

# General banking activities of mercantile bank limited

[Literature](#), [Russian Literature](#)



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1. 0. Introduction Now a day present world especially the Asian countries are going through an economic recession. Though the Asian economic crisis began few years back and it is somehow tackled today but the 11 September incident aggravated the disorder in the economic infrastructure of our country. Our economy is much dependent on foreign aids. The World Trade Centre incident created a negative impact on our economy as the foreign aids to Bangladesh have been reduced a lot. Therefore the government is trying to deal the economic crisis by generating revenue internally.

In this aspect the importance of the financial sector, particularly banking sector is emphasized. But the banking sector of our country is already overburdened with huge amount of classified loans. Government tries to improve the situation. Mercantile Bank Limited was incorporated in Bangladesh as a Public Limited Company with limited liability under the Bank Companies Act 1991 on 20 May 1999 and commercial operation on June 1999. The Bank went for public issue of shares on in 2003 and its shares are listed with Dhaka Stock Exchange and Chittagong Stock Exchange.

1. 1. Origin of the Report:

This report has been prepared as a requirement of the internship program based upon the Mercantile Bank where my organization supervisor is Anjon Azad, senior executive officer, Dhanmondi Branch, Mercantile Bank Ltd. And my institution supervisor is Abdullah Mohammed Ibrahim Department of Business Administration, Northern University, Bangladesh. My institute supervisor duly approved the topic decided for doing the report. Since the

BBA program is an integrated, practical and theoretical method of learning, the students of the program are required to have practical exposure in any kind of business organization in last term of this course.

Page 2 of 53 1. 2. Background of the Report: Business world is becoming very much complex day by day. Without sufficient practical experience business become difficult and in some cases impossible. The whole world is moving because of Business relation. Business plays a very important role in developing economy of a country. So, in the business world practical experience is regarded as a media through home we have an acquaintance with the real world.

As a BBA program is integrated theoretical and practical method of teaching students of this program are required to have practical exposure in own different major discipline in the presiding years of their courses. I was authorized to prepare a report on General Banking Activities of Mercantile Bank Limited, for partial fulfillment of my course requirement. 1. 3. Objective of the Report: This paper is prepared with a view to highlight my three months period banking experience through the analysis of products and services available at Mercantile Bank. The objectives of this report are: To get an overall idea about Mercantile Bank. ? Gather potential knowledge about general banking of MBL. ? To show available product and services. ? To analysis the unique features of MBL. ? To identify the strength, weakness, opportunity and threats for MBL. ? To suggest ways of improving the service quality that accommodates a rapidly growing customer volume. Page 3 of 53

1. 4. Methodology of the study Data collection: Source of data of this report

can be divided into two categories: Primary source: The method of collecting primary data will be mostly limited to formal and informal interviewing.

I have planned to interview top level (in-charge of the division), mid level managers to gain insights of their ways of doing business. I understand that they are important and busy people. Therefore my interview schedule will be subject to their availability. Secondary source: As for collecting secondary information. I will review any and all related publication available to me such as Banks annual report, brochures etc. Moreover. I will also use the internet to visit bank's global website and other related web pages for any information related to my study.

### 1. 5. Scope of the report

I have worked as an internee in Mercantile Bank (Dhanmondi branch), which is one of the most successful banks in our country. When I was there I worked in different sections of this Bank. These were Account opening section, Collection & Clearing section, Cash section and accounts section. The main scope of this study is the findings regarding MBL's products & services availability & techniques. Many aspects of the operation & product diversification along with the production technology of MBL could be adopted by our planners to design our banking sector into a real effective one.

This report may act like a guide in revealing some of the important aspects of MBL.

### 1. 6. Limitation of the report

? Limitation of time was one of the most important factors that shortened the present study. Due to time limitation many aspects could not be discussed in the present study. ? Availability of critical information is crucial to my analysis. Some of the information can be deemed too confidential by the management, especially

the ones regarding corporate strategies, information on matrix system or credit scoring method and strategies they follow to hold its competitiveness in the market.

Hence, access to that information will be restricted, which may limit the scope of my analysis. As I had more dependencies on the primary sources, so there might be some level of inaccuracy with those collected information through adequate verification and crosschecking was used to minimize the error level. Page 5 of 53 A bank is a financial institution that accepts deposits and channels those deposits into lending activities. Banks primarily provide financial services to customers while enriching investors. Government restrictions on financial activities by banks vary over time and location.

Banks are important players in financial markets and offer services such as investment funds and loans. Banks borrow money by accepting funds deposited on current accounts, by accepting term deposits, and by issuing debt securities such as banknotes and bonds. Banks lend money by making advances to customers on current accounts, by making installment loans, and by investing in marketable debt securities and other forms of money lending. Banks provide almost all payment services, and a bank account is considered indispensable by most businesses, individuals and governments.

Banks borrow most funds from households and non-financial businesses, and lend most funds to households and nonfinancial businesses. 2. 1 Background of Mercantile Bank Limited (MBL) Banking system occupies an important place in a nation's economy. A banking institution is indispensable in a

modern society. It plays pivotal role in the economic development of a country. Against the background of liberalization of economic policies in Bangladesh, Mercantile Bank is a well known Bank in our country and the one, believe in „ service to client with efficiency?.

Within a short period of its operation the bank has already gained a confidence in the minds of its clients. The success is primarily attributed to bold decisionmaking, efficient and cordial services, economic use of resources and introduction of new financial products and technologies . The continued endeavors of the Management and Staff of the Bank under prudent guidance and timely support of the Board of Directors have substantially contributed to success of the Bank. Mercantile Bank Ltd. s committed to provide high quality services to its constituents through different financial products and profitable utilization of fund and contribute to the growth of GDP of the country by financing trade and commerce, helping industrialization, boosting export, creating employment opportunities for the educated youth and encouraging micro-credit leading to poverty alleviation and improving the quality of life of the people and thereby contributing to the overall socio-economic development of the country. During this short p of time the MBL has been successful to position itself as a progressive and dynamic financial institution in the ountry. The MBL has been widely acclaimed by the business community, from small entrepreneurs to large traders and industrial conglomerates, including the top rated corporate borrowers for forwarding-looking business outlook and innovative financing Page 6 of 53 solutions. Thus within this very short period of time it has been able to create an image for itself and has earned significant reputation in the

country? s Banking Sector as a bank with vision 2. 2 Vision: “ Would make finest corporate citizen” 2. 3 Mission 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 Objectives . Strategic Objectives To achieve positive Economic Value Added (EVA) each year. To be market leader in product innovation. To be one of the top three financial institutions in Bangladesh in terms of cost efficiency. To be one of the top five financial institutions in Bangladesh in terms of market share in all significant market segments we serve. . Financial Objectives To achieve a return on shareholders? equity of 20% or more, on average.

Core Values For customers: ? Providing with caring services by being innovative in the development of new banking products and services. For Shareholders: ? Maximizing wealth of the bank. For the employees: ? Respecting worth and dignity of individual employees devoting their earnings for the progress of the bank. Page 7 of 53 2. 5 Mercantile Bank at a Glance: Page 8 of 53 2. 6 Milestones in the development of the organization Page 9 of 53 2. 7 Management Structure of MBL The bank is proud to have exemplified the true concept as „ Banglar Bank?. The Bank launched several financial products and services since its inception.

Among them Page 10 of 53 3. 0 Overview of Dhanmondi Branch, of MBL. Mercantile Bank Ltd. Dhanmondi Branch started its journey since 1999. It is the 2nd branch from the establishment. This branch is the second largest branch also. This branch is situated in Dhanmondi, Road number 27, House name- Sima Blossoms, 1st floor. Recently this branch shifted to this new

office premises for providing better services to the customers. This branch is an authorized dealer of foreign exchange trade. The branch In-Charge is an Executive Vice President (EVP). Dhanmondi Branch is situated in a prime location of Dhanmondi area.

This is a busy and important area of Dhaka city. Mercantile Bank Dhanmondi Branch has a good reputation through the customers of Dhanmondi and some other nearest areas. The total number of accounts and other deposits schemes are increasing day by day. Customers are very satisfied with the services of this branch. As a result this branch has become an icon branch of this area. Mercantile Bank Dhanmondi Branch is working for strengthen the economy of the country.

3. 1 Departments of Dhanmondi Branch: Mercantile Bank Dhanmondi Branch has three main departments and it has some other sub departments also. A.

General Banking Department i. Account opening ii. Clearing iii. Cash iv. Card division etc. v. FDR B. Credit Department C. Foreign Exchange Department

Page 11 of 53 3. 2 MBL Dhanmondi Branch Hierarchy: Figure: MBL Dhanmondi Branch Hierarchy. At branch level all the decisions are taken by the branch manager. But rules and regulations are set at the Head Office. Branch manager has supreme power to final disbursement of the facility to the customer. Assistant vice president coordinates all the function of the branch as Manager-Operation. Executive Vice President (Branch) Manger (Branch)Manger )))))))))))Manager)

Vice President (Manager) Operation Assistant Vice President First Assistant Vice President Principal Officer Senior Executive Officer Executive Officer



Probationary Officer Assistant Officer Page 12 of 53 Figure: Depicts departments of the MBL MERCANTILE BANK LIMITED DHANMONDI BRANCH LIST OF EXECUTIVES & OFFICERS Total Number of Executives & Officers 47.

SL. NO	DESIGNATION	NUMBER OF OFFICERS
01	Executive vice precedent(EVP)	01
02	Vice precedent (VP)	01
03	First vice precedent (FVP)	01
04	Assistant vice Precedent (AVP)	02
05	First assistant vice precedent (FAVP)	05
06	Principal officer (PO)	03
07	Senior executive officer (SEO)	05
08	Executive officer (EO)	07
09	Probationary officer (Prob. Off)	02
10	Officer (OFF)	08
11	Assistant officer (AO)	07
12	Trane assistant officer (TAO)	05

Page 13 of 53 Dhanmondi Branch Sima Blossom House No. 390 (Old), 03 (New) Road No. 27 (Old), 16 (New) Dhanmondi R/A, Dhaka -1209 Phone : 9130500, 9142691 Mobile : 01755-500192 Fax : 88-02-8126768 HOB: Syed Ahmadul Karim, EVP 3. 3 Yearly profit performance of Dhanmondi Branch: ( BDT in million ) 2009 2010 2011 102. 91 123. 54 138. 89 Table – 17: Profit of Dhanmondi branch Fig – 10: Profit of Dhanmondi branch

Interpretation : The figure shows that the profit of the Dhanmondi branch in year 2009 is 102. 91 which increases at a higher rate in 2010 is 123. 54 and we follow on graph 2011 is profit 138. 89 million. Page 14 of 53 4. 0 Internship duties and responsibilities As partial requirement of BBA Program I get attached Mercantile Bank Ltd (MBL). To complete my internship program and it? s really a great opportunity for me to acquire practical knowledge and experiences from such a renowned bank. My internship period started at 1st March to 31 May 2012 in Bank ( Dhanmondi Branch).

In this time it was very important for me where practical experience gathered. Those 3 months of Internship program I have learned about general banking and especially emphasis on loan & advances on MBL (Dhanmondi Branch) 4. 1 Nature of the job The 3 months of my internship program I was required to learn various types of banking tasks, which assigned by the officers of different department. In this period I am working with all departments but in a major portion of time I spend in general banking departments . Reception is the department in which the first interaction between the customer and the bank takes place.

Since the first impression is the long lasting impression, the quality, customization and response time of this department is very important. Different types of activities are conducted here. My daily working hour started at 10: 00am as banking hour started and ends normally 6: 00pm or more. My daily task was as follows: ? Opening new accounts ? Issuing pay-order, ? Deliver ATM card, ? Issuance & Activation of ATM card, ? Providing Deposit book 4. 2 Opening new accounts: The relationship between the bank and its customer starts with opening an account. There are different types of accounts considering different customer types and requirements.

Savings account Current account Short Term Deposit (STD) account Fixed Deposit Receipt (FDR) account The following formalities must be completed by the customer of MTBL. ? Application on the prescribed form. Page 15 of 53 ? Furnishing photograph. ? Introduction by an account holder ? Transaction profile form ? KYC form ? Putting specimen signatures in the specimen card. ? Mandate if necessary. After fulfilling the above formalities,

SJIBL provides customers a pay in slip book and cheque book. 4. 3 Issuing pay-order: Pay order is always account payable.

At first, the applicant fill up the form than pays the amount of a Pay Order. At the same time, PO is used to send money within the clearing area only. When it will be posted than write in Pay Order Block correctly. 4. 4 Deliver ATM card: When issued a ATM card than inform the customer by phone call for receiving his/her ATM card with Pin no. 4. 5 Issuance & Activation of ATM card: When an applicant applies for an ATM card then it must be issued to ATM department. After issuing card when will it receive then after 24 hours it will be active. 4. 6 Providing Deposit book: A deposit slip is needed to deposit money in an account.

The customer service department provides deposit slip to the customer. 4. 7 Analysis of Data used in the office A bank has different types of statements where I analyzed some of the documents like list of statements of general banking division; Statement of General Banking Division: These is one kind of statement, which must be produced from the general banking division on a regular basis such as daily position statement, statement of affaire, income tax on Page 16 of 53 profit, VAT on banking service, VAT on LC etc. these statements are generally produced on daily, monthly, weekly basis 4. 8 Learning points

During my 3 months internship program I have learned different kinds of things which are as follows; 4. 9 New account opening system: There are different types of accounts considering different customer types and requirements. Savings A/C, Current A/C, Fixed Deposit (FDR), STD A/C. Being

fulfilled the above requirements; a new account is opened through the software “ Flora”. An ID is created for the account holder (In case of Individual? s account or Organization? s), or one ID each for each of a joint account. One person/organization can have only one ID using which he/it can have several accounts.

When created Customer ID then add amount of deposit, if it is current or saving then the introducer? s information also necessary. When giving all information properly then this record will be saved on software “ Flora” and a account serial number will be given 4. 10 Issue of new check book: Issues of check book have several steps. When a account is open then account holder receive a thanks letter. Then we verify his/her signature and issue a check book but its deferent criteria for a old account holder. He/she just give a requisition for a new check book if previous book is finished. . 11 ATM card: I also learned about how to a ATM card issue and how to active. First I prepare ATM form then verified the signature. After verification I send it to IT department for issuance. After issue ATM card I just send a activation letter on IT department after 24 hours then it will be active. Page 17 of 53 4. 12 Pay order In a pay order first the form should be fill up where it issued, amount of money, the name of client. After that the vat and commission will included. When received cash then the pay order block prepared where in front of the page in block letter “ NOT OVER .

TK ONLY” was written. 4. 13 KYC form competition KYC stands for Know Your Customers. In that form the clients full information? s are given like earning source, which documents they submitted for their identification, amount of

money deposited/withdraw in a month. 4. 14 Besides of these I have learned the following things ? During my internship in MTBL, I have learned how to maintain discipline. ? During my internship period, I found everybody follow strict timeout. Every employee enter the office at right time, or before the right time and also leave office at due time.

Nobody can leave office at least 6. 30pm. Every works perform in time. ? I have learned how to handle the customers in an efficient way and make a good relationship for office purpose. Page 18 of 53 5. 0 General Banking of mercantile Bank limited at Dhanmondi Branch General Banking is the heart of banking business. This is the primary and important department of a branch. Though it is a very complex process but the officers of Dhanmondi Branch? s are provides excellent service. For this the customers of this branch are very satisfied for operating their account in this branch.

Activities of General Banking Department In Dhanmondi Branch General Banking consists: ? Account Opening Section ? Deposit section ? Remittance Section Cash Section ? Clearing Section ? Accounts Section ? Check Book Issue Section ? Locker Section 5. 1 Account Opening Section Account opening is the gateway for clients to enter into business with bank. It is the foundation if banker customer relationship. By open account bank collect deposit form individual. And deposit is the lifeblood of Banking Business. Various rule and regulation Page 19 of 53 are maintained for open an account.

A customer can open different types of deposit account through this section. Such as, 1. Demand Deposit Account a) Current Deposit Account (CD A/C) b)

Savings Banks Account (SB A/C) 5. 1. 1 Current Deposit Account (CD A/C)  
While opening Current Deposit (CD) account, Branch shall follow detail procedures including KYC (Know Your Customer) as stated under “ General Procedure for opening Bank Account” Balance in Current Deposit Accounts is payable on demand and thus the A/C holder is allowed to deposit and withdraw any sum of money from his / her/ their account any time within transaction hours.

No interest is paid in Current Deposit Account. Persons / Concerns Eligible for Opening Current Deposit Account (CD A/C) Current Deposit Account is suitable for business transactions because of no restriction on withdrawal either in amount or frequency. Branch may open a Current Deposit Account in the name of:

- o Individuals
- o Two or more persons jointly
- o Sole Proprietorship
- o Partnership Firms
- o Limited Companies (Both Public and Privet)
- o Societies / Clubs / Associations
- o Govt. / Semi Govt. Offices / Corporations
- o Others ?

Introduction of Current Deposit Account

Bank, for opening of new CD account may accept introduction from another CD / STD / SB account holder having prolonged relationship with the bank and track of satisfactory transactions. Introduction by a reputed person of the locality is also acceptable. ? Initial and Minimum Deposit for Current Deposit Account Page 20 of 53 New Current Deposit Account is to be opened minimum deposit of BDT 5, 000 in Urban Branch and BDT 2, 000 in Rural Branch, which will be treated as minimum balance in respective account and balance should preferably be maintained always.

Branch shall recover Commitment Fees @ BDT 500 from CD A/C twice a year, provided it does not run below the minimum balance at any time for any reason whatsoever. a) Savings Bank Account (SB A/C) This account has been designed and developed for individual savers and as such it is not usually suitable for business concerns as there are restriction of withdrawal in both amount and frequency. Savings Account may be opened in the name of: Individual Two or more individual (joint) who are not partners Clubs / Societies / Association / non-profit organization.

Introduction: Savings A/C may be introduced by a running CD / STD / SB Account holder, who have sufficient balance and satisfactory transaction in the accounts. Banks Officials may introduce SB Accounts mentioning their power of Attorney (PA) provided they know the person very well. The branch, while opening a savings A/C, shall follow detail procedure including KYC formalities embodied in the “ General Procedure for opening Bank Account”

5. 1. 2 Initial Deposit: For savings Bank account in Urban Areas is BDT 1, 000 and in Rural Areas is BDT 500. Interest

In savings A/C shall be paid on daily product basis but no interest in savings account is payable for the month if balance in the account falls below BDT 10, 000 on any day during the month. Besides above, interest shall not be paid in SB A/C for the particular month, when withdrawal in account is more than twice in a week or amount withdrawn in a single cheque exceeds 25% of balance of the account. 5. 1. 3 Time Deposit Account a) Short Term Deposit (STD) b) Fixed Deposit Reset (FDR) c) Scheme Deposit Accounts

Page 21 of 53 Double Benefit Deposit Scheme (DBDS) Family Maintenance Deposit (FMD) Monthly Savings Scheme (MSS)

Quarterly Benefit Deposit Scheme 1. 5 Times Benefit Deposit Scheme Advance Benefit Deposit Scheme (ABDS) N: B: Savings Banks Account (SB A/C) is also taking a time deposit account. a) Short term Deposit (STD) A/C STD A/C is middle in CD & SB A/C. By this, Account holder can make transaction in his / her wish as a current account but he or she gets some interest. The rate of interest is 5% per annual. This interest is paid on daily basis. Initial deposit for opening STD A/C is BDT 50, 000. In STD A/C maintained average balance 1 lac. If it is not maintained in any month of the year then no interest is provide in this month of this year. ) Fixed Deposit Rate (FDR) Opening FDR A/C: Bank opens FDR who is Bangladeshi Citizen. And the minimum amount is BDT 10, 000. Bank provides a FDR form, Customer need to fill up this form properly. Than the in charge officer check the form properly, main things is Date and Amount, Maturity Date, Interest Rate, Source of Fund, Customer Signature and one copy passport size photograph of both account holder and nominee etc. Interest rate Maturity Interest Rate 12 Month and Above 11. 50 % 6 Month 11. 50 % 3 Month 9. 50 % Page 22 of 53 Page 23 of 53 5. 2 Rules of Opening an Account

Now-a-days under the strict monitoring of Bangladesh Bank, there are several criteria that a client must fulfill as he/she/an organization wishes to open an account. The basic criteria are discussed below: ? Account Opening Form (AOF) duly filled & signed ? Signature cards properly signed ? Applicant introduced by an authorized person such as account holder or employee of



MTBL or by a respectable person acceptable to the bank ? Two copies of passport sized photographs which are attested by the introducer ? Name of nominee written and photograph of the nominee(s) attested by the applicant Photocopy of passport (attested) or photocopy of National ID card or letter of introduction by the employer or certificate issued by chairman of Union Parishad or Ward commissioner ? TIN (if available) ? Customer transaction profile form properly filled in and signed. ? Apart from proof of identify branch must also obtain proof address to confirm if customers address is genuine. Although this verification partly done through “ Thanks Letter”. ? KYC profile form (properly filled in, signed and approved) for high net worth customers falling under the following criteria: ) New customers whose initial deposit is more than Tk. 50. 00 lac (initial means within one month of A/C opening) ii) Existing customers whose total AUM (Asset under Management) grow to more than Tk. 50 lack for three consecutive months. 5. 2. 1 In The Name of Individual The client has to fill up an account opening form. Terms and conditions are printed on the back of the form. The form contains the declaration clause, special instructions etc. two copies of passport size photograph duly attested by the introducer are affixed with the form. Page 24 of 53 5. 2. In Joint Name In this type, the formality is same as individual account, but in the special instruction clause, either or „ survivor? or „ former or survivor? clause is marked. 5. 2. 3 Proprietorship In addition the customer has to submit the valid Trade License and Tax Paying Identification Number (TIN) along with the application. 5. 2. 4 Partnership In case of partnership account, the bank asks for, ? A copy of the partnership agreement (Partnership Deed) ? A letter signed by all the partners containing

the following particulars. ? The name and addresses of all partners The nature of the firm? s business ? The name of the partner authorized to operate the account in the name of the firm, including the authority to draw, endorse and accepting the bills and mortgage and sell the properties belonging to the firm. 5. 2. 5 Limited Company On having the desire to open an account from a limited company, an MTBL Bank Officer asks for the following documents: ? Registration Certificate from the Registrar of Joint Stock of Companies ? Certificate of Incorporation ? Certificate of Commencement of Business ? Memorandum of Association ? Articles of Association Copies of Annual Accounts ? Copies of the Board? s resolution, which contains a). The name of the persons who have been authorized to operate the bank account on behalf of the company. b). The name of the persons who are authorized to execute documents with the bank on company? s behalf. 5. 2. 6 Societies, Clubs and Associations In case of these sorts of accounts MTBL requires the following documents: ? Registration Certificate under the Societies Registration Act, 1962 ? Copies of Memorandum, Articles of Association ? Resolution of the Managing Committee. Page 25 of 53 Power of Attorney to Borrow 5. 2. 7 Non-Government Organization (NGO) The account opening procedure is same but in exception is that the Registration Certificate from the Social Welfare Department of Government must be enclosed with the application. 5. 3 Closing Bank Account: Customers may request the branch to close his or her account at any time. Again, the bank or the branch without such request may, by force, close the account of its customer on legitimate grounds

procedure for closing accounts in such cases are as under: A. Closing of bank account at customers request:

On receipt of customers written application for closing his or her account, authorized official shall (i) ascertain its genuineness through verification of signature on the letter of request (ii) obtain approval of head of branch or manager operation to this effect in collect are unused check leaf from the accountholder to destroy (iv) realize specify amount of closing charge and government duty and other dues from the account The branch, however before closing any account shall up to date interest at prevailing rate in the account of the customer after recovering his or her charges with the bank or govt.

B. Forced Closing of Bank Account: Branch at its discretion can closed any account office customer if it is not operated as per banks norm. in such situation, it shall serve a written notice under signature of head of the branch and manager operation to the customer which request tio closed the account within specified time. If the customer does not turn up in the time the branch shall close the account and send him or her a payment order with balance amount of his or her account by registered mail under a covering letter signed by head of the branch. 5. 4 Payment Order (PO):

A Pay Order, similar to a banker's cheque is also payable locally, the only difference is that in case of a pay order, the bank is directing the payee bank to pay the amount mentioned on the pay order to the person/organization so mentioned or his order, i. e. any other person/organization. Both pay orders and demand drafts are used by individuals to make transfer payments from

one bank account to another. The main difference between the two Page 26 of 53 is that while a demand draft is a written order directing the payment to be made to a third party outside your city, a pay order is drawn for the third party within your city. . 4. 1 Issue of pay Order: For issuing pay order branch shall receive from applicant i) Prescribed application form duly filled in and signed and (ii) required amount of cash /cheque. on receipt of above , branch shall issue PO in the name of the person or organization specified in the application form amount of PO is to be written further on middle top of pay order ship in block figure in addition to writing of the amount in words and figure in the space provided for on the instrument Branch shall create the following entries while issuing pay order against cash or claue or both Debt cash or purchaser account with claue ? Credit bills payable pay order issue ? Credit income account – commission ? Credit vat on banking service 5. 5 Issue of Cheque Book: While issue 1st cheque book to a new customer, branch shall use prescribe fresh printed cheque requesting from properly fill in and signed by the account holder or authorized name and signature. And make sure that no document or information is pending. While bank issuing a cheque book shall observe required formalities in three areas as under: Area 1- (In cheque requisition slip or application) A.

Verify signature and particular appearing on the application for requisition B. Put his or her initial makes to the signature of the account holder as a prove of verification C. Note down series number of new cheque book in the specific space Area 2- (In cheque book) A. Take out a new cheque book from running stock. B. Make sure that all leaf, including requisition slip inserted within the book are intact Page 27 of 53 C. Write down the title of account

and account number on the cover page, requisition slip and account number on the cheque leaf D. Affix seal with name of the branch on each leaf of the cheque books.

E. Put initial on given space at right hand top corner of each cheque leaf

Area 3- (In cheque issue register) A. Enter name of the account holder, account number & series number of the particular cheque book in the specified space B. Put his or her initial in relevant column of requisition from

to authenticate the entries After completion of all the above formalities authorized official of the branch shall submit the cheque book together with cheque requisition slip as well as the cheque issue register duly prepared and failed in to the head of the branch manager for further verification and authentication.

. 6 Locker Facilities: MBL locker service allows the customers to keep their valuable in a safe and secure place and access their at customer? s convenient times. These strong and heat resistant steel lockers lodged in reinforced concrete steel vault, round the clock security guards, sophisticated anti- burglary alarm system provide maximum protection to the valuables of customers. The service charge is yearly Tk. 1500. Condition: ? An application form must be filled up for gate locker. ? Applicant must have a saving Account. ? 2 copies of PP size photographs of the Applicant. 1 copy of PP size photographs of nominee. ? Yearly charge must be paid in advance. ? Security money is refundable at the time of closing. Page 28 of 53

5. 7 Cash & Computer Section: The cash section of MBL deals with all types of negotiable instruments, cash and other instruments and treated as a sensitive section of the bank. It includes the vault, which is used as the store of cash, instruments. If the cash stock goes

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beyond this limit, the excess cash is then transferred to Bangladesh Bank. Keys to the room are kept under control of cash officer and branch in charge.

The amount of opening cash balance is entered into a register. After whole days' transaction, the surplus money remains in the cash counter is put back in the vault and known as the closing balance. Money is received and paid in this section. Functions of this Section are: ? Receiving cash ? Paying cash ?

Issuing vouchers ? Making Proper entries in the ledgers

5. 7. 1 Cash Receipt: ? At first the depositors fill up the Deposit in Slip. There are two

types of deposit in slip in this branch. One for saving account and another for

current account. ? After filling the required deposit in slip, depositor deposits

the money. Officers at the cash counter receives the money, count it, enter

the amount of money in the scroll register kept at the counter, seal the

deposit in slip and sign on it with date. ? Then this slip is passed to another

officer who enters the scroll number given by the cash counter in his/her

register along with the amount of the money, sign the slip and keep the

banks' part of the slip. Other part is given to the depositor. ? All deposits of

saving account are maintained by one officer and other accounts by another

officer. Page 29 of 53

5. 7. 2 Cash Payment: First of the entire client comes

to the counter with the check and give it to the officer in charge there. The

officer checks whether there are two signatures on the back of the cheque

and checks his balance in the computer. After that the officer will give it to

the cash in charge. ? Then the cash in charge verifies the signature from the

signature card and permits the officer in computer to debit the client's

account by giving posting. A posted seal with teller number is given ? Then

the cheque is given to the teller person and he after checking everything

asks the drawer to give another signature on the back of the cheque. If the signature matches with the one given previously then the teller will make payment keeping the paying cheque with him while writing the denomination on the back of the cheque. ? If the instrument is free of all kind of error the respected officer will ask the bearer to sign on the back of it. ? He will then put his/her initial beside the bearers' signature. S/he will also sign it on its face, will write down the amount by red pen and will put on a scroll number from his/her scroll register. ? Then the cheque will be sent to the cash counter. At the cash counter bearer will be asked again to sign on the back of the instrument. The cash officer will then enter the scroll number in his/her register and will pay the money to the bearer. ? At the end of the day these scroll numbers of the registers will be compared to ensure the correctness of the entries. Page 30 of 53

### 5. 8 Clearing Section

When a customer of Mercantile Bank Limited presents an instrument drawn on other bank for collection, the instrument is collected through clearing house of Bangladesh Bank. Mercantile Bank Limited, Local Office takes part in the clearing function on behalf of fifteen branches of Mercantile Bank Limited; functioning inside or outside of Dhaka city.

The instruments are sent to those banks through clearing arrangement. Every day two houses are arranged; one in the morning and another in the evening. The evening house is known as return house. Everyday instruments drawn on different banks are sent to the clearing section of Local Office from those fifteen branches. The function of the clearing department can be divided into two parts. ? Inward Clearing ? Outward Clearing

### 5. 9 Bills Section

Customers of Mercantile Bank Limited, Local Office submit many instruments

in the bills section for collection. Bills section plays a vital role in collecting these bills.

The bills submitted for collection can be divided into two categories. 5. 10 FDR & BCD section These are deposits, which are made with the bank for a fixed period specified in advance. The bank needs not to maintain cash reserve against these deposits and therefore, bank gives high rate of interest on such deposits. A FDR is issued to the depositor acknowledging receipt of the sum of money mentioned therein. It also contains the rate of interest and the date on which the deposit will fall due for payment. Page 31 of 53 5. 11

Procedure of Opening Fixed Deposit Account:

Before opening a Fixed Deposit Account a customer has to fill up an application form which contains the followings: a) Amount in figures b) Beneficiary's name and address c) Period d) Rate of interest e) Date of issue f) Date of maturity g) How the account will be operated ( singly or jointly) h) Signature(s) i) F. D. R. no. j) Special instructions (if any) After fulfilling the above information and depositing the amount, FDR account is opened and a FDR receipt is issued and it is recorded in the FDR Register which contains the following information: a) FDR account no. b) FDR (Fixed Deposit Receipt) no. c) Name of the FDR holder with address ) Maturity period e) Maturity date f) Interest rate 5. 12 Payment of Interest: In case of Fixed Deposit Account the bank does not have to maintain a cash reserve. So Mercantile Bank Limited offers a high interest rate in Fixed Deposit accounts. It is usually paid on maturity of the fixed deposit. NCCBL calculates interest at each maturity date and provision is made on that “ Miscellaneous creditor



expenditure payable accounts” is debited for the accrued interest. Page 32 of 53

5. 13 Interest Rate Rate of Interest varies depending on the period of maturity date. Duration Rate of Interest 3 months 9. 00-9. 25% 6 months 9. 5-9. 50% 12 months 9. 75-10. 50% 24 months 10. 25-11. 25% 36 months 10. 75-11. 50%

Table 4: Interest Rate of MBL

5. 14 Renewal of FDR: The FDR becomes automatically renewed for like periods and amounts, unless this are withdrawn by the depositor or, the bank notifies the depositor in writing at least 15 days in advance of the original Or, any renewed maturity date (s) of its desire to terminate the account or change any term and condition of the account. Page 33 of 53

6. 1 Customer Satisfaction Level of MBL Dhanmondi Branch During the Internship I worked in general banking activities of Mercantile Bank Ltd.

And learned about the process of opening bank account, and different types of process. When I worked in general banking desk I was also placed in customer relation desk. By working in customer relations desk I observed that there was lack of services they provide to customers. That? s why customers are not fully satisfied. So I developed a questionnaire to measure the service quality and customer satisfaction of MBL. In this I have used primary data to analysis level of customer satisfaction on MBL. I collected data from survey through questionnaire; 30 respondents participated in this survey.

After collecting data I used SPSS software to get an output which represents the level of customer satisfaction of MBL Dhanmondi Branch. 6. 2 Mercantile Bank uses Modern Equipment. Figure no. 6. 1. 1 This figure shows that the

neutral response of the customer is 14. On the other hand the agree respondent is 11 and disagree respondent is 5. Most of the clients represent their opinion neutral. So MBL Dhanmondi Branch should increase their technology based services for customers. Page 34 of 53 6. 3 MBL provides services which is not provided by other bank Figure no. 6. 1. 2

In this above figure, most of the respondents represent their opinion neutral statement. So MBL should improve their service to satisfy customer needs and demands. Page 35 of 53 6. 4 MBL has friendly environment Figure no. 6. 1. 3 This figure shows that the neutral response of the customer is 10. On the other hand the agree respondent is 14 and disagree respondent is 4 and strongly agree respondent is 2. most of the respondents represent agree with this statement. So the customers are satisfied with the environment of Dhanmondi Branch of MBL. Page 36 of 53 6. 5 Customer of MBL feels secure transaction. Figure no. . 1. 4 In this above figure, most of the respondents represent agreed with this statement. So the customer feels secure transaction with Dhanmondi branch. Page 37 of 53 6. 6 MBL provides prompt service to customer. Figure no. 6. 1. 5 This figure shows that the neutral response of the customer is 12. On the other hand the agree respondent is 1 and disagree respondent is 17. Most of the respondents represent disagree with this statement. So the customers are not satisfied with the promptness of employee at Dhanmondi Branch of MBL. Page 38 of 53 6. 7 Employees of MBL show sincerity when customers face problem.

Figure no. 6. 1. 6 In this above figure, most of the respondents represent disagree with this statement. So, Employees of MBL should increase their

sincerity. Page 39 of 53 6. 8 Are you satisfied with the service of MBL? Figure no. 6. 1. 7 In this above figure, most of the respondents represent their opinion neutral statement. So MBL should improve their services to satisfy customer needs and demands. Page 40 of 53 6. 9 Employees of MBL show equal importance to every customer. Figure no. 6. 1. 8 In this above figure, most of the respondents represent their opinion neutral statement.

So Employees of MBL should give priority equally to every customer. Page 41 of 53 6. 10 The process of getting service is easy. The process of getting service is easy disagree neutral agree Frequency 20 10 0 16 5 9 Figure no. 6. 1. 9 This figure shows that the neutral response of the customer is 5. On the other hand the agree respondent is 16 and disagree respondent is 9. most of the respondents represent agree with this statement. So the customers are satisfied with the service delivery of Dhanmondi Branch of MBL. Page 42 of 53 6. 11 Employees of MBL understand specific needs of customer. Figure no. 6. 1. 10

In this above figure, most of the respondents represent neutral with this statement. So, employees of MBL should give extra emphasis to understand customer needs. Page 43 of 53 6. 12 Are you totally satisfied with the quality of service of MBL? Figure no. 6. 1. 11 In this above figure, most of the respondents represent neutral with this statement. So employees of MBL should increase their service quality. The 16 number of question show that most of the customer choose MBL for its higher interest rate and branching confinement place Most of the respondent were female the age distance between them is 20 -34 Page 44 of 53

SWOT Analysis: Condition of scheme through SWOT Analysis: Manager should consider several factors when assessing an organizations SWOT analysis presented by extensive competitive environments. Once the strengths, weakness, opportunities and threats have been identified, the management team is then in a position to complete the SWOT analysis by drawing a conclusion about the attractiveness (or unattractiveness) of the organization? s current situation and the need for strategic action. Strengths: ? The customer can draw whole amount of money at a time. ? Terms and conditions are comparatively low. Huge demand from the customer side. ? In case of loan, the interest is comparatively low. ? On-line banking facilities. ? Provides highest interest rate Strong and experienced for level management. ? They have strong reputation in the market. That means they have a brand image. ? MBL has already achieved a goodwill among the clients that? s helps it to retain valuable clients. Page 45 of 53 Weaknesses: ? MTBL has lack of ATM booth. ? Credit proposal evaluation process lengthy. ? Sometimes untrained employee operates the banking activities. ? No substantive use of annual confidential report to reward or to punish Employee.

Hence employee becomes in efficient. ? Some untrained employee operates the banking activities. ? The web site of MBL is not more organized, for that some latest data we cannot collect from the web site. ? The relationship between employees is not very satisfied. But it is very essential for an organization. Opportunities: ? Regulatory environment favoring private sector development ? Wide banking network ? The bank provides the better customer service. ? MBL can use this opportunity to train their employees in

specific area ? Low service charge and commission than other Bank. To expand the branch Network overall the country. Threats: ? Increased competition in the market for public deposit ? Bangladesh bank sometimes requires private commercial banks to be abide by such rules and regulation which is not suitable every commercial bank. ? Political instability may hamper the environment of the business society. ? Borrowers are having the tendency to be the defaulter. ? Competitors are arising day-by-day. Page 46 of 53

7. 1 Conclusion: From my practical experience, I have reached a concrete conclusion on Mercantile Bank Limited Dhanmondi Branch in a very confident way.

I believe that my realization will be in harmony with most of the banking thinkers. It is quite evident that to build up an effective and efficient banking system to the highest desire level computerized transaction is must. The performance of a Banks today competitive business is important. Just few years ago the number of bank was very small. So the competition was not a strong as its today. Things have changed with the emergence of many new banks now the Customers have option to take the one that the best so the current banking business scenario is simply highly competitive.

The performance of Mercantile Bank Limited during the Last twelve years has proved that with strong desire and will power one achieve whatever target he may have. Almost all the leading banks in our country have various Extra facilities in offer for the customers in comparison with other Banks but MBL has succeed in achieving more customer than other competitors. This has been possible only because of strong customer relation and excellent

customer service . For Bank general banking is hearts . MBL has emerged as the pioneer of playing key role in the country. Page 47 of 53 7. 2  
Recommendation:

The Mercantile Bank Limited has achieved success in all sectors and ended up with the highest ever-operating profit, which is much higher than that of preceding year. The profound achievement has been possible because of the able leadership, dedicated and committed service provided by all levels of management and staff and above all the trust and confidence that our valued client had reposed in us. For Mercantile Bank, the days ahead will see this institution to achieve greater highest of glory. The bank should develop their communication between employee and customer. The decision making process should be more fast.

Internal control system should be improved so as to increase the branch productivity. Physical and technological facilities should increase in evaluating credit proposals and also in monitoring the recovery of advances. Experienced and expert personnel should be kept within the banks by considering the goal congruence, which will lead to a quality selection of clients in lending money. Decision making authority should be decentralized to some extent to expedite the lending procedure. The Mercantile Bank Limited has provision for internship program, but it is not well organized.

Although the officials are very careful and co-operative with the interns, the authority should be more structured. The bank really uses the Internship program to their advantage by rearranging the whole procedure. Now a day's world is going very fast. Now most of the banks provide online customer

service system. So, in order to compete in the world market they should adopt online banking system. One of the business strategies is promotion. Successful business depends how they can promote their products or services to the customer. To improve the business status, the bank should introduce more promotional programs.

The products of deposit and investment should be more diversified and modern. Page 48 of 53

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Valarie (2005), “ Services Marketing”, 4th edition, TATA McGraw Hill Edition, New Delhi, India, Chapter: 1, 12 (pp 22, 26, 27, 60, 62, 355, 366). Page 49 of 53 Mercantile Bank uses Modern Equipment. Frequency Percent Valid Percent Cumulative Percent Valid Disagree 5 16. 7 16. 7 16. 7 Neutral 14 46. 7 46. 7 63. 3 Agree 11 36. 7 36. 7 100. 0 Total 30 100. 0 100. 0 MBL provides services which is not provided by other bank Frequency Percent Valid Percent Cumulative Percent Valid Disagree 3 10. 0 10. 0 10. 0 Neutral 14 46. 7 46. 7 56. 7 Agree 13 43. 3 43. 3 100. 0 Total 30 100. 0 100. 0 MBL has friendly environment Frequency Percent Valid Percent Cumulative Percent Valid Disagree 4 13. 3 13. 3 13. 3 Neutral 10 33. 3 33. 3 46. 7 Agree 14 46. 7 46. 7 93. 3 Strongly agree 2 6. 7 6. 7 100. 0 Total 30 100. 0 100. 0 Customer of MBL feels secure transaction. Page 50 of 53 Frequency Percent Valid Percent Cumulative Percent Valid Disagree 4 13. 3 13. 3 13. 3 Neutral 7 23. 3 23. 3 36. 7 Agree 18 60. 0 60. 0 96. 7 Strongly agree 1 3. 3 3. 3 100. 0 Total 30 100. 0 100. 0 MBL provides prompt service to customer.

Frequency Percent Valid Percent Cumulative Percent Valid Disagree 17 56. 7 56. 7 56. 7 Neutral 12 40. 0 40. 0 96. 7 Agree 1 3. 3 3. 3 100. 0 Total 30 100. 0 100. 0 Employees of MBL show sincerity when customers face problem. Frequency Percent Valid Percent Cumulative Percent Valid Strongly disagree 2 6. 7 6. 7 6. 7 Disagree 13 43. 3 43. 3 50. 0 Neutral 12 40. 0 40. 0 90. 0 Agree 3 10. 0 10. 0 100. 0 Total 30 100. 0 100. 0 Are you Satisfied with the service of MBL? Frequency Percent Valid Percent Cumulative Percent Valid Strongly disagree 2 6. 7 6. 7 6. 7 Disagree 8 26. 7 26. 7 33. 3 Neutral 13 43. 3 43. 3 76. 7 Agree 7 23. 3 23. 3 100. 0 Total 30 100. 0 100. 0 Page 51 of 53 Employees of MBL show equal importance to every customer. Frequency



Percent Valid Percent Cumulative Percent Valid Strongly disagree 1 3. 3 3. 3  
 3. 3 Disagree 10 33. 3 33. 3 36. 7 Neutral 18 60. 0 60. 0 96. 7 Agree 1 3. 3 3.  
 3 100. 0 Total 30 100. 0 100. 0 The process of getting service is easy.

Frequency Percent Valid Percent Cumulative Percent Valid Disagree 9 30. 0  
 30. 0 30. 0 Neutral 5 16. 7 16. 7 46. 7 Agree 16 53. 3 53. 3 100. 0 Total 30  
 100. 0 100. 0 Employees of MBL understand specific needs of customer.  
 Frequency Percent Valid Percent Cumulative Percent

Valid Disagree 7 23. 3 23. 3 23. 3 Neutral 13 43. 3 43. 3 66. 7 Agree 10 33. 3  
 33. 3 100. 0 Total 30 100. 0 100. 0 Are you totally satisfied with the quality  
 of service of MBL? Frequency Percent Valid Percent Cumulative Percent Valid  
 Strongly disagree 2 6. 7 6. 7 6. 7 Disagree 9 30. 0 30. 0 36. 7 Neutral 14 46.  
 7 46. 7 83. 3 Agree 5 16. 7 16. 7 100. 0 Total 30 100. 0 100. 0 Page 52 of 53

Questionnaire for customer Satisfactions Level of MBL Dhanmondi Branch  
 Dear sir or Madam: This is a questionnaire from Northern University  
 Bangladesh to collect data on Customer Satisfactions of “ Mercantile Bank  
 Limited at Dhanmondi Branch”.

All the data will be used for academic purposes and will be kept confidential.  
 Please read the following statements which some people agree with and  
 some do not. I would like to know whether you strongly agree(SA), Agree(A),  
 Neutral(N), Disagree(D), or strongly disagree(SD) with each statement. There  
 is no right or wrong answers. Please circle (0) the number that represents  
 your opinion most correctly. SL. Measurement Scale SA A N D SD 01  
 Mercantile Bank use modern Equipment. 5 4 3 2 1 02 MBL provides service  
 which is not provided by other bank. 5 4 3 2 1 03 MBL has friendly

Environment. 5 4 3 2 1 04 Customer of MBL feel & Secure transaction. 4 3 2  
 1 05 MBL giving prompt service to customer. 5 4 3 2 1 06 Mercantile bank  
 Service is better than other Bank. 5 4 3 2 1 07 Employees of MBL show  
 sincere when customer face problem. 5 4 3 2 1 08 Are you satisfying the  
 service of MBL? 5 4 3 2 1 09 Employee of MBL show equal importance to  
 every customer 5 4 3 2 1 10 The process of getting services is easy. 5 4 3 2  
 1 11 Employee of MBL is very helpful. 5 4 3 2 1 12 Employee of MBL  
 understand specific need of customers. 5 4 3 2 1 13 The knowledge of the  
 bank? s personnel in answering customer questions properly. 5 4 3 2 1 Page  
 53 of 53 14 MBL having convenient operating hours. 4 3 2 1 15 Overall I am  
 satisfied with quality of service of the Mercantile bank. 5 4 3 2 1 16. Why you  
 choose MBL for your transaction:

.....  
 .....  
 .....  
 .....

Personal Information Gender: A. Male B. Female Age: A. 12-19 B. 20-34 C.  
 35-39 D. 40-49 E. 50-above Profession: i) Student ii) Business iii)Teacheriv)  
 Service Holder v) Other..... Income: i) less than 5000 ii) 10000-25000 iii)  
 25000-40000 iv) 40000-60000 v) 60000-80000 vi) above 80000 Contact Info:  
 Address: Mob: