

# Saudi pak commercial bank: analysis

[Finance](#), [Banks](#)



## **THE VISION**

To transform the Bank into a modern, dynamic and premier service oriented institution.

## **THE MISSION**

“ To turnaround the Bank into a leading commercial bank by ensuring transparency, promoting technology, improving quality of human resource, providing premium services to customers, and adding value for all stakeholders.”

## **Statement Of Ethics And Business Practices:**

The code of ethics established by Saudi Pak Commercial Bank Limited sets forth the guiding principles through which we operate and conduct our daily business with our shareholders, customers, vendors and with other group companies. These principles also apply to the officers and employees of the Bank

## **Our Customers:**

We operate as customer oriented Bank and serve our customers with the highest standard of skill and service

In dealing with our customers, we comply with legal, statutory and regulatory requirements

We ensure transparency in operations.

## **Our Shareholders**

We strive to maximize the value for our shareholders and minimize the risk of dilution in the value of shareholders through adequate risk management.

**Our Staff**

Our staff observes a high standard of integrity and demonstrates befitting conduct and behavior.

In performing their duties, our staff shows sense of responsibility and team spirit. Concerted efforts are made to promote congenial corporate culture in the Bank.

**Credit Operations.**

We conduct the credit operations under clearly spelt out policies and procedures and review the policies and procedures periodically to suit changing conditions. Our credit operations are transparent and the credit decisions are made with prudence.

We keep adequate provisioning against doubtful loans as per State Bank of Pakistan guidelines and ensure that the internal controls are in place and are observed in right earnest.

**Risk Management:**

We have designed and placed a proper system to identify, measure and control the material risks.

**Social Responsibility:**

We recognize our wider social responsibility in terms of the contribution we can make to the well being of the communities in which we operate.

We do not make donations to or extend any financing to or take any exposure towards any political parties.

**Maintaining Confidentiality:**

We attach great importance to safeguarding the confidentiality of data concerning the its customers and other business relationships.

We do not disclose information about our customers to third parties without the customer’s consent unless there is a clear legal or regulatory obligation to do so.

**CHAPTER # 2****REVIEW OF DIFFERENT DEPARTMENT****Car Financing Scheme**

As all banks are moving towards consumer Banking. Saudi Pak Commercial moves towards consumer Banking through Car Financing Scheme. They start Car financing Scheme in the month of June to Satisfy the needs of the customer.

**Competitor:**

As Mirpur (AJK) is the only well flourished industrial city of Azad Kashmir, so there is large variety of Financial Institute and Banks and the changing attitude of banks towards consumer banking is one of the major reason of competition. Some of the major competitors are

- Bolan Bank
- Citi Bank
- PICIC Commercial Bank
- Faysal Bank
- Prime Bank
- MCB

- HBL

Out of these banks major threat was from HBL, Bolan Bank and Faysal Bank. Usually the customers look forward for low Markup rate, so these banks were giving low markup rates, but they were also charging the hidden charges.

### **Saudi Pak Commercial Bank Car Financing Scheme:**

As the rising demand in the market, Saudi Pak Commercial Bank Limited start the car financing scheme in month of June.

### **Down Payment Options:**

Saudi Pak Commercial Bank Limited gives the large variety of down payments. The range of down payments varies from 10% to 60% to original value of the car.

Secondly the loan amortization schedule can vary between 12 months and five years time period. So you has the large variety of options to pay the installments according to your convenience.

One of the most important and plus point of Saudi Pak Commercial Bank car financing scheme is that they offer the variety of cars which are available in the market such as:

- Toyota
- Honda
- Suzuki
- Hyundai
- Fiat
- Nissan

Saudi Pak Commercial Bank Limited offers the free insurance to their customer

**Age Limit:**

The age limit to apply for car financing Scheme is between 21 and 50. this is only for individuals.

**Eligibility**

Basically Saudi Pak Commercial Bank divides its customer in three groups on the basis of probability of the consumer to pay back the installments within time

**Group A:**

Group A usually include the executive class or regular premium customer of the banks and well known organizations. In business class the customer who are including in Group A are working in the specific profession or kind of business from the last five years and their mostly income is at least Rs. 30,000/-. Instead of business class we also include the high authority Government servants in this class. Those whose scale is above eighteen.

The people who are including in Group A usually get loan more easily because they are consider the most reliable customer.

**Group B:**

Group B includes the customer who are running the individual business and small organization and they are working in that field from the last two years. In that group usually includes the shopkeepers and small organization such as cable operator

**Group C:**

Group C is the group which we usually don't prefer to give the loan and the chances of recommendation of their loans are very low, usually customers who belongs to that group are businessman having income less than Twelve thousands and organization such as Rent A Car Services.

**Documentations:**

The following documents are required

1. Application Form
2. ID Card photo copy
3. Bank Statements
4. Three years proof of tax return
5. Salary Slip ( For Salaried Person)

**Process:****Step 1: Filling Application Form:**

The first step involve in applying for Car Financing Scheme is to fill the application form along with the documents mentioned above. Customer should fill the application form very carefully. They should mentioned right data about themselves, any wrong or incorrect data may reject the application form.

**Step 2: Approval of Application Form from the Branch:**

Second step is the approval of application form from the branch. Bank officer examine the application form. If the customer fulfill the requirements mentioned above bank accept the application and send this application to the head office for further approval.

**Step 3: Delivery of Car:**

If the head office find no objection in application form and eligibility criteria of car financing. They send approval letter to the bank. After the approval car delivered on the basis of availability of car in the showroom. If the customer financed the car on the market price basis than the bank deliver the car just after the approval otherwise on the availability.

**Deposits Department**

Deposit is the main functional unit of any commercial bank. It is the primary function of commercial bank. Main function of commercial bank is to get money from the customer and give some markup on that amount.

Two types of deposits are offered by the Saudi Pak Commercial Bank.

**Call Deposits:**

These are payable on demand. They include current account, sundry deposit (e. g. margin account) and call deposit receipt. No profit is given on demand deposits.

**Time Deposit:**

Payable on demand with certain maturity. Attracts profit with respect to time.

**TYPE OF ACCOUNTS:**

Let us now turn to procedures to be followed in cases of each type of account.

**Individual Account:**

Such accounts may be classified and gentlemen



1. Account of literate ladies and gentlemen.
2. Account of illiterate ladies and gentlemen.
3. Account of Parda observing ladies.
4. Joint Account.
5. Minor Account

1: In case of illiterate ladies and gents, the following precautions are observed in addition to those provided in the above guidelines.

1. Two photographs are to be obtained. One to be pasted on account opening form and the other on specimen signature card
2. Instead of signatures, left hand thumb impression to be obtained on the specimen card from gents and right hand thumb impression from the ladies.
3. Each time such customer should attend the bank personally and will put their thumb impression on the cheques before the passing officer.
4. Such customers should be advised not to issue cheques payable to 3rd parties.
5. Cheque should be marked “ Payment in person” to ensure even if the cheque is presented through clearing that particular cheque can only be paid in person.

2: the problems arise particularly in case of parda observing ladies. Some serious complications are involved in this concern. As far as possible, they should be encouraged to open a joint account with their close family members.

3: when more than one person opens account but the relationship between them is neither of trustees nor partners, it would be termed as joint account.

Whenever such account is opened, definite instructions regarding operations on the accounts and payment of balance in case of death of any one of them should be obtained. In absence of any instructions for the accounts operations, all the joint account holders should sign the cheques for withdrawal of amount from their accounts. Likewise, definite instructions must also be obtain for payment of balance in the account in the event of death of any of the joint account holders. For this purpose all the joint account holders are required to sign account opening form as well as either or survivorship declaration.

In operation of joint accounts, following important points are required to be remembered:

1. Any member of the joint account may lodge stop payment instruction of any cheque with the bank and the bank shall honor such instructions. However, all the members must sign removal of these instruction.
2. The member of joint account may wish to delegate authority to any third person to operate upon the accounts. However such a mandate is necessarily to be signed by all the members.
3. Any mandate, reference to which is given herein 2ne above, becomes automatically rescinded or cancelled when the bank come to know of death, insolvency or insanity of any of the members

4. In case, any of the members of the joint account becomes insolvent or insane operation on the account should be stopped and instruction to be required for payment of the balance amount from the remaining solvent and same members.
5. In case, any of the member of the joint account dies, operation on the account must be stopped and balance in account is to be paid as per instructions recorded with the bank.

**Accounts of Partnership Firm:**

While opening accounts of the partnership firm, the partnership deed from registered firms is required to be obtained in addition to account opening form and specimen signature card. The partnership letter is incorporated in the account opening form, which must also be signed by all the partners of the firm whether registered or un-registered.

In these accounts, the following points are required to be remembered.

**For Example:**

The account opening form must be signed by all the partners.

The names of persons authorized to operate the account must neatly and correctly given in the account opening form. For partnership concern carrying on the business under impersonal names, it is generally described that the title of account should show name of the partners of Managing Partners.

**CASH DEPARTMENT**

Two most important tasks of bank are performed in the cash department and they are

1. Payments

2. Receipts

In Payments cheques are presented to the bank against which payment is made.

In Receipts, money is deposited with the bank and the bank issues a receipt against it.

## **PROCEDURE**

### **Step I**

Customer presents his cheque over the counter, the person receiving it checks whether it is

1. Drawn on a particular branch
2. Date is correctly written on the cheque it should be neither stale nor post-dated.
3. Amounts in words & figures match.
4. Duly signed by the payee on the front and back of the cheque.

### **Step II**

After going through step `1` the cheque is sent to another person who verifies the signatures of the customer with his/her signatures on `SS` card.

### **Step III**

The cheque is sent to another officer who checks the account to see whether the account has sufficient balance to meet the payment or not.

If the amount is more than Rs. 10, 000 then the cheque is approved by two persons they are

1. Department Incharge
2. Operational Manager

If the amount is more than Rs. 1000000 then the cheque is authenticated by three person they are

1. Department Incharge
2. Operational Manager
3. Chief Manager

### **Crossed Cheque**

These cheques are stamped with “ payee’s account only”. This cheque is not directly paid on the counter, rather the payment is made through account of the customer to the one whose name is mentioned on the cheque.

### **SCHOOL & COMPANY BILLS**

Fees and dues submitted by companies and schools are in the form of bills. All these bills are credited to the bank.

### **POSITION SLIP**

Some companies & school have been given overdrawn facility. This slip is attached to those cheques of those schools and companies when officer has a doubt about paying those cheques. This position slip is attached to these cheques to inform the manager about their current position situation. Then if chief manager approves it then the payment is made otherwise not.

### **CHEQUE RETURNED MEMO**

If the cheque presented by customer is returned because of the reason that the account does not has the required balance then the customer has this

facility that he can submit cheque returned memo. But this memo is given to him on his own request.

### **INCIDENTAL CHARGES**

`CD' account should have a minimum balance of Rs. 10, 000. If in the account during six months at any time the balance of account goes below Rs. 10, 000. Then incidental charges of Rs. 200 are charged from the customer.

### **RETURN OF A CHEQUE**

A cheque is returned to the customer if the account balance is less than the amount of money demanded.

### **ISSUANCE OF BANK STATEMENT**

The bank statement shows the overall position of an account at a particular date.

Bank statements are issued to customers as per their request. For this customer has to give his account number and specific period for which he wants to have this statement.

### **CASH INSURANCE**

All the cash on the counter and in the locker is insured one of the most important responsibilities of cash department is to manage liquidity, but not to keep idle cash with it. Cash is kept according to branch requirement, which in Saudi Pak Commercial Bank MirPur is Rs. 10, 000, 000. Amount of money exceeding it is sent to main branch which given interest on it. This interest is added to branch's profit. Here `2' to `3' million is sent to the head office.

A large number of customers come to this department during working hours. Therefore staff should be cooperative and helpful.

### **REMITTANCE DEPARTMENT**

“ It is a process by which the amount of cash is transferred from one place to another either in or out of the city but not in the form of cash but through the involvement of two banks”

#### **Demand Draft:**

It is the request of one bank to other bank to pay a certain sum of money to or to the order of the person whose name is mentioned in DD. It is used for funds transferred outside the city.

#### **Telegraphic Transferred: –**

It is also a request b one bank to another bank to pay a certain sum of money to or to the order of the certain person it is used for funds transferred out of city.

#### **Pay Order: –**

It is a request which is made to the other bank to pay the amount of the person whose name is mentioned there. It is within the city.

When the person has transfer funds to another person in the city or out of city then he comes to the bank and gives the application on the specified form called Remittance From.

This form contains name of branch, date, bank branch name beneficiary's name, account number, bank branch name, city, mode of payment in which

the payment is received by other option given for DD, TT, PLO or SBP cheque the particulars of the purchaser i. e sender and his address is also written.

Then on the lower side a column for instruments number (which is to be issued, its amount and the rate is there. Then another column is for cost, telex changes, commission, postage, excise duty, with holding tax, and total is there and in the last applicant's acknowledge is received. And the signatures of two authorized persons are there.

After this an entry is made in the system and is authenticated by another person. After that for TT or DD advices is printed by the printer and with the form it is sent to the beneficiary bank and incase of pay order a specified form is for this purpose which is used and on this the print is made and is handled over to the customer and an advice is sent to the beneficiary bank and the customer can take money from that bank. The account of the beneficiary's banks is settled through entries in books with SBP.

## **CLEARING**

It is process through which one may receive the amount of a cheque presented to the bank while the cheque is drawn on any other bank.

### **Procedure: –**

First of all in the morning the bank's representative goes to the NIFT office and receives the cheques which are drawn upon the branch but are presented in any other branch of the same bank of the same bank or any other bank. The main Branch receives cheques of other branches, which are in the Lahore City. Then in the branch, these cheques are sorted out on the basis of parties and the cheques of parties who are the credit arrangements,



are sent to the Credit Deptt. for their confirmation or cancellation. But before sending to this, their signatures, amounts in words and figures are verified and dates are checked and the clearing stamps of the bank in which they were presented in seen and checked. The clearing stamps bears the date which is to come next date because the cheque are presents next day on the payee bank. In which these cheques are deposited and his signatures are seen there. Then the cheques which have no mistakes are entered in the system. The cheques which have an error i. e. , not having sufficient balance, post dated, out of date, or due to any other reason i. e. the sending or presenting bank may not properly present the cheques, the return slips are made for these cheques and on the slip, the main Branch name, Cheque #, and amount in works and figures in written.

Then the entry in the return register is made and the signatures of the authorized persons are affixed on the register and on the return slip.

In the register the reason of the cheque is also given and the slip contains number wise reason which are also marked like this (X) then the cheques which are sends Accounts department in the forms of supplies and the treatment with thee cheques is made here.

The cheques, which are returned due to any reason, are returned to the presenting bank which returns these to the customers.

Above is the procedure of cheques of main branch which are presented in other branches, now I come to the point where the cheques of other branches a presented in our branch.

**OUTWARD CLEARING:**

When one of our customers receives cheques of another bank or branch, but does not have any account in that branch. Then he deposits the cheque in his account through a credit slips and receiving the slip and cheques of other person, an entry in the system is made and stamps containing payee's account only and clearing stamps bearing the next coming date is affixed on both the slip and on the cheques and, on the back the stamps of authorized person and his initials are made then all thee cheques are presented to another person for slip authenticated and verification it is because the error chances may be made minimum and at the time of closing the cheques are separated form the credit slips and, are attached with the photocopies of the cheques and are kept for banks records. And the cheques are handed over to the SBP through NIFT. And on the next daythe cheques go to their respective banks and if those banks are not satisfied then the cheques are come back and again are entered in the register on which, the bank in which these were drawn and these are presented is written and reason for their return is mentioned and are handed over to the customers by taking their signatures.

**INWARD CLEARING**

Signatures are necessary in case if less than 10000 one authentication less than 500, 000 double by BOSS more than 500, 000 third authentication which is by branch manager.

The total of these cheques are entered in the suspense A/C debit the A/C of our customer the amount in the suspense A/C goes on reducing and at the end it shows the zero balance when the returned cheques are also dealt with the returned memos are made for cheques which are to be entered in the

registered, date, name of presenting bank, cheques number, account number and amount is written and are signed by person memo is also signed and the total of those is made and the summary is made and these cheques are send to shift office with proper seal.

When the inward clearing comes the SBP gives debit to our bank and when the cheques are returned dishonored a credit is given. The reverse is the case with outward clearing. Rs. 250/- are received as charges on same day clearing and it is for the cheques of more than or equal to Rs. 500, 000/- and the cheque must be deposited before 10: 00 am.

### **Foreign Currency Department**

The department which makes the transactions of foreign currency and all related matters which are dealt in local currency. A form named as form M is used to maintain the record of the foreign currency dealt by this department because it is the requirement of SBP on monthly, quarterly, half yearly and on yearly basis. Here is a list of functions and -activities of the department;

#### **Functions: –**

- Foreign Currency Account Opening
- Government securities
- Issuance of Exchange
- Entry to Daily Exchange Rates
- Foreign Currency FDR/NDR/NDR-III

#### **Activities:**

##### **Foreign Currency Account Opening: –**

- Checking of Documents before Account Opening

- Dispatching Letter of Thanks to Account Holders
- Dispatching Letter of Thanks to Introducer
- Issuance of FCY Cheque Book
- Recovering Provincial Tax on Cheque Book Issuance
- Account Closing

**Government Securities:**

**Issuance: –**

- Special U. S. Dollar Bonds
- Receiving Application
- Verifying Signature and Checking Balance
- To Debit the Account
- Stock Out Entry in Stock Register
- Preparation of Balance Certificates
- Delivery to Customer after Affixing Required Stamps
- Sending Sale Statement to SBP through Karachi Branch

**Encashment: –**

- Special Original Instrument
- Checking of Instrument
- Affixing Encashment Stamps
- Preparing Debit Cash Voucher for Payment to Customer
- Making Payment from Suspense Account
- Reversing Suspense Account on Receiving Credit from SBP
- Issuing Encashment Certificates

**FEBCs (Foreign Exchange Bearer Certificate): –**

- Receiving Original Instrument

- Checking of Instrument
- Affixing Encashment Stamps
- Preparation of Debit Cash Voucher for Payment
- Making Payment from Suspense Account
- Deducting Challan Forms
- Surrendering Tax to SBP
- Preparing Encashment Reports
- Reversal of Suspense Entry on Receiving Credit from SBP
- Issuance of Encashment Certificate

**FCBC's (Foreign Currency Bearer Certificates): –**

- Same Steps followed as described above.

**Special U. S. Dollar Bonds: –**

- Preparation of Profit Coupon
- Affixing Stamps required by SBP
- Payment of Debit Cash Voucher
- Preparation of Profit Certificate for SBP
- Preparation of Profit Payment Report
- Reversal of Suspense Account on Receiving Credit from SBP

**Foreign Currency Bearer Certificates: –**

- Same Procedure followed as described

**Supply of Stock: –**

- Supply of Stock to Branches
- Supply of Profit Coupon Books to Branches

**Foreign Exchange Issuance: –**

- Checking of Documents

- Making Photocopies of ID Card, Ticket & Passport
- Affixing Stamps on Ticket and Passport
- Obtaining Signature of Customer on TCs
- Receiving Payment to Debit the Account
- Delivery to Customer
- Entry in Stock-out Register
- Reversing Contra Liability
- Foreign Currency FDR/NDR/NDRP-III
- Encashment of FDR/NDR/NDRP-III
- Quarterly Payment of Profit on NDRP-III

### **CUSTOMER SERVICE DEPARTMENT**

Customer services department is the department which keeps the customer needs fulfilled. Because the customers may feel problems in doing transactions with bank. So the customer service people keeps them aware of the customer needs. Two special posts of CRM and CRO are there and they all time ready to serve the people who come to bank. Personal Bankers are also there who ready to free the customers from their problems. CRM and CRO provides the people facility to know their account balances and to know the comments of the people about the performance of other departments. Special comment forms are used to know the views of the people about the performance of various personals of other departments.

Another comment form is used to check the time which is spent on the encashment of a cheque through the cash department. The time starts when the token is received by the customer and ends when the payment is

received. Daily 10 such forms are prepared and sent to management to know the efficiency of cash department people.

Arrangements are made regarding the availability of written and printed material to the people who come in the bank. Daily reports of the accounts opened with the branch is made and is delivered to branch manager and efforts are made to increase the balance.

Frequent meetings are held with Branch Manager to take fresh instructions and to get feed back to the management about the performance of personal bankers. For the service of people there is free offer of local phone calls to the customers. And their problems regarding their balances, Cheque Books, various documents and such other matters.

In order to further reinforce our commitment towards priority service to our customers we have decided on the following:

**CREATION OF A PRIORITY BANKING AREA:**

The area currently occupied by the CRM, Account opening and personal bankers will be designated as the “ Priority Banking Area”. CRM, Account opening and one priority banker will occupy this area.

The Priority Banking Area will be exclusively for Priority Customers who not only hold a substantial amount in terms of deposit with the bank but also demand individual attention.

**PURPOSE OF PRIORITY BANKING:**

The basic purpose of priority banking is to provide a valued customer with a pleasant atmosphere in which all his banking requirements are met in the shortest time span possible.

**WHO IS A PRIORITY CUSTOMER?**

Individuals who retain an average deposit of 0.5M or above qualify as being a priority customer. However department Heads of various companies who have their corporate accounts with us also qualify.

**LEVEL OF SERVICE TO BE PROVIDED:**

As the name depicts the utmost level of priority is to be provided to priority cases. The code for Priority Customers is “PC” and its notification should ensure the highest level of priority, no matter which department it involves.

**ROLE OF BOSS, CRM & CRO:**

Initially the CRM along with the Priority Banker are responsible for providing the priority customer with quality service. If another department is involved the Priority Banker will inform the head of the department or Boss with the status of the customer and what is needed. Whoever it is will then help and try to complete the process in the least possible time.

**RESPONSIBILITIES OF PRIORITY BANKER:**

1. Being on the look out for priority customers who enter.
2. Approaching a customer and being the first to initiate a conversation by inquiring about his reason of visit.
3. Handling of Priority Calls.
4. Entertaining the customer with drinks while his visit.



5. Assisting the CRM in his tasks of customer services.
6. Providing the customer with all relevant information regarding his status with the bank.
7. Making sure the Priority Area is clean at all times.
8. Giving each and every customer individual attention.
9. Maintaining a register of all complaints and reporting them to the Branch Manager.
10. Providing the customer with several kinds of reading material to pass his time.
11. Informing a personal banker if a specific client wants to meet him.

### **GENERAL CUSTOMER SERVICE STANDARDS**

Always be courteous to the customer.

Imagine yourself in the customer's position and then start to service him the way you would want to be.

Give full attention to the person sitting across your table.

Do not engage in personal conversation over the phone or with another staff member while dealing with a customer.

The job at hand must be dealt with utmost efficiency.

If the need to leave a customer arises, explain to him why and return as soon as possible.

Atleast one staff member should be present in all the departments at all times, even during lunch hour to accommodate a customer.

Talking to a customer or staff member in a loud tone is to be avoided at all costs.

If a certain staff member is to be called calling him out loud should be avoided, instead calling at his or at a nearby extension should be done.

Be sure of what you are saying.

Make sure that you know what you can and what you cant do for a customer.

Stick by the commitments you have made to a customer.

Give the customer a magazine or newspaper to kill time while he is waiting.

Make sure that the customer knows that his work is being taken seriously.