 pm. Saturday: 10 am to 2 pm (Only in open branches). Charges for Online Banking Services are being realized based on total amount of online transactions on half yearly basis as per the following table except for School Banking, Financial Inclusion and Monthly Savings Scheme (MSS) Accounts.

Chapter

FOUR

Functions of the General Banking Division

4. Functions of the General Banking Division

The general banking division deals with several functions

1. Operating customer service
2. Management of cash
3. Remittance of funds
4. Operation relating to clearing
5. Management of deposit
6. Maintaining accounts
7. Preparing balance sheet & other statements
8. Corresponding to different institutions
9. Maintaining of Accounts
10. Internal control & internal check

The above-mentioned functions are briefly described as follows:

4.1 Operating Customer Service Department

From this department all sort of necessary services is provided according to the requirement of the customer. Now a days the service is most talked about matter in banking and other customer related financial involvement. The basic difference between a public and private institution is seems to be its customer handling. The private institutions are more customers related to the public one. For this the customers are likely to feel comfort to make operation with the private institution that those of public. The services provided to the customer from this department are as follows:

a. Opening of account
b. Issuance of check book
c. Issuance of certificate
d. Issuance of pay order
e. Online money transfer

f. Providing of accounts balance
g. Other information relating to banking
h. Closing of account

4.1.1 Opening of Account: Bank is a financial intermediary, which mobilizes fund from surplus unit and deploy it to deficit unit. Surplus unit means the people who have surplus money and willingness to save. Deficit unit means the people who need money for industry, trade, business, or for personal use but don't have sufficient money of their own for such purposes. Bank mobilizes the fund by accepting deposits from depositors and allocates the fund by providing loan to borrower.

The relationship between a banker and his customer begins with the opening of an account by the banker in the name of the customer. Banker solicits deposits from the public of different walks of life and having different financial status.

Accepting deposits is one of the main functions of commercial banks. In MBL various types of account are offered to various customers.

4.1.1.1 Current Deposit Account

General features

a) Businessmen and companies are the main customer of this product.
b) Bank does not pay any interest to CD account holders.
c) There is no restriction on the number and the amount of withdrawals from a current account.
d) Service charge and incidental charges are recovered from the depositors since the bank makes payment and collect the bills, drafts, cheques, for any number of times daily.
e) The bank through current account grants loans and advances to the customers.

4.1.1.2 Savings Deposit Account (SDA)

General features

As per Bangladesh Bank instruction 90% of SB deposits are treated as time liability and 10% of it as demand liability.

a) Individuals for saving purpose open this type of account.
b) Interest is paid on this account. 2.00% (for general) (for any amount).
c) Generally, householders, individuals and other small-scale savers are the clients of this account.
d) Minimum balance of tk.1000 is to be maintained.
e) Interest will be counted on the minimum balance from the date 1-6 of a month.
f) No service charges are charged as it is an interest-bearing account.

4.1.1.3 Short Term Deposit (STD)

General features

a) Customers deposited money in this type of account for a shorter period of time.
b) STD account can be treated as semi-term deposit.
c) STD should be kept for at least seven days to get interest.
d) The interest offered for STD is less than that of savings deposit.
e) Volume of STD account is generally high. In MBL, various big companies, organizations, Government departments keep money in STD accounts.
f) Frequent withdrawal is discouraged and requires prior notice.

4.1.1.4 Time Deposit Account (TDA): This branch maintains a separate section for maintaining Time Deposit account. FDR is an important factor for the bank and volume of FDR determines the investment base of the bank.

4.1.1.5 Fixed Deposit Receipt (FDR)

General features

a) Popularly it is known as Fixed Deposit Receipt (FDR). Time deposits are made with the bank for a fixed period of time.
b) The banks need not to maintain cash reserves against these types of deposits and therefore, the bank offers high rate of interest on such type deposits.

Opening of Fixed Deposit account

a) The depositor has to fill an application form.
b) In case of a deposit in joint name, MBL also takes the instructions regarding payment of money on maturity of the deposit.
c) The banker takes the specimen signatures of the depositor(s).
d) Necessary postings are given on the flex cube software.
e) An FDR is then issued to the depositor acknowledging receipt of the sum of money mentioned therein. It also contains the rate of interest & the date on which the deposit will fall due for payment.

4.1.2 General (For all types of accounts)

1. Account opening form must be properly filled-in.

2. Authorized specimen signature must be properly signed by each signatory along with necessary instructions.

3. Account should have proper instruction, introducer should have an account with MBL; introducer's signature must be verified by an officer of MBL under full signature.

4. Initial Deposit should preferably be as per minimum requirement of MBL.

5. Each authorized signatory should fill-in the customer information details form separately.

6. Passport size color photograph (One copy of each signatory and two copies of nominee must be obtained – duly attested by the introducer for signatory and by the applicant for nominee.

7. Letter of thanks should be given to the account holder to be mailed under registered post with A/D of courier.

8. On obtaining all documentation and formalities of the applicant, cheque books are to be issued upon request of the applicant.

9. Special instruction (if any) should be given in appropriate place. In case of company account, the special instruction is to be provided as per the Article of Association and the Memorandum of Association of the Company.

10. Photocopy of Passport of the authorized signatory should be obtained in case the account is not a company account.

11. Registration no & VAT registration no. & date, trade license no. & date should be clearly specified for company and birth date for individuals wherever required in the CIF.

12. Thana and/or Upazilla code must be clearly specified in the CIF of the applicant and/or the authorized signatory of the account to be opened.

13. Transaction Profile of the account must be duly filled in and signed by the authorized signatories of the account to be opened.

14. Nominee declaration form must be duly filled in and signed accordingly for all nominees as specified in the account opening form for accounts opened other than company account. CIF should be duly filled in and signed by the nominee for all nominees specified in the account opening form.

15. Other necessary documentations & formalities to obtained / observed as specified by the bank from time to time.

4.1.2.1 In Case of Foreign Currency Account

1. Account opening form (application, nomination, declaration) duly filled in and signed

2. Photocopy of passport of its first 4 pages.

3. Photocopy of work permit (for RFCD account).

4. Any letter about service or its photocopy from the employer.

5. Citizenship certificate if available (for NFCD account).

6. Certificate of approval from relevant authority.

7. Two passport size photographs of the nominee duly attested by the account holder.

8. One passport size photograph of the applicant(s) duly attested be the introducer.

4.1.2.2 In Case of Proprietorship Account

1. All general formalities & documentation should be adhered to as required for proprietorship accounts.

2. Attested photocopy of valid trade license to be obtained for Proprietorship accounts.

4.1.2.3 In Case of Partnership Account

1. All general formalities & documentation should be adhered to as required for Partnership accounts.

2. Copy of notarized partnership deed certified be all the partners of registered partnership deed (registered with the Registrar of Joint Stock Companies and Firms) – duly certified by the Registrar of Joint Stock Companies and Firms.

3. Partnership resolution signed by all the partners to open account with Mercantile Bank Limited indicating the type of account and mode of operation.

4.1.2.4 In Case of Private / Public Limited Company Account

1. All general formalities & documentation should be adhered to as required for Private/Public Limited company accounts.

2. Memorandum and Articles of Association – duly certified by the Registrar of Joint Stock Companies and Firms.

3. Certificate of Incorporation – duly certified by the Registrar of Joint Stock Companies and Firms.

4. Certificate of Commencement of Business-duly certified by the Registrar of Joint Stock Companies and Firms. (Only in case of Public Limited Company).

5. Board Resolution – duly certified by the Chairman / Secretary of the Company.

6. FORM XII and Schedule X – duly certified by the Registrar of Joint Stock Companies and Firms.

4.1.2.5 In Case of Club / Society

1. Certified copy of registration certificate.

2. Certified copy of Charter / by-laws and Regulations / Constitution of the relevant organization.

3. Copy of Resolution of Managing Committee / Executive Committee-duly certified by the Chairman / Secretary.

4. List of Members of the Managing Committee / Executive Committee – duly certified by the Chairman / Secretary.

4.1.2.6 In Case of Non-Government School / College / University

1. Certified copy of registration certificate.

2. Copy of resolution of Managing Committee / Governing Body authorizing opening and operation of account with MBL-duly certified by a Gazette Officer.

3. List of Members of the Managing Committee / Governing Body-duly certified by a Gazette Officer.

4.1.2.7 In Case of Sector Corporations

1. Certified copy of the relevant Presidential Order / Act of Parliament establishing the Corporation.

2. Resolution of Board of Directors / Competent Authority to open Account with MBL.

3. Certified list of Board of Directors (if any).

4.1.3 Issuance of Cheque Book

4.1.3.1 Issuance of Fresh Cheque Book: An account holder can get a fresh cheque book only against requisition on the prescribed requisition slip attached with the cheque book issued earlier, after proper verification of the signature of the account holder. A new cheque book should be delivered to the account holder or his duly authorized representative.

4.1.3.1.1 Cheque Book Issuing Process

Flow chart: Cheque book issue process

4.1.3.2 When Cheque Book is Lost: Duplicate checkbook is issued only when an account holder applies to the bank with a letter of indemnity in the prescribed pro-forma agreeing to indemnify the bank for the lost checkbook. Fresh check book is then issued after verification of the signature of the account holder from the specimen signature card and on realization of required excise duty only with prior approval of manager of the branch. Cheque series number of the new checkbook is recorded in the register. Series number of lost checkbooks should be recorded in the stop payment register and caution should be exercised to guard against fraudulent payment.

4.1.4 Online Money Transfer: Because of online banking the customers of Mercantile Bank Limited can easily transfer their money from one branch to another. No hassle is there. Anyone can deposit money from any branch of the bank to any account. Similarly, an account holder can withdraw money from any branch. But in case of money transfer from outside Dhaka division that is from one territory to other online charge is taken from the customer.

4.1.5 Account Balance Inquiry: MBL sends account statement to its clients two times in a year. More over clients are provided whenever he/she wants to know Account Balance. But hence some security and privacy are maintained. No other person than the account holder is given the account balance.

4.2 Management of Cash:

Cash is the very vital sector for any bank. The proper management of this department entails overall effectiveness of any bank. This department is responsible for the following functions:

1. Receipt of deposit
2. Making payment to the customer
3. Management of vault of the branch

The above mention functions are described briefly below:

4.2.1 Receipt of Deposit: This department receives deposit or funds from the customer, and the collection procedure as follows:

At first the amounted is counted and if ok then verified the purity of the note paid if there is any confusion of the teller;

If the cash notes are satisfactorily sound then the teller marked in color the amount in word over the deposit slip.

At last the receiving officer/teller signed the deposit slip and by the sign of the authorized officer the deposit of fund finished in favor of a customer.

In case of receipt of clearing cheque, the cheque is scrutinized at first whether the cheque is authenticated as per the NI Act. If satisfied then a crossing is marked so that this cheque never is uncashed over the cash counter.

Then the amounts are kept apparently deposited in the customer’s account and the cheque proceeds to the clearing house accordingly.

4.2.2 Making Payment to the Customer: The payment is made to a customer only against a valued authentic cheque. The teller has to follow the following steps in making such payment. Receiving the cheque from the customer;

Examining the cheque, in case of examination the teller is to be sure about the following questions.

1. Date of cheque is today's or not; if it is predated then the date is within 6 months from today;
2. Amount is written in word and in figure and both is valued same;
3. Signature is installed and it is as it is the signature kept in the bank;
4. There is sufficient amount in the customer's accounts for making payment;

4.2.3 Management of the Vault: The cash department also manage the vault of the branch. In such a management the cash in charge of the branch necessary liquid money in the vault for the payment to the customer, in this regard there is specific guideline from the central bank for the limit of amount, and the guideline is:

a) The bank is to maintain an at least 4% balance with the Bangladesh Bank on its total paid up capital;
b) Limit of cash vault up to tk- 1.5 cores;
c) Limit of an individual teller up to tk- 20 lacs;
d) Limit of cash in transit up to tk- 75 lacs.

So, the cash department is to maintain a cash limit of tk- 2 core 45 lac as whole. The excess amount of a branch limit is to be proceeded to the account maintained with Bangladesh bank.

4.3 Remittance of Funds

Remittance of funds means transferring of fund through different instruments other than cheque. Remittance includes both inland and foreign remittance. In this section only, the local remittance is described. The remittance of local funds is of two types:

a) Inward
b) Outward

4.3.1Outward Remittance

The term “Outward Remittances” include not only remittance i.e. sale of foreign currency by TT. MT, Drafts, Traveler’s cheque but also includes payment against imports into Bangladesh & Local currency credited to non-resident taka accounts of foreign banks or convertible taka account.

Two forms are used for Outward Remittance of foreign currency such as: IMP

Form: All outward remittance on account of imports is done by this form T.M

Form: For all other outward remittances form T.M is used.

4.3.1.1 Private Remittance

4.3.1.1.1Family Remittance Facility

a) Foreign nationals working in Bangladesh with approval of the Government may remit through an authorized dealer 50% of salary & 100% of leave salary as also actual savings and admissible person benefits. No prior approval of bank is necessary for such remittance.

b) Remittance of moderate amounts of foreign exchange for maintenance abroad of family members (spouse, children, parents) of Bangladesh nationals are allowed by Bangladesh Bank on written request supported by certificate from the Bangladesh mission in the concerned country.

4.3.1.1.2 Remittance of Membership Fees/Registration Fees: Authorized dealer may remit without prior approval of Bangladesh Bank, membership fees of foreign professional and scientific institutions and fees for application registration, admission, examination (TOEFL, SAT, IELTS etc.) In connection with admission into foreign educational institutions on the basis of written application supported by demand notice/letter of the concerned institution.

4.3.1.1.3 Education: Prior permission of Bangladesh Bank is not required for releasing foreign exchange in favor/on behalf of Bangladesh students studying abroad or willing to proceeds

abroad for studies. Authorized dealers shall allow exchange facilities for this purpose according to the following drill:

1) Application duly filled in by the student as per prescribed format of Bangladesh Bank.
2) Original and photocopy of admission letter issued by the concerned institution in favor of the student.
3) Original and photocopy of estimate relating to annual tuition fee, board and lodging.
4) Incidental expenses etc. issued by the concerned institutions.
5) Attested copies of educational certificates of the applicant and
6) Valid passport.

4.3.1.1.4 Travel: Private travel quota entitlement of Bangladesh nationals is set at US$3000/ per year for visit to countries other than SAARC member countries and Myanmar, Quota for SAARC member countries and Myanmar is US$1000/ for travel by air and US$500/ for travel by overland route. Authorized dealers may release this travel quota in the form of foreign currency notes up to US$500/ or equivalent and balance exchange in the form of TCs or total quota in the form of TCs the annual quotas mentioned above are for adult passengers. For minors (Below 12 year in age) the applicable quota will be half the amount allowable to adults.

Authorized dealers may release above travel quota without prior approval of Bangladesh Bank subject to observation and satisfaction of following points:

1. The intending traveler is a customer of the bank or is sufficiently well known to the AD Bank or the intending traveler has paid relevant Travel Tax. The intending traveler has a valid passport.

2. The bank should verify and satisfy itself that any foreign exchange released for an earlier travel was utilized with the journey being actually undertaken or was duly enchased unutilized.

3. The intending traveler is in possession of confirmed air ticket for journey to be undertaken and that the intended journey to be undertaken not later than two weeks after the date on which exchange is issued.

4. The amount releases are endorsed on the passport and air ticket of the traveler with indelible ink, with the signature and the name of this branch embossed in the passport and ticket.

5. In each case of release of foreign exchange for travel abroad, photocopies of first six pages of the passport s and the page recording endorsement of foreign exchange and photocopies of the pages of ticket showing name of the passenger, route and date of journey and endorsement of foreign exchange along with the relative T.M. form should be sent to Bangladesh Bank along with monthly returns.

4.3.1.1.5 Health & Medical: Mercantile Bank Limited, local office without prior approval of Bangladesh Bank may release foreign exchange up to US$10,000/ for medical treatment abroad on the basis of the recommendation of the medical board set up the head directorate and the cost estimate of the foreign medical institution.

Applications for release of exchange exceeding US$10,000/ should be forwarded along with supporting documents to Bangladesh Bank for prior approval.

4.3.1.2 Official & Business Travel

4.3.1.2.1 Official Visit: For official or semi officials visits abroad by the officials of Govt., autonomous/semiautonomous institutions etc., Authorized dealers may release foreign exchange as per entitlements fixed by the Ministry of Finance from time to time, in such cases, the applicant for foreign exchange shall be required to submit the sanction letter and the competent authority's order/notification/circular authorizing the travel.

4.3.1.2.2 Business Travel Quota for New Exporters: Up to US $6,000/ or equivalent may be issued by an AD without prior approval of Bangladesh Bank to a new exporter for business travel abroad, against recommendation letter from Export Promotion Bureau, Bonafede requirement beyond US$6000/ is accommodated by Bangladesh Bank upon written request through an AD with supporting documents.

4.3.1.2.3 Business Travel Quota for Importers & Non-exporting Producers

1) Subject to annual upper limit of US$5000/ importers are entitled to a business travel quota @ 1 % of their imports settled during the previous financial year.

2) Subject to annual upper limit of US$5000/ non-exporting producers for the local markets are entitled to a business travel quota @1 % of their turnover of the proceeding financial year as declared in their tax returns.

The same business organization engaged in imports as well as production shall however; draw business travel quota entitlement only on one count.

4.3.1.3 Commercial Remittances

4.3.1.3.1 Opening of Branches or Subsidiary Companies Abroad: Remittance of up to US$30,000/ or equivalent per annum may be released by the Authorized dealers without prior approval of Bangladesh Bank to meet current expenses of offices/branches opened abroad by resident in Bangladesh or Commercial/Industrial concern incorporated in Bangladesh.

Such remittance may only be made in the names of concerned offices/subsidiary companies abroad subject top examination of following papers:

1) Approval letter of the competent authority of the country concerned for opening the office in that country
2) Copy of report submitted to Bangladesh bank.

4.3.1.3.2 Remittance by Shipping Companies Airlines & Courier Service: Foreign Shipping Companies, airlines and courier service companies may send, through an AD, funds collected in Bangladesh towards freight and passage after adjustment of The Authorized dealers may remit such royalty and other local cost & taxes, if any without prior approval of Bangladesh Bank.

4.3.1.3.3 Remittance of Royalty & Technical Fees: No prior permission of the Bangladesh Bank of BOI is required by the enterprises for entering into agreement involving remittance of royalty, technical know-how or technical assistance fees, operational services fees, marketing commission etc., if the total fees and other expenses connected with technology transfer do not exceed.

a) 6% of the cost of imported machinery in case of new projects

b) 6% of the previous year's sales as declared in the income tax returns of the ongoing concerns. The Authorized dealers may remit such royalty and other fees without prior approval of Bangladesh Bank.
c) Royalty and other fees beyond the rate mentioned above may be remitted by the Authorized dealers without prior approval of Bangladesh bank provided specific approval of BOI has been obtained by the applicant company.

4.3.1.3.4 Remittance on Account of Training & Consultancy: Industrial enterprises producing for local market may remit through Authorized dealers up to 1% of their annual sales as declared in their previous years' tax return for the purpose of training and consultancy services as per relevant contract with the foreign trainer/consultant, without prior approval of Bangladesh Bank.

4.3.2 Inward Remittance: The term inward remittance includes not only purchase of foreign currency by TT, MT, Drafts etc. but also purchase of bills, purchase of traveler's cheque. Two forms are prescribed by Bangladesh Bank are used for purchase of foreign currencies such as:

EXP Form: Remittances received against exports of goods from Bangladesh are done by form EXP.

Form C: Inward remittances equivalent to US$ 2000/- and are above are done by form "C". However, declaration in form C is not required in case of remittances by Bangladesh Nationals working abroad.

Utmost care should be taken while purchasing currency notes, traveler's cheque, demand draft & similar instrument for protecting the bank from probable loss as well as safety of the bank officials concerned.

4.3.2.1 Foreign Currency (Bank) Notes

General Principles and Precautions:

1) Branches may freely buy foreign currency notes from Bangladesh as well as foreign nationals.

2) Currency notes, especially notes of higher denominations, i.e. US $ notes of 50 and 100 denominations, should be checked carefully to ascertain their genuineness.
3) Foreign Exchange Department shall maintain currency wise F.C. in hand Control Ledger to record each day's transactions.
4) On the last working day of each month the branch shall calculate the exchange gain or loss and carry out necessary adjustment in the control ledger.
5) Foreign currencies shall be purchased at the rates instructed by the head Office.

4.3.2.2 Travelers' Cheque:

The customer tendering the travelers' cheque should be asked to sign the TCs at the designated places in front of the concerned bank official who would satisfy himself about its genuineness with reference to the customer's signature already appearing on the TCs and his passport. Should there be any doubt; purchase contracts of the TCs may be asked for.

4.3.2.3 Foreign Draft & Cheque:

The branch should exercise due care and ordinary prudence for purchase of foreign currency denominated drafts, cheque and similar kinds of instruments. The instrument should not be purchased unless the customer is well known to the branch as a regular trustworthy client. An indemnity bond should be obtained for refund of the money along with interest in the event of dishonor of the instruments. Indemnity need not be obtained in case of instruments against which proceeds have already been credited to the bank's Nostro account.

If the instrument is drawn on the bank's branch and the cover amount already paid by the issuing bank into the bank's Nostro Account the vouchers will be passed at TT (clean) rate.

4.3.2.4 Telegraphic Transfer (TT)

Test number appearing on the TT must be checked and authenticated by the concerned official. After receiving confirmation from the head Office about the proceeds having been credited to

their Nostro A/C and observing the usual formalities including declaration on form ‘C’, if necessary, the vouchers are to be passed at the TT buying rate.

Accounting treatment for inward remittance

For Pay Order: If the issuing and paying branches are belonging to the same clearing zone then the pay order is used for bank to bank transfer. The payment against PO is made as per the following journal:

Pay order payable account ……. Debit

Bangladesh Bank/ party account……. Credit

Procedures & accounting treatment of outward remittances

Specific procedure and accounting journals are made for the transfer and the settlement of the outward remittance.

4.4 Operation Relating to Clearing

Clearing house is the place where all the bank to bank transactions are settled. In a bank cheques and drafts of different banks are collected from the clients for deposition in his account and the amounts are collected from those responding branches through clearing house. Since we know that there are three ways to collect or remit funds such as cash, clearing and transfer this clearing section is treated as one of the most important banking booths. It is observed that the transactions of very big volume are done through clearing house.

When drafts and cheques are drawn on the bank’s branches within the same clearing zone then funds are to be cleared through clearing house but if it is of different clearing zone then the amounts are to be collected not cleared and here the OBC procedure is to be maintained. There are two types of clearing operation;

Inward clearing;

Outward clearing.

4.4.1 Inward Clearing: Here the cheques and drafts drawn on the bank itself are deposited to different banks by their clients and then carried in to the bank for payment. The procedure for inward clearing is as follows:

Step1. Receipt of the instrument from messenger

Step2. Scrutinizing the instrument

Step3. Make entry into the inward clearing register

Step4. Preparation of voucher & IBCA of honored cheque or instrument

Step5. Preparation of memo describing the reason for dishonor (if any)

Step6. Sending the IBCA & dishonored cheques to the home branch

4.4.2 Outward Clearing: Here the drafts and cheques drawn on different bank's branches deposited by the clients into their accounts they are received at first for clearing and after getting cleared through the house they finally credited to the depositors account the procedure is as follows:

4.5 Management of Deposit

In this section the division is engaged in the operation of the deposit deposited by the client. There are a number of deposit types of MBL. They are:

1) Current Deposit (CD)
2) Savings Deposit (SB)
3) Fixed Deposit Receipt (FDR)

In managing these accounts, the division charged a service charge and paid interest if a specific minimum balance is in the accounts. The minimum balance varies with the type of deposit.

Payment of interest to the account: At every three months (quarterly) the interest is transferred to the party a/c if there is a specific minimum balance. And the interest is calculated on the outstanding balance of the account. And the interest is transferred by the following journal:

Interest on Deposit account…… Dr (With the interest amount)

Party account ……. Cr

Payment of interest on FDR: At the request of the client the interest on FDR is paid to the client in cash or by pay order. In which way the amount will be paid that will be according to the instruction of the client. If no request is made the bank credited the interest to the a/c of the client at the maturity of the FDR and the FDR again runs with the outstanding balance of the a/c.

4.6 Internal Control & Internal Check

This division monitors and checks all the internal operation whether they are performed properly. Beside this the officers of this division audited the accounts of the bank and checks all the vouchers regularly whether they are prepared in proper and authenticated accordingly.

Chapter
FIVE
My work area

❖ My work area

5.0 Actual Task

In the period of my internship at Mercantile Bank Limited, International Airport Road Branch. My observation and responsibilities were in General Banking Department like opening & different types of DPS or FDR opening (Deposit Schemes).

I worked with Tangima Anis, SEO, In-charge of General Banking of Mercantile Bank Limited, International Airport Road Branch. On that time, I mainly worked in customer Service Department & observed the rules and regulations of Deposit Schemes and the procedure which they followed in the Deposit Section.

5.1 Job responsibilities

There were several responsibilities carried out by me in general banking division of Mercantile Bank Limited, International Airport Road Branch. Every day I used to start my job at 10:00am and it ended at 06:30pm. Within this time different types of job were done by me and those are given below.

5.2 Accounts Opening

Account opening is the most important issue in general banking. It is the first phase of customers who are going to get services from the bank. Before opening of any account, it is very important to know the target customers of the bank. The targeted customers may be individual, partner, joint stock companies, trustee/clubs/associates and different types of institutions. It is also important to know why the customer wants to open account at this branch. To reveal customer's purpose of opening account is pretty tricky. If account opening officer is experienced and intelligent s/he can easily expose the purpose for opening account from customer himself.

Mercantile Bank Limited offers different types of account for their target groups. These are as follows:

- Current Account
- Savings Account
- Fixed Term Deposit account (FDR)
- Short Term Deposit (STD/DPS)

Opening an account is the first step to be a customer of Mercantile Bank and enjoying different services of it. For depositing and withdrawing money from The Mercantile Bank Limited and having other services, an account is mandatory for every individual and institutional customer. So, my responsibility was to give premium quality services and attempt to sustain our customer for a long time with Standard.

5.3 Closing Account

Customer accounts are closed for many reasons. So, I closed accounts with maximum attention to the customer so that next time when they will think about opening a bank account, Mercantile Bank Limited will come to their mind as a preferred choice.

5.4 Receive Cheque requisition

A cheque requisition is received from the customer for giving a new cheque book containing a specific number of pages mentioned by customer. I received the cheque requisitions throughout the day and sent the list to the head office at the end of the day.

5.5 Pay Order Issue

Pay order has been issued to serve the customer who wants send money not in cash rather in cheque. It reduces the cash carrying risk. I filled up the pay order slip to help out the customers.

Chapter
SIX
SWOT Analysis of MBL

6.0 SWOT Analysis of MBL at a Glance

In order to analyze the performance of trade services of MBL Bank, I have conducted a SWOT analysis through some in-depth interviewing of their officers. In the process of making a SWOT, employees point out some major strength and weaknesses as well as some threats and opportunities regarding the various issues of the Bank such as –

- Service level
- Organizational identity
- Operational efficiency
- Technology

Employee efficiency etc. along with many other issues.

Strengths

- Strong corporate identity
- Distinct operating procedure
- Distinct schedule
- Strong employee bonding and belongings
- Efficient performance
- Young enthusiastic workforce
- Empowered work force

Weaknesses

- High charges of L/C
- Discouraging small entrepreneurs
- Absence of strong marketing activities
- Scarcity of innovative products
- Diversification
- High cost for maintaining an Account

Opportunities

- Distinct operating procedures
- Country wide network
- Experienced managers
- Huge population Threats
- Upcoming banks
- Default culture
- Similar products are offered by other Banks
- Industrial downward trend due to recession, inflation & unemployment

6.1 Strengths

Strong corporate identity: According to the customers, MBL is the leading provider of financial services identity worldwide. With its strong corporate image and identity, it has better positioned itself in the minds of the customers. This image has helped MBL grab the personal banking sector of Bangladesh very rapidly.

Distinct operating procedure: MBL is known worldwide for its distinct operating procedures. The company's managing for Value strategy satisfies customers' needs better and keeps the firm profitable.

Distinct schedule: Everyone in MBL from the appraiser to the top management has to work to the same schedule towards a different aspect of the same goal, interfacing simultaneously at all level over quite a long period. As a result, customers can get instant services as and when required.

Strong employee bonding and belongings: MBL employees are one of the major assets of the company. The employees of MBL have a strong sense of commitment towards organization and also feel proud and a sense of belonging towards MBL. The strong organizational culture of MBL is the main reason behind its strength.

Efficient Performance: It has been seen from customers' opinion that MBL provides hassle-free customer services to its client comparing to other financial institutions of Bangladesh. Personalized approach to the needs of customers is its motto.

Young enthusiastic workforce: The selection & recruitment of MBL emphasizes on having the skilled graduates & postgraduates who have little or no previous work experience. The logic behind is that MBL wants to avoid the problem of 'garbage in & garbage out'. And this type of young & fresh workforce stimulates the whole working environment of MBL.

Empowered work force: The human resource of MBL is extremely well thought & perfectly managed. As from the very first, the top management believed in empowering employees, where they refused to put their finger in every part of the pie. This empowered environment makes MBL a better place for the employees. The employees are not suffocated with authority but are able to grow as the organization matures.

6.2 Weaknesses

Besides the strengths, customers as well as employees identified some major weaknesses of the bank.

High charges of L/C: Presently MBL charges same rates for all types of import L/C. But for import L/C of exports-oriented industry, MBL should reduce the charge of L/C. As a result, exporter will be benefited and the country will earn more foreign exchange.

Discouraging small entrepreneurs: MBL provides clean Import Loan to most of its solvent clients. But they usually do not want to finance small entrepreneurs whose financial standing is not clean to them.

Absence of strong marketing activities: MBL currently don't have any strong marketing activities through mass media e.g. Television. TV ads play vital role in awareness building. MBL has no such TV ad campaign.

Scarcity of innovative products: In order to be more competitive in the market, MBL should come up with newer attractive and innovative products. This is one of the weaknesses that MBL is currently passing through.

Diversification: MBL can peruse a diversification strategy in expanding its current line of business. The management can consider options of starting merchant banking or diversify it to leasing and insurance. As MBL is one of the leading providers of all financial services, in Bangladesh it can also offer these services.

High cost for maintaining account: The account maintenance cost for MBL is comparatively high. Other banks very often highlight this. In the long run, this might turn out to be a negative issue for MBL.

6.3 Opportunities

Distinct operating procedures: Repayment capacity as assessed by MBL of individual client helps to decide how much one can borrow. As the whole lending process is based on a client's repayment capacity, the recovery rate of MBL is close to 100%. This provides MBL financial stability & gears up MBL to be remaining in the business for the long run.

Country wide network: The ultimate goal of MBL is to expand its operations to whole Bangladesh. Nurturing this type of vision & mission & to act as required, will not only increase MBL's profitability but also will secure its existence in the long run.

Experienced managers: One of the key opportunities for MBL are its efficient managers. MBL has employed experienced managers to facilitate its operation. These managers have already triggered the business for MBL as being new in the market.

Huge population: Bangladesh is a developing country to satisfy the needs of the huge population, a large amount of investment is required. On the other hand, building EPZ areas and some Govt. policies easing foreign investment in our country made it attractive to the foreigners to invest in our country. So, MBL has a large opportunity here.

Chapter Seven

Limitations, Recommendations, Conclusion

7.0 Scope and Limitations

The scope of the report was to find the financial aspect of the operation of the bank. An infrastructure of organization has been detailed, accompanied by company corporate perceptive and look into the future. The scope of this report is limited to the overall descriptions of the bank, its services, and its position in the industry, and its competitive advantage. The scope of the study is limited to organizational setup, functions, and performances.

There are some limitations I had to face while preparing this report. It is very difficult to collect some of the important data and information. There is some information very secret and the Bank didn't want to provide this information. But this information may help to build a good report.
Another limitation is availability of data. The bank doesn't have sufficient documents of the interest amount they collect from different loans. It is very difficult to collect all the information within two months' time. Other limitations are given below:

- Confidential information regarding past profit or product cost, financial information was not accurately obtained. Alike all other banking institutions, MBL is also very conservative and strict in providing that information. In those cases, I have relied upon some assumptions, which in result have created certain level of inaccuracy. Still, I had tried my best in obtaining that sensitive information, as much as possible.
- Time constraint was another limitation restricting this report from being more detailed or analytical. The relationship mangers at the operation or strategic level of the concerned department are awfully busy with meeting their targets. So, it was very difficult for me to get them free and obtain some practical ideas regarding their expectation and opportunities regarding my topic. But they have given me practical ideas whenever they get free time.
- With all these limitations I tried my best to make this report authentic and worth reading.

6.4 Recommendations

- All the branches of Mercantile Bank are not introducing with foreign exchange system. So, it will be better for Mercantile Bank if they will introduce foreign exchange in most of their branches.
- In terms of import or export they have to increase the efficiency along with effectiveness.
- Continuing better relationship with customers.
- They need to put more emphasis on clients' service.
- In a competitive financial market, their products & services need to focused more to customers, as they can be more knowledgeable about Mercantile Bank services. ➢ Their marketing strategies should disseminate all over the employee.
- As we see that, Media coverage of MBL is no so strong. To attract new clients, they should go for mass media coverage.
- Corporate Social Responsibility is very strong element to hold competitive sustainable advantage into client's mind.
- People in a global edge, are very much well-informed about their wants & needs. They always want to consume better services from the other end. As a service-based company, MBL need to introduce better financial services.

6.5 Conclusion

The main competitive advantage MBL is enjoying that it has online banking where as other local commercial bank cannot yet achieve that advantage. But all the commercial banks are now trying to achieve this. In this bank the employees are highly motivated by their remunerations and other benefits. Here, all the employees are very much cooperative with their customers, colleagues and simply visitors.

In this report I tried to find out all sorts of practical dealings that are conducted in case of handling various type of banking activities in each department, the theoretical aspects, that is what should be the procedures and requirements maintained from first to last, and actual practices as well as the ultimate gain for the bank in conducting financial activities are mainly discussed.

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