

Report on investments of export import bank bangladesh limited assignment

[Economics](#)



**ASSIGN
BUSTER**

1. 1 Background of the report After completing two semesters at University of Dhaka, under the Master of Business Administration Curriculum, Mohammad Maruf Islam, author of this report was placed in Export Import Bank of Bangladesh Limited, Shimrail Branch, Shiddirgonj, Narayangonj by the Human Resources Division of EXIM Bank Ltd. as part of the internship program requirement. This report is prepared for the internship program consisting of a major in depth study of the “ General Banking Activities of EXIM Bank Limited”. The internship program exercises a significant importance as it enables a student o familiar with the practical business activities. The students work closing with the people of an organization and learn about the function of that organization. This program enables a student to develop his analytical skill and scholastic aptitude. Students are required to prepare an internship report under the guidance of supervising teachers on a selected subject matter to highlighting his experience and to conduct an in depth analysis on the subject matter. I have tried my level best to present my experience of the practical orientation in this report. 1 Chapter One Chapter One

Introduction Introduction 1. 2 Statement of the problem Students of MBA program of University of Dhaka are required to undergo an internship program at the end of the final semester. As part of the program, I was placed in EXIM Bank Ltd. Shimrail Branch, Shiddirgonj, Narayangonj for a period of 3 months as an internee. This internship is an orientation to the entire working activities of EXIM Bank Ltd. and a study on operational activities that I can make detail research and present my understanding in the report. From this perspective, on completion of 3 months internship

program, I have prepared this report. I highly appreciate this assignment and to do hope that it will play a great role in building my future career. The title of my internship report is “ General Banking Activities of EXIM Bank Ltd. ” 1.

3 Objective of the study The internship program, designed to provide the MBA students with an opportunities to obtain on the job training, aims at bringing together the two facts of learning the theoretical and practical.

While conducting the study, certain aims should be fulfilled which I believe as the objectives of the study. These are as follows: – ? General Objectives

The general objective of this report is to fulfill the requirement of internship report.

- To acquire practical experience in different banking services of EXIM Bank.

2 ? Specific Objectives

- To gather knowledge about the transaction of different department of the branch especially in general banking

- department.
- To know about the conventional banking and their operation.

- To know about the Islamic banking and their operation.
- The problem-prospects of Islamic bank.
- To study existing banker-customer relationship.

- To identify the problems of financing by EXIM Bank Limited. To familiar with banking environment, clients, working hours, values, conditions and other things related to bank
- To understand the real management situation and to gather practical knowledge.

- To analyze the financing system of the bank

and to have greater contribution towards country's economy

1. 4 Limitations

of the study There is a certain boundary to cover this study. To achieve the objective of the study, i. e. through knowledge about the organizational

function specially General banking Activities of EXIM Bank Ltd. It was not

possible due to shortage of time o cover each and every activity performed

by the bank. So the study has covered only the General banking Activities of

EXIM Bank Limited. Like any other articles and theories, this study is not free from limitations. I have tried my level best to overcome these limitations through extensive study, hard and sincere devotion to the assigned duty.

The major limitations are: 3 •I complete my internship in a small town branch, Shimrail branch. So I don't get the proper information which I need. •The bank personnel and officials were very busy with their occupational activities.

Hence it was little bit difficult for them to help within their high schedule.

- Time is an important issue in report writing. As I have been given a specific dead Line for submission, observation and learning all the banking operation within three month and also to prepare the report all along which is really tough.
- Relevant data and document collection were difficult due to the organization confidentiality.
- Non availability of data in a systematic way.
- Not enough data of year 2006 was available as the bank's annual report of 2006 was not published at the time of preparing this report

Lack of fund – A study for any purpose requires a minimum amount to the investigator or the researcher. But in this case the student had to pay for almost all expenses starting from stationary transportation communication to the printing of the paper. •Shortage of written material In spite of all these limitations I have tried to put the best effort as far as possible. 4 2. 1 Variables Covered To

complete this report I have followed a systematic study which include working, inspecting and talking to the executives at different levels of the rganization to know the present scenario of the banking practice. Population: All the branches of EXIM Bank Limited in Bangladesh have been taken into consideration as the population of this report. Sample: EXIM Bank limited;

<https://assignbuster.com/report-on-investments-of-export-import-bank-bangladesh-limited-assignment/>

Shimrail Branch has been selected as a sample of this study. 2. 2 Methods of collecting data: The information incorporated in this report has been gathered from primary and secondary sources. Apart from this, a review of related circular and office circular as well as face-to-face interview of the executives, officials and clients were carried out. Primary Sources: Face-to-face conversation with the respective officers and staff of the Branch. ? Informal conversation with the clients. ? Relevant file and documents study as provided by the concerned officers. 5 Chapter Two Chapter Two Methodology Methodology ? Practical work exposures from the different desks of the department of the branch. Secondary Sources: ? Unpublished data received from the branch. ? Annual Report of 2005. ? Banks record. ? Different papers of the bank. ? Various books, periodical seminar papers, training papers, manuals, web site etc. related to the topic. ? www.eximbankbd.com. Web Sites of Bangladesh Bank, Islamic Development Bank, IBBL, etc. 2. 3 Presentation of data This report is an exploratory and descriptive one in nature and involved with both oral and written source of data in being used and has been administered by collecting both primary and secondary data. Personal interview through oral non-questionnaire technique is being used in this report. 6 3. 1 Historical Background EXIM Bank Limited was established under the rules & regulations of Bangladesh Bank & The Bank Companies' Act 1991, on the 3rd August 1999 with the leadership of Late Mr. Shahjahan Kabir, founder chairman who had a long dream of floating a commercial bank which would contribute to the social-economic development of our country. He had a long experience as a good banker. A group of highly qualified and successful entrepreneurs joined their

hands with the founder chairman to materialize his dream. In deed, all of them proved themselves in their respective business as most successful star with their endeavor, intelligence, hard working and talent entrepreneur.

Among them, Mr.

Nazrul Islam Mazumder became the honorable chairman after the demise of the honorable founder chairman. Of its very beginning, EXIM Bank Bangladesh limited was known as BEXIM Bank, which stands for Bangladesh Export Import Bank Limited. But for some legal constraints the bank renamed as EXIM Bank, which means Export Import Bank Of Bangladesh Limited. The bank starts its functioning from 3rd August 1999 with Mr. Alamgir Kabir, FCA as the advisor and Mr. Mohammad Lakiotullah as the Managing Director. 7 Chapter Three Chapter Three Company Profiles Company Profiles

Both of them have long experience in the financial sector of our country. By their pragmatic decision and management directives in the operational activities, this bank has earned a secured and distinctive position in the banking industry in terms of performance, growth, and excellent management. 3. 2 Organizational Overview EXIM Bank Ltd is the name of a newly formed commercial bank but is the first of its kind in Bangladesh. It has been incorporated in Dhaka, EXIM Bank Limited as a public limited company and its head office is located at Printers Building, 5, Rajuk Avenue, Motijheel Commercial Area, Dhaka 1000.

In the world of consumerism, the business organization of the world strive for the consumers satisfaction as a number one business strategy whatever may

<https://assignbuster.com/report-on-investments-of-export-import-bank-bangladesh-limited-assignment/>

be the product of the organization, either service or non-service. Service is the product a bank. There is a saying that customer service starts right from the stairs of the bank building. The guard at the door is the first person represents of the bank, receives a customer with wishes in smiling face. Corporate culture This bank is one of the most disciplined banks with a distinctive corporate culture. Here we believe in shared meaning, shared meaning and shared sense making.

Our people can see and understand events, activities, objects and situation in a distinctive way. They mould their manners and etiquette, character individually to suit the purpose of the bank and the needs of the customers who are of paramount importance to us. The people in the bank see themselves as a tight knit team that believes in working together for growth. The corporate culture we belong has not been imposed; it has rather been achieved through our corporate conduct 8 Corporate Information at a glance: Registered Name: Export Import Bank Of Bangladesh Ltd. Registered Head office: Printers Building (5th floor) , Rajuk Avenue Motijheel C/A. Phone No: 9566764, 9566418, 9553872, and 9561604 Fax No: 880-2-9556988 E-mail: com Web site: [www. eximbankbd. com](http://www.eximbankbd.com) Date of incorporation: 3rd August 1999 Authorized Capital: Tk. 100. 00 Crore Paid up capital: Tk. 87. 88 Crore Number of Branches: 28 (Twenty Eight) Chairman: MR. NAZRUL ISLAM MAJUMDAR Managing Director: Mohammad Lakiotullah Auditor: M/S. Rahman Rahman Huq 9, Mohakhali C/A (11th floor).

Organization Structure: In the organization structure of the bank chairman is the head of the board of directors. There is one managing director, also the president who controls and upervises the main division of the bank. There is

one Deputy Managing director who reports to him. Four Executive Vice presidents (EVP) and one Senior Executive Vice President (SEVP) report to the Deputy Managing Director. 9 Executive Vice Presidents controls the credit with the help of four vice presidents who work under Executive Vice Presidents. Senior Executive Vice President controls the human resources and marketing division. The organizational hierarchy of EXIM BANK almost horizontal, which can show by the following: Hierarchy of position in EXIM Bank Ltd. Chairman Board of Directors 10 Managing Director Deputy Managing Director Senior Asst. Vice President Sr. Executive Vice President Executive Vice President Senior Vice President Vice President Assistant Vice President Senior Principal Officer Principal Officer Executive Officer Officer Mgt. Trainee Officer Junior Officer Assistant Officer Values of EXIM Bank limited To be one EXIM by holding and guiding the following values: •To have a strong customer focus and to build relationship based on integrity, superior service and mutual benefit. •To strive for private and sound growth. To work as a team to serve the best interests of the organization. •To work for continues business innovation and improvements. •To value and respect people and make decisions based on merit. •To provide recognition and reward on performance. •To value open and honest communication.

Objectives •To receive, borrow or raise money through deposits, loan or otherwise and to give guarantees and indemnities in respect of al debts and contracts. •To establish welfare oriented banking systems. •To play a vital role in human development and employment generation to invest money in such manner as may vary from time to time. To carry on business of buying and selling currency, gold and other valuable assets. •To extend counseling

and advisory services to the borrowers/ entrepreneurs' etc. in utilizing credit facilities of the bank. •To earn a normal profit for meeting the operational expenses, building of reserve and expansion of activities to cover wider geographical area. Shimrail Branch of EXIM Bank Ltd. 11 Trainee Assistant Officer The 12th branch of the EXIM Bank is the SHIMRAIL, this branch is situated in Chittagong Road, Shiddirgong, Narayangonj. This branch is inaugurated at 11th March 2002. The Mr.

Md. Nazrul Islam Mazumdar, the chairman of the EXIM Bank, inaugurated the branch while the Honorable Member of Parliament MR. Giash Uddin was the chief guest. Management of EXIM Bank Management is the process of planning, organizing, leading and controlling the work of organization members and of using all available organizational resources to reach stated organizational goals. The strength of a bank depends of the strength of its management team. EXIM Bank is proud to have a team of highly motivated, well-educated and experienced executives who have been contributing substantially to the continued progress of the bank.

Managerial effectiveness has been measured in EXIM Bank in terms of come selected criteria such deposit mobilization, loans and advances made, loan recovery, profitability and productivity. It has been found that EXIM bank is effective in respect of branch expansion, loan disbursement, loan recovery etc. With a short span of time, EXIM Bank has become one of the leading and most successful bank not only among the third generation banks but also it superseded many other banks and financial institutions belonging to second and even first generation banks from the point of view of its excellent

business performance, extraordinary corporate culture and strong team work under the dynamic leadership of its management. Management is trying to support and assist well-motivated and experienced affairs to run the day to day affairs of the bank smoothly. 12 For maintains quality management, it is required to train-up more official at head office and branch level in respect of sanctioning, disbursement and recovery of credit, project appraisals, customer services etc. Human resource management of EXIM Bank Hunan resource is the fundamental asset of the organization. Human resource approach is concerned with the growth and development of people toward higher level of competency, creativity and fulfillment. Therefore, human resources development has been given its due importance in an environment that values performance, teamwork, fairness and integrity, it has both qualitative and quantitative dimension. EXIM Bank recognizes that intellectual capital is the most important asset for a financial institution. Without proper and efficient human resources, no organization can run its operations. The bank believes that the professional competence bank personnel and its commitment for accomplishing assigned responsibilities are a first line of defense to prevent irregularities. The objectives of Human Resource management of EXIM Bank are as follows:

- Conducting job analysis
- Planning employee needs and recruiting job candidates
- Selecting job candidates
- Orienting and training new employees
- Managing wages and salaries (Compensating Employees)
- Providing incentives and benefits 13
- Appraising performance
- Communicating (interview, counseling, disciplining)
- Training and developing managers
- Building employee commitment

3. 3 Bank's mission and vision Corporate Mission To provide

high quality financial services in export and import trade. •To provide excellent quality service. •To maintain corporate and business ethics. •To become a trusted repository of customers money and their financial advisor. •To make our stock superior and rewarding to the shareholder. •To display team spirit and professionalism. •To have a sound capital base. Vision •To be the pioneers bank in the banking arena of Bangladesh under the Shariah guidelines and contribute significantly to the national economy. •To provide standard financial services. •Wealth maximization. 3. 4 Analysis of performance indicators Performance of EXIM Bank: 4 EXIM Bank Ltd. was incorporated as a public Limited company on the 2nd June 1999 under Company Act 1994. The Bank started commercial banking operations effective from 3rd August 1999. During this short span of time the Bank has been successful to position itself as a progressive and dynamic financial institution in the country. The Bank widely acclaimed by the business community, from small business/entrepreneurs to large traders and industrial conglomerates, including the top rated corporate borrowers from forward-looking business outlook and innovative financing solutions. In year 2005 EXIM Bank Ltd. ade commendable in all business arenas like Deposit, Credit, Fund Management, Investment and Foreign Exchange related business. Capital The bank started with an authorized capital of Tk. 1000 million in 1999 and as on 31st December 2004 paid up capital stood at Tk. 627. 75 million. The paid up capital stood at Tk. 878. 85 million as on 31st December 2005 Analysis of capital structure Capital structure of EXIM Bank has changed from year to year. The components of the capital structure are paid-up capital; proposed issue of dividend, share premium, statutory

reserve, proposed cash dividend, retained earnings and other reserve.

Authorized and paid up capital of EXIM Bank: Table no-3. 1: Authorized and paid up capital of EXIM Bank
 Authorized Capital (TK) In Year Paid Up Capital (Tk) In Million
 15 Million 1000 2005 878. 85 1000 2004 627. 75 1000 2003 313. 88 1000 2002 253. 13 1000 2001 225. 00
 Source: Annual Reports-2002, 2003, 2004 and 2005
 Diagram 3. 1: Capital Position of Exim Bank: Source: Annual Reports-2002, 2003, 2004 and 2005
 Components of capital structure and correspondent contributions: Figures of different components of the capital structure for the year 2002, 2003 and 2004 2005 are shown below.

Table no-3. 2

Figures in million TK Components of capital structure 2002 2003 2004 2005
 Paid-up capital 253. 13 (75. 82 %) 313. 88 (48. 7 %) 627. 75 (45. 91%) 878. 85 (41. 94 %)
 Proposed issue of bonus share ——— 28. 125 (6. 09 %) 60. 750 (11. 02 %) ——— 16
 Share premium ——— 15. 750 (3. 41 %) 82. 575 (14. 98 %) 82. 575 (11. 03 %)
 Statutory reserve 16. 045 (5. 41 %) 64. 896 (14. 05 %) 132. 501 (24. 03 %)
 228. 202 (30. 5 %) Other reserves 23. 612 (7. 96 %) 54. 718 (11. 84 %)
 ——— ——— Proposed cash dividend *31. 500 (10. 62 %) 56. 250 (12. 18 %)
 20. 250 (3. 67 %) ——— Retained earnings 0. 590 (0. %) 17. 227 (3. 73 %)
 2. 131 (0. 39 %) 123. 622 (16. 53 %) Total 296. 747 (100 %) 461. 966 (100 %)
 551. 332 (100 %) 748. 274 (100 %) * In the annual report of the year 2000, capital structure did not contain any value for the component of proposed cash dividend, but in the annual report of the year 2001, it was mentioned that proposed cash dividend was 31. 5 million taka for the year 2000. Source: Annual Reports-2002, 2003, 2004 and 2005
 From the table in the last page, paid-up capital was the largest component of the

bank's capital structure for each year though contribution of this component in the capital structure was declining gradually. Two components of the capital structure; proposed issue of bonus share and share premium had no contribution in the capital structure in the year 2000. It is observed that in the year 2003, there is neither proposed issue of bonus share nor proposed cash dividend. Instead of these two things the amount of retained earnings became too large. 17 Capital structure Pie chart of capital structure for the base year 2000 and for the year 2005 have been shown below:

Component	Base Year 2000 (%)	Year 2005 (%)
Other reserve	7.96%	5.41%
Statutory reserve	5.41%	10.62%
Proposed Cash Dividend	10.62%	0.0%
Retained Earnings	0.0%	75.82%
Paid up Capital	75.82%	

Fig 3. 2: Capital structure for the base year 2000. Source: Annual Reports-2002, 2003, 2004 and 2005. The above figures are showing the comparison between different components of capital structure of the base year 2000 and the year 2005. In the base year 2000, there was no share premium and in the year 2005 there were no proposed issue of bonus share, proposed cash dividend or other reserves.

Deposit The total deposit of the bank increased to Tk. 9945.23 million as on December 31, 2002 from Tk. 7255.2 million as at the end of the previous year indicating an increase of 37.08% than the previous year. The EXIM Bank remains committed to increasing deposit base by growing low cost personal and business accounts, and thereby lowering the bank's overall cost of fund. As on December 31, 2005 the bank's deposit reached 28319.21 million, which is more than 9241.03 million than last year.

Deposit Position of EXIM Bank: Table no-3. 3: Deposit Position of EXIM Bank Year Amount Of Deposit (Tk In Million) 2005

28319. 21 2004 19078. 18 2003 15, 242, 97 2002 9, 945. 23 Source: Annual Reports-2002, 2003, 2004 and 2005.

Loans and Advance: During the year 2002, credit experienced vibrant activities with significant growth. Total loans and advances at the end of the year increased by tk. 2823. 01 million, 55. 01% growth over the preceding period. This is due to increased commercial and trade financing term leading and working capital support. The classified loan Position is almost nil. This was achieved by rendering due attention and monitoring high-risks advance. As a result, classified advance is amounted to Tk. 7. 63 million, which is only 0. 09% of total loans and advances.

The bank is trying to operate its credit activities with the target of achieving Zero classified loans. 19 Loan and Advance Position of Exim Bank: Table no-3. 4: Amount of Advances Year Amount (TK in Million) 2005 26046. 34 2004 19332. 44 2003 12, 289. 10 2002 7, 954. 56 2001 5131. 55 Source: Annual Reports-2002, 2003, 2004 and 2005. Mode of Advances Figure 3. 4: Mode of Advances Source: Annual Reports-2002, 2003, 2004 and 2005. Profit and operating results In year 2001a growth in operating profit of the bank was Tk. 273. 80 million and in 2002 the profit reached to 386. 80 million. In 2004 and 2005 profit after tax was 381. 0 and 555. 34 respectively. 20 Investment On December 31, 2005 the total amount of investment is 2377. 07 million taka, which was 1419. 00 million taka last year. The amount has increased by 958. 07 million taka. The notable investment represents deployment in Treasury bills and Shares, Prize bond & other. Table no-3. 5: Amount of Investment Year Amount (Tk In Million) 2005 1633. 03 2004 1542. 99 2003 2,

377. 073 2002 1419. 000 2001 829. 060 Source: Annual Reports-2002, 2003, 2004 and 2005. Investment Activities of Exim Bank: Figure 3. 5: Investment Activities of Exim Bank: Source: Annual Reports-2002, 2003, 2004 and 2005.

Import Business The total import business handled by the bank during the year 2002 was Tk. 13152. 50 million as compared to Tk. 8519. 70 million in the previous year showing an increase rate of 54. 37%. The significant items of imports were 21 industrial raw materials, consumer goods, machinery, Fabrics and accessories etc. As on December 2005 EXIM bank Imported Tk. 19260 million of goods. Handling the amount of Import Business Table no-3. 6: Amount of Import Business Year Amount (TK in Million) 2005 41432. 07 2004 26781. 70 2003 19, 260. 01 2002 13, 152. 50 2001 8519. 70

Source: Annual Reports-2002, 2003, 2004 and 2005. Handling of Import Business in Exim Bank Figure 3. 6: Import Business in Exim Bank Source: Annual Reports-2002, 2003, 2004 and 2005. Export Business The total volume of export handled by the bank during 2002 was TK. 10088. 30 million compared to TK. 7442. 20 million in the previous year are showing an 22 increased rate of 35. 55%. As on December 200 the total volume of export was Tk. 31285. 37 million. Handling the amount of Export Business Table no-3. 7: Amount of Export Business Year Amount (TK in Million) 2005 31285. 37 2004 22418. 50 2003 15, 124. 60 2002 10, 088. 30 001 7442. 20 Source: Annual Reports-2002, 2003, 2004 and 2005. Handling the amount of Export Business Figure 3. 7: Amount of Export Business Source: Annual Reports-2002, 2003, 2004 and 2005. Launching of Islami Banking Considering the inherent desire of the religious Muslims, EXIM Bank has launched Islami

Banking system and inaugurates two Islami Banking Branches in the year 2002. The Islami Banking branches perform their activities under the guidance and supervision of a body called “ SHARIAH COUNCIL”. 23 SWIFT Service The SWIFT services helped the bank in sending and receiving the messages and nstructions related to our NOSTRO account operations and L/C related matters. We have brought 6 of our Branches under SWIFT network. Other Branches will come under the network hopefully by the year 2004. Besides we have BKE arrangements with 430 Bank Branches in 100 countries. Functions of EXIM Bank limited •To maintain all types of deposit A/Cs. •To make investment. •To conduct foreign exchange business. •To conduct other Banking services. •To work for continues business innovation and improvements Branch Network The number of branches as it stands now is 28 steps are taken to open few more ranches at commercial important places by the year 2007. Out of which 9 branches are in Dhaka, 3 branches are in Chittagong, 2 branches are in N. Ganj, 1 branch in Noakhali, 1 branch in Sylhet, 1 branch in Laksham, 1 branch in Gazipur, 1 branch in Bogra, 1 branch in Jessore. Figure 3. 8: Expansion of Branches 24 Source: Annual Reports-2002, 2003, 2004 and 2005. 25 EXIM Bank at a Glance Table no 3. 8

Sl. No.	Particulars	2002	2003	2004	2005
01.	Authorized Capital	100. 00	100. 00	100. 00	100. 00
02.	Paid-up Capital	25. 31	31. 39	62. 78	87. 90
03.	Reserve Fund	29. 4	22. 82	35. 73	57. 00
04.	Deposits	994. 52	1524. 30	1907. 82	2831. 90
05.	Investment(General)	795. 45	1228. 91	1933. 24	2604. 60
06.	Investment(Shares & Bonds)	141. 90	237. 70	154. 30	163. 30
07.	Foreign Exchange Business	2351. 83	3461. 96	4931. 24	7271. 70
a)	Import Business	1315. 25	1926. 00	2678. 10	4143. 20
b)	Export Business	1008. 82	1512. 46		

2241. 84 3128. 50 c) Remittance 27. 76 23. 50 11. 31 22. 30 08. Operating Profit 38. 68 56. 27 83. 58 117. 58 09. Loan as a % of total Deposit 79. 98% 80. 62% 101. 33% 91. 97% 10. No. of Foreign Correspondent 180 185 200 212 1. Number of Employees 500 627 768 934 12. Number of Branches 16 19 28 28 13. Return on Assets 3. 40% 3. 15% 3. 44% 1. 65% Source: Annual Reports-2002, 2003, 2004 and 2005. 26 Export Import Bank of Bangladesh Limited Table3. 9: Year-wise comparative net profit position of the Bank (Amount in crore) Particulars Year 2002 Year 2003 Year 2004 % of Growth Less: Investment Income Investment Expense 98. 58 72. 72 139. 60 112. 13 182. 02 142. 55 30. 39% 27. 13% Add: Net Investment Income Exchange, Commission & Others 25. 86 33. 41 27. 47 56. 59 39. 47 82. 43 43. 68% 45. 66%

Less: Administrative Expenses 59. 27 18. 87 84. 06 27. 79 121. 90 38. 32 45. 01% 37. 89% Net Position 40. 40 56. 27 83. 58 48. 53% Source: Annual Reports-2002, 2003, 2004 and 2005. 27 General Banking General banking department is the heart of all banking activities. This is the busiest and important department of a branch, because funds are mobilized, cash transactions are made; clearing, remittance and accounting activities are done here. Since bank is confined to provide the service everyday, general banking is also known as 'retail banking'. In EXIM Bank LTD Shimrail Branch, the following epartments are under general banking section: 1) Account opening section 2) Deposit section 3) Cash section 4) Local Remittance section 5) Foreign Remittance section 6) Clearing section 7) Accounts section 4. 1 Accounts opening Section Account opening is the gateway for clients to enter into business with bank. It is the foundation of banker customer

relationship. This is one of the most important sections of a branch, because by opening accounts bank mobilizes funds for investment. Various rules and regulations are maintained and various documents are taken while opening an account.

A customer can open different types of accounts through this department.

Such as: 28 Chapter Four Chapter Four General Banking General Banking Activities Activities •Al -Wadia (Current) account. •Mudaraba Savings (SB)

account. •Mudaraba Short Term Deposit (MSTD) Types of Accounts with

Terms and Conditions •Al- Wadia (Current) Account: Current account is purely a demand deposit account. There is no restriction on withdrawing

money from the account. It is basically justified when funds are to be

collected and money is to be paid at frequent interval. Some Important

Points are as follows- ? Minimum opening deposit of TK. 000/- is required; ?

There is no withdrawal limit. ? No interest is given upon the deposited

money; ? Minimum Tk. 1000/= balance must always maintain all the time;

Mudaraba Savings (SB) Account: This deposit is primarily for small-scale

savers. Hence, there is a restriction on withdrawals in a month. Heavy

withdrawals are permitted only against prior notice. Some Important Points

are as follows- ? Minimum opening deposit of Tk. 500/= is required; ?

Minimum Tk. 500/= balance must always maintain all the time; ? Withdrawal

amount should not be more than 1/4th of the total balance at a time and limit

twice in a month. ? If withdrawal amount exceed 1/4th of the total balance at

a time no interest is given upon the deposited money for that month.

Mudaraba Short Term Deposit (MSTD) Account: 29 Normally various big

companies, organizations, Government Departments keep money in MSTD

account. Frequent withdrawal is discouraged and requires prior notice. The deposit should be kept for at least seven days to get interest. The interest offered for MSTD is less than that of savings deposit. Interest is calculated based on daily minimum product and paid two times in a year. Interest rate is 6%.

Account opening procedure

Step 1 The account should be properly introduced by Any one of the following:

- ? An existing Current Account holder of the Bank.
- ? Officials of the Bank not below the rank of an Assistant officer.
- ? A respectable person of the locality well known to the Manager/Sub-Manager of the Branch concerned.

Step 2 Receiving filled up application in bank's prescribed form mentioning what type of account is desired to be opened

Step 3 ? The form is filled up by the applicant himself / herself ? Two copies of passport size photographs from individual are taken, in case of firms photographs of all partners are taken ? Applicants must submit required documents ? Application must sign specimen signature sheet and give mandate ? Introducer's signature and accounts number – verified by legal officer

Step 4 Authorized Officer accepts the application

Step 5 Minimum balance is deposited – only cash is accepted

Step 6 Account is opened and a Cheque book and pay-in-slip book is given

30 Documents required for opening account

- ? Individual / Joint Account

- a. Introduction of the account.
- b. Two photographs of the signatories duly attested by the introducer.
- c. Identity (copy of passport).
- d. Joint Declaration Form (For joint a/c only).
- e. Employee's Certificate (in case of service holder).

- ? Partnership account

- a. Introduction of the account.
- b. Two photographs of the signatories duly

attested by the introducer. c. Partnership letter duly signed by all partners (Sign should be similar as stated in Partnership Deed). d. Partnership Deed duly certified by Notary public. e. Registration (If any). f. Updated Trade license. ? Proprietorship account a. Introduction of the account. b. Two photographs of the signatories duly attested by the introducer. . Valid copy of Trade License. d. Rubber-stamp. e. TIN number certificate. f. Identity (Copy of passport). g. Permission letter from DC/ Magistrate (in case of newspaper) ? Limited company: a. Introduction of the account. b. Two photographs of the signatories duly attested by the Introducer. c. Valid copy of Trade License. 31 d. Board resolution of opening A/C duly certified by the Chairman/Managing Director. e. Certificate of Incorporation. f. Certificate of Commencement (In case of Public limited company). g. Certified (joint stock) true copy of the Memorandum and Article of

Association of the Company duly attested by Chairman or Managing Director. h. List of directors along with designation & specimen signature. i. Latest certified copy of Form – xii (to be certified by register of joint stock companies) (In case of Directorship change). j. Rubber Stamp (Seal with designation of each person) k. Certificate of registration (In case of Insurance Company Obtained from department of Insurance from the Peoples Republic of BD) ? Club / societies account a. Introduction of the account. b. Two photographs of the Signatories duly attested by the introducer. c.

Board Resolution for Opening A/C duly certified by President/ Secretary. d. List of Existing Managing Committee. e. Registration (if any). f. Rubber-stamp. g. Permission letter from Bureau of N. G. O. (In case of N. G. O. A/C).

32 Product Information of EXIM Bank Super Savings Scheme Savings help to build up capital and capital is the prime source of business investment in a country. Investment takes the country towards industrialization, which eventually creates wealth. That is why savings are treated as the very foundation of development. To create more awareness and motivate people to save, Exim Bank offers SUPER SAVINGS Scheme. Terms and conditions of the scheme

1. Any individual, company, educational institution, government organization, NGO, trust, society etc may invest their savings under this scheme.
2. The deposit can be made in multiples of Tk 10, 000.
3. The period of deposit is for six years.
4. Any customer can open more than one account in a branch in his name or in joint names.
5. If the deposit is withdrawn before six years term, then savings interest rate +1% will be applied before payment is made.
6. A depositor can avail loan up to 80% of the deposited amount under this scheme.
7. In case of death of the depositor, before the term, the deposit (with interest at savings rate +1%) will be given to the nominee. In case of issuing a duplicate deposit receipt the rules of issuing duplicate receipt of Term Deposit will be applicable.

MONEYGROWER Savings period and monthly installment rate The savings period is for 5, 8, 10 or 12 years. Monthly installment rate is Tk. 500/-, 1, 000/-, 2, 000/- or 5, 000/- Monthly installment deposit

- The savings amount is to be deposited within the 10th of every month. In case of holidays the deposit amount is to be made on the following day. The deposits may also be made in advance.
- 34 •The depositor can have a separate account in the bank from which a standing instruction can be given to transfer the monthly deposit in the scheme's account.
- In case the depositor fails to make the

monthly installment in time, then 5% on overdue installment amount will be charged. The charge will be added with the following month(s) installment and the lowest charge will be Tk. 10/- Withdrawal •Generally, withdrawal is not advised before a 5-year term, but if it is withdrawn before the above term, then interest will be paid at savings rate.

However, no interest will be paid if the deposit is withdrawn within 1 year of opening the account. •In case the depositor wishes to withdraw between the 5, 8, 10 or 12-year period then full interest will be paid for a completed term and savings rate will be applicable for the fractional period. Loan Advantage

After three years of savings in this scheme the depositor (if an adult) is eligible for a loan up to 80% of his deposited amount. In that case, interest rates on the loan will be applicable as per prevailing rate at that time. 35

Reasons for disqualification from this scheme If the depositor fails to pay 3 installments in a row, then he will be disqualified from this scheme and interest will be applicable as mentioned in withdrawal clause. •If a depositor fails to pay 5 installments in a row after completion of 5-year term, then the Bank reserves the right to close the account and interest will be paid as, mentioned in withdrawal clause. •In case of death of the depositor the scheme will cease to function. The amount will be handed over to the nominee of the deceased depositor. In case of absence of the nominee the bank will handover the accumulated mount to the successor of the deceased

Table-4. 1: Interest Rate of Monthly Installment Deposit Monthly Installment

Profit rate (%)	1, 000/-	2, 000/-	5, 000/-	5 Years	10. 00	82, 800/-	1, 65, 000/-
4, 14, 000/-	8 Years	10. 15	1, 63, 600/-	3, 27, 200/-	8, 18, 000/-	10 Years	10. 30
2, 36, 400/-	4, 72, 800/-	11, 84, 500/-	12 Years	10. 50	3, 31, 986/-	6, 63,	

973/- 16, 59, 932/- Source: Annual report 2005. Rules 36 oA form has to be filled at the time of opening the account. No introduction is needed but attested photographs are advised. oThe depositor can select any of the installment amounts, which cannot be subsequently changed. In case of minors the guardians may open and supervise the account in his favor. oA single person can open more than one account for saving under several installment rates. oThe accumulated deposit with interest will be returned within one month of completion of a term. oThe depositor should notify the bank immediately on any change of address. oThe government tax will be deducted from the interest accumulated in this scheme. olf necessary, at the request of the depositor, the scheme can be transferred to a different branch of the same Bank. The Bank eserves the right to change the rules and regulations of the scheme as and when deemed necessary. 37 Monthly Income Scheme Highlights of the Scheme 1. Minimum deposit Tk. 25, 000/- 2. Higher monthly income for higher deposits. 3. The scheme is for a 5-year period. Monthly income will be credited to the depositor's account on the 5th of each month. Table-4. 2: Monthly Income Scheme Deposit Amount Monthly Income Tk. 25, 000/- Tk. 250 Tk. 50, 000/- Tk. 500 Tk. 1, 00, 000/- Tk. 1000 Tk. 2, 00, 000/- Tk. 2000 Tk. 5, 00, 000/- Tk. 5000 Tk. 10, 00, 000/- Tk. 10, 000 Objectives of the Scheme •An account is to be opened by filling up a form. 8 •The Bank will provide to the customer a deposit receipt after opening the account. This receipt is non-transferable. •If the deposit is withdrawn before a 5-year term, then saving interest rate will be applicable and paid to the depositor. However, no interest will be paid if the deposit is withdrawn within 1 year of opening the account and Monthly Income paid to

the customer will be adjusted from the principal amount. A depositor can avail loan up to 80% of the deposit amount under this scheme. In this case, interest will be charged against the loan as per Bank's prevailing rate.

Smart Saver Smart Saver is a high return investment plan, which helps a customer build up sizeable amount in a period of 5 years. This scheme offers a customer to buy Smart Saver Term Deposit 5 times the invested amount. Smart Saver is a 5-year term deposit scheme. Terms and conditions 1. One unit of Smart Saver Term Deposit is Tk. 25, 000. 39 2. During the tenure of the loan the Term Deposit will be kept in the Bank as security. 3. The customer will have to open an account and monthly installment of loan will be debited from the account commencing from 30 days after opening loan account. 4.

Within the 1st year if the customer fails to repay 3 consecutive installments then only the principal amount of Smart Saver Term Deposit will be encased and the loan will be liquidated inclusive of accrued interest and balance paid to the customer. After completion of 1 year, Savings rate will be added to the principal amount of Smart Saver Term Deposit. In both cases closing charge will be Tk. 500. 5. For missed installments on due date customer will be charged Tk. 25 per unit per month. 6. In the event of death of the customer, the bank shall be entitled to encash he Term Deposit and adjust the dues first before any refund is made to the nominees/ successors. The bank reserves the right to amend the rules and rates as and when deemed necessary. 40 Mudaraba Hajj Prokalpa In order to made smooth arrangement of fund for performing Hajj, the bank has introduced this scheme for 5, 8, 10,

15, & 20 year's period. Multiplus Savings Scheme helps to build up capital and capital is the prime source of business investment in a country. Investment takes the country towards industrialization, which eventually creates wealth.

That is why savings is treated as the very foundation of development. To create more awareness and motivate people to save, Exim Bank offers MULTIPLUS SAVINGS Scheme. 4.1 Terms and conditions of the scheme

1. Any individual, company, educational institution, government organization, NGO, trust, society etc may invest their savings under this scheme.
2. The deposit can be made in multiples of Tk. 10, 000. 00
3. The period of deposit is 10 years. But the deposit can be withdrawn at any year with interest. As an example, if deposit is withdrawn after completion of 1 year but before 2 years then deposit with interest will be paid for 1 year only. The same rule will apply for other years. If deposit is withdrawn before 1st year then no interest will be paid. Any customer can open more than one account in a branch in his name or in joint names. A deposit receipt will be issued at the time of opening the account.
4. The depositor can avail loan up to 80% of the deposit under this scheme.
5. In case of issuing duplicate receipt the rules of issuing a duplicate receipt of Term Deposit will be applicable.
6. In case of death of depositor before the term, the deposit (with interest at savings rate) will be given to the nominee. In the absence of nominee, the heirs/ successors will be paid on production of succession certificate. oThe nominee may, at his option continue the scheme for the full term.

4.2 Deposit Section

Deposit is the lifeblood of a bank. From the history and origin of the banking system we know that deposit collection is the main function of a

bank is accepting deposit. The deposits that are accepted by EXIM Bank like other banks may be classified in to: Demand Deposits Time Deposits

- Demand deposits These deposits are withdrawn able without notice, e. g. current deposits.

EXIM Bank accepts demand deposits through the opening of: a) Current account b) Savings account c) Call deposits from the fellow bankers • Time deposits Mudaraba Term Deposit Receipt (MTDR) It is like a fixed deposit in the conventional banking system but it does not receive or accept interest. In this mode less than Tk. 1 crore or Tk. 1 crore and above can be deposited against which client will get non-transferable instrument of equal amount. If a customer withdraw his/her money before one month then he/she will not get any kind of profit. On the other hand, after the maturity if client doesn't withdraw his/her money then it will be auto renewed with imposed profit for the next days. If a depositor would like to withdraw his profit after six months he/she will get the profit according to previous years profit rate. After the announced yearly profit or loss, if bank is in loss position then the depositor is bound to incur the loss. In absence of account holder the selected nominee will get the money. Account holder is bound to bear any kind of tax or excise duty according to government circular. The profit rates of this account are: Mudaraba Fixed

Deposit (FDR) Provisional Rate of Profit Minimum Deposit Requirement

1 (One) month	10.25%	Any Amount
3 (Three) months	12.25%	Any Amount
6 (Six) months	12.40%	Any Amount
01 (One) Year	12.60%	Any Amount
02 (Two) Years	12.60%	Any Amount
03 (Three) Years	12.60%	Any Amount

Source: Exim Bank Head Office Circular 2006. 4. 3 Cash section Banks, as a financial institution, accept surplus money from the people as deposit and give them opportunity to withdraw the same by cheque, etc. But among the banking activities, cash department plays an important role. It does the main function of a commercial bank i. . receiving the deposit and paying the cash on demand. As this department deals directly with the customers, the reputation of the bank depends much on it. The functions of a cash department are described bellow: Functions of Cash Department Cash Payment 1. Cash payment is made only against cheque 2. This is the unique function of the banking system which is known as “ payment on demand” 3. It makes payment only against its printed valid Cheque Cash Receipt 1. It receives deposits from the depositors in form of cash 2. So it is the “ mobilization unit” of the banking system 3.

It collects money only its receipts forms 44 ? Cash packing After the banking hour cash is packed according to the denomination. Notes are counted and packed in bundles and stamped with initial. ? Allocation of currency Before starting the banking hour all tellers give requisition of money through “ Teller cash proof sheet”. The head teller writes the number of the packet denomination wise in “ Reserve sheet” at the end of the day, all the notes remained are recorded in the sheet. 4. 4 Local Remittance Section Carrying cash money is troublesome and risky. That’s why money can be ransferred from one place to another through banking channel. This is called remittance. Remittances of funds are one of the most important aspects of the Commercial Banks in rendering services to its customers. Types of remittance ? Between banks and non banks customer ? Between banks in

the same country ? Between banks in the different centers. ? Between banks and central bank in the same country ? Between central bank of different customers. The main ways used by EXIM Bank for remitting funds are ? Payment order (PO) ? Demand Draft (DD) ? Telegraphic Transfer (TT) 45 So the basic three types of local remittances are discussed below

Points Pay Order Demand Draft TT Explanation Pay Order gives the payee the right to claim payment from the issuing bank Demand Draft is an order of issuing bank on another branch of the same bank to pay specified sum of money to payee on demand. Issuing branch requests another branch to pay specified money to the specific payee on demand by Telegraph /Telephone Payment from Payment from issuing branch only Payment from ordered branch Payment from ordered branch Generally used to Remit fund Within the clearinghouse area of issuing branch. Outside the clearinghouse area of issuing branch. Payee can also be the purchaser. Anywhere in the country Payment Process of the paying bank Payment is made through clearing 1. Confirm that the DD is not forged one. 2. Confirm with sent advice 3. Check the ' Test Code' 4. Make payment 1. Confirm issuing branch 2. Confirm Payee A/C 3. Confirm amount 4. Make payment 5. Receive advice Charge Only commission Commission + telex charge Commission + telephone Test – key Arrangement Test key arrangement is a secret code maintained by the banks for the authentication for their telex messages. It is a systematic procedure by which a test number is and the person to whom this number is given can easily authenticate the same test number by maintaining that same procedure. EXIM Bank has test key arrangement with so many banks for the authentication of LC message and for making payment. 46

Commission for PO EXIM Bank charges different amount of commission on the basis of Payment order amount. The bank charges for pay order are given in the following chart: Table no 4. 3: Commission & VAT for PO Source: Annual report 2005 Commission for DD

Firstly bank Cheques the “ Test Code” mentioned on the draft. If “ Taste Code” agrees then believe that DD is not forged and makes payments. For further confirmation, the issuing bank sends an advice about the DD to the paying branch. For DD, commission is taken in the following way: Particulars Charges Commission @ 0. 1% Minimum Tk. 25. 00 VAT @ 15 % of commission Postage Tk. 20 Source: Annual report 2005 Commission for TT This service is only provided for valued customers. Who is very reliable and have long-standing relationship with bank, TT commissions are:

Particulars Charges Commission @ 0. 15% or Minimum Tk. 25. 00 Telephone Charge Tk. 50 Source: Annual report 2005 Total amount of PO Commission VAT Up to TK. 10, 000. 00 TK. 15. 00 Tk. 3 TK. 10, 001. 00 – TK . 1, 00, 000. 00 TK. 25. 00 Tk 4 TK. 1, 00, 001. 00 – TK. 5, 00, 000. 00 TK. 50. 00 Tk 8 TK. 5, 00, 001. 00 and above TK. 100. 00 Tk 15 47 4. 5 Foreign Remittance Section This bank is authorized dealer to deal in foreign exchange business. As an authorized dealer, a bank must provide some services to the clients regarding foreign exchange and this department provides these services.

The basic function of this department are outward and inward remittance of foreign exchange from one country to another country. In the process of providing this remittance service, it sells and buys foreign currency. The conversion of one currency into another takes place at an agreed rate of

<https://assignbuster.com/report-on-investments-of-export-import-bank-bangladesh-limited-assignment/>

exchange, which the banker quotes, one for buying and another for selling. In such transactions the foreign currencies are like any other commodities offered for sales and purchase, the cost (convention value) being paid by the buyer in home currency, the legal tender. Remittance procedures of foreign currency

There are two types of remittance: 1. Inward remittance 2. Outward remittance. Inward Foreign Remittance Inward remittance covers purchase of foreign currency in the form of foreign T. T. , D. D, and bills, T. C. etc. sent from abroad favoring a beneficiary in Bangladesh. Purchase of foreign exchange is to be reported to Exchange control Department of Bangladesh bank on Form-C. 48 Outward Foreign Remittance Outward remittance covers sales of foreign currency through issuing foreign T. T. Drafts, Travelers Check etc. as well as sell of foreign exchange under L/C and against import bills retired.

Working of this department 1. Issuance of TC, Cash Dollar /Pound 2. Issuance of FDD, FTT & purchasing, Payment of the same. 3. Passport endorsement. 4. Encashment certificate. 5. F/C Account opening & filing. 6. Opening of Export FC retention Quota A/C& maintain. 7. Maintenance of ledger of Cash Dollar, FC Deposit A/C & TC. 8. Maintain FBC register & follow up FBC. 9. Opening of Student file & maintain. 10. Preparation of all related statement, Voucher & posting. 11. Preparation of Weekly, Monthly, Yearly Statement for Bangladesh Bank returns timely. 12. Attending all related correspondence to other Bank or Institutions. 9 Modes The remittance process involves the following four modes Cash Remittance Dollar/ Pound Sell Bank sells Dollar /

Pound for using in abroad by the purchaser. The maximum amount of such sell is mentioned in the Bangladesh Bank publication of 'Convertibility of Taka for Currency Transactions in Bangladesh'. Purchase Bank can purchase dollar from resident and non – resident Bangladeshi and Foreigner. Most dollars purchased comes from realization of Export Bill of Exchange.

Traveler's Cheque (TC) Issue of TC TC is useful to traveler abroad.

Customers can encash the TC in abroad from the drawee bank. TC is alternative to holding cash and it provides better security than holding cash in hand. Buying Of TC If any unused leaf of TC is surrendered bank buys it from the customer. All payments are made in local currency. Banks generally buy only those TC. Telex Transfer Outward TT It remits fund by tested TT via its foreign correspondence bank in which it is maintaining its NOSTRO Account. Incoming TT It also makes payment according to telegraphic message of its foreign correspondence bank from the corresponding VOSTRO Account. Foreign Demand Draft Bank issue Demand Draft in favor of purchaser or any other according to instruction of purchaser. The payee can collect it for the drawee bank in which the Issuing bank of Demand Draft holds its NOSTRO Account. Bank also makes payment on DD drawn on this bank by its foreign correspondence bank through the VOSTRO Account. In these processes of remittance, bank must have to make profit as a business institution. Profit is made in two ways: 1. Commission charged 2. Difference in the buying and selling rate. 4. 6 Clearing Section 50