INTERNSHIP REPORT
ON

GENERAL BANKING ACTIVITIES OF PREMIER BANK LTD
(CONSUMER BANKING OF PBL)

This Report is submitted to the Department of Marketing, Hajee Mohammad Danesh Science and Technology University as a Partial Requirement for the Fulfillment of Degree of Master of Business Administration (MBA) Program- 2013

Supervised by:

ABUL KALAM
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Department of Marketing
HSTU

Prepared by

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ID: 1205058
4th Batch
MBA (Major in Marketing)
Department of Marketing
HSTU

HAJEE MOHAMMAD DANESH SCIENCE & TECHNOLOGY UNIVERSITY, DINAJPUR-5200

June, 2013

Dedicated to

My

Respectable

Parents and

Honorable

Teachers

Letter of Transmittal

June 30, 2013

Abul Kalam

Assistant Professor

Department of Marketing

HSTU. Dinajpur

Subject: Submission of Internship Report

Dear Sir,

Here is the internship report on The topic is **"General Banking Activities of Premier Bank Limited (Consumer banking of PBL)".** I am very much pleased to submit the report which is pivotal requirement for the completion of MBA program from Hajee Mohammad Danesh Science & Technology University, Dinajpur. The report is a result of my practical work that I have conducted during specified time (from 24th March to 27th June, 2013) of internship. All the works presented here is done with utmost sincerely and honestly.

The whole experiences of this report writing enable me to bridge the gap between the theoretical knowledge and practical knowledge. I am grateful to you for providing such an opportunity and also grateful to all the persons who help me to make it possible.

I have tried my best to make this report holistic and informative enough. Besides this, there may be shortcomings. I would be grateful if you consider those from excusable point.

Thanking you

Sincerely yours

MD. ARIFUL HAQUE

ID: 1205058

4st Batch

MBA (Major in Marketing)

Department of Marketing

HSTU, Dinajpur

The Premier Bank Limited

Premier Bank

service first

Internship Certificate

This to certify that ***Md. Ariful Haque*** the student of Hajee Mohammad Danesh Science & Technology University, Dinajpur, MBA (Major in Marketing), was undertaken as an intern Premier Bank Limited and was placed for a period of three months effective from 24 March, 2013 to 27 June, 2013. He has successfully completed his comprehensive internship program. Overly his performance is satisfactory.

I wish him every success in life.

....

(Sabir Mohammad Azad)
Senior Vice President & Manager
Premier Bank Limited
Kalabagan Branch
Dhaka-1207

Supervisor's Certificate

This to certify that the Internship Report on "**General Banking Activities of Premier Bank Limited (Consumer banking of PBL)".**" of Premier Bank Limited in the bona fide record at the report is done by **Md. Ariful Haque** as a partial fulfillment of the requirement of Master of Business Administration (MBA) degree from the Department of Marketing, Hajee Mohammad Danesh Science & Technology University, Dinajpur.

Under my supervision and guidance, no part of this report has been submitted for the award of any other degree/ diploma/ fellowship or other similar designation or accolade.

02.07.13

Supervisor
Abul Kalam
Assistant Professor
Department of Marketing
HSTU. Dinajpur

Co-Supervisor
Md. Jamal Uddin
Assistant Professor & Chairman
Department of Marketing
HSTU, Dinajpur

Md. Jamal Uddin
Assistant Professor & Chairman
Department of Marketing
HSTU, Dinajpur.

Declaration

I do hereby solemnly declare that the work presented in this Internship Report has been carried out by me and has not been previously submitted to any other University/College/Organization for an academic qualification/certificate/diploma or degree.

The work I have presented does not breach any existing copyright and no portion of this copied from any work done earlier for a degree or otherwise.

I further undertake to indemnify the Department against any loss or damage arising from breach of the foregoing obligations.

Arif

....

MD. ARIFUL HAQUE
ID: 1205058
4st Batch
MBA (Major in Marketing)
Department of Marketing
HSTU, Dinajpur

Acknowledgement

This is for partial fulfillment of the Internship being assigned and Supervised by my honorable teacher **Abul Kalam**. In doing this, guidance of Supervisor, practical knowledge from the work place and browses in different websites have been made use of.

I could not complete this report without the help of a number of people those who helped me with their valuable suggestions. First of all, I remember blessings of Almighty Allah because of which I could complete this report in a healthy and sound mind.Special and heartfelt thanks to my teacher, **Abul Kalam**, who has supported me in every moment of my work and has solved my problems whenever I had.

I would also like to express my foremost gratitude to Sabir Mohammad Azad, Manager, Premier Bank Limited, Kalabagan Branch for his valuable and constant guidelines through out the internship period and kind concern and suggestion regarding career aspects and for being so flexible.

I would also like to express my gratitude to all the officials of Consumer Banking Department who helped me and gave me their valuable time, for providing me with the most real information on the basis of which I have prepared this report. I am thankful to all of them for helping and guiding me.

And finally I would like to thank Premier Bank Limited, for providing me with the opportunity to being with the world class esteemed organization as a part of my Internship.

I also thank our families and friends who gave me to this stage in my life and who always supported me all the time.

Preface

The discussing report is the terminal formalities of the internship program for the degree of Master of Business Administration course of faculty of Post Graduate Studies at Hajee Mohammad Danesh Science and Technology University, Dinajpur which is compact professional progress rather than specialized. This report has prepared as per academic requirement of after the successfully completion of 3 months internship organized at Premier Bank Limited, Kalabagan Branch with the view to familiarized the students with the practical implementations of the knowledge provides the theoretical aspects of practical life.

It is my pleasure and great privilege to submit my report titled "General Banking Activities (Consumer banking) Of Premier Bank Limited" worked out at Kalabagan Branch during 24stMarch, 2013 to June 27, 20113.

As the presenter of this report, I have tried my level best to get together as much information as possible to enrich the report while working at General Banking Activities of Premier Bank Ltd. I believe that it was a fascinating experience to work in the banking section and it has enriched both my knowledge and experience.

However, after all this, as a human being, I believe everyone is not beyond limitation. There might have problems regarding lack and limitation in some aspects and also some minor mistake such as syntax error or typing mistake or lack of information. Please pardon me for that mistake and clarify these of my further information on those matters.

Arif

Md. Ariful Haque
4st Batch
MBA (Major in Marketing)
Student no.1205058
HSTU, Dinajpur.

Executive Summary

As a part of requirement of MBA program of Post Graduate Studies, Hajee Mohammad Danesh Science & Technology University, Dinajpur . The topic is General Banking Activities(Consumer banking) Of Premier Bank Limited. The report contains my practical observation an experience in Premier Bank Ltd.

It contain origin of the study, objective of the study report processing, and also the limitation of the study . I explain about the vision , mission , retail banking product and their service etc . I have discussed about the practical orientation with functional activities of the bank and here also explaining the company's product type and also their functions and bank also sales objective . The bank have a objective for increasing their product sales here I have discuss that .Here also discuss their positioning what should do a strong position in the market . How the product are developing and also select a reasonable interest rate that should be satisfy the customer and also how they are promotion their product

The Premier Bank Limited, the new generation private commercial was established by a group of winning local entrepreneurs conceiving an idea of creating a model banking institution with different outlook to offer the valued customers, a comprehensive range of financial services and innovative products for a sustainable mutual growth and prosperity. The Bank is being managed and operated by a group of highly educated and professional team with diversified experience in finance and banking

PBL offer difference services/products i.e. Retail Banking, Deposit Schemes, Remittance and collection, Import & Export handling and financing, Corporate Banking, Load Syndication, Project Finance, Investment Banking, Consumer Credit, Tele Banking, SMS Banking, Internet Banking, Lease Finance, Hire Purchase, Personal Loan For Women and 24 hours banking, VISA Facility.

PBL always maintain Corporate Culture. Employees of PBL share certain common values, which helps to create a PBL Culture, i.e. The client comes first, Search for professional excellence, Openness to new ideas new methods to encourage creativity, Quick decision-making, Flexibility and prompt response, A sense of professional ethics.

The Premier Bank discreetly pursues the principles of openness, disclosure and compliance to regulatory authorities, transparency in performance, integrity in dealings, ethics in banking and accountability to the shareholders in corporate governance.

The Premier Bank is pledge-bound to keep it free from the clutches of loan default culture. Our underlying commitment to professionalism and a single-minded devotion to service to our customers characterizes our style in all operations. Benefits of the company /institution through report are Customer Service & Automation. PBL has Corporate Goals, i.e. Steady return on shareholders equity, Deep commitment to the society, well being of employees, Balanced and disciplined growth strategy and personalized customer service in good days and in adversity.

PBL has a Social Commitment. As a commercial bank, the bank long for earning profit. But the bank shall never be oblivious of their commitment to the society where the bank operates. Apart from contributing to the national exchequer, the Premier Bank will keep aside a chunk of its profit for social work, relief to distressed humanity and sponsoring cultural sporting events. The bank commitment today will ensure a brighter tomorrow.

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CHAPRER-01

INTRODUCTION

1.1 Background to the study

Practical knowledge is much more important to become successful. Only a lot of theoretical knowledge will be little important unless it is applicable in the practical life. So we need proper application of our knowledge to get some benefit from our theoretical knowledge to make it more fruitful. We engage ourselves in such field to make proper use of our knowledge, when we come to know about the benefit of the knowledge. Such an application is made possible through internship.

This report is a presentation of three months long internship training as a part of academic requirements of MBA. The focal point of the study is consumer banks choice decisions in Bangladesh.

The topic of my study is "General Banking Activities (Consumer banking) Of Premier Bank Limited".

1.2 Purpose of the Study:

This is the most essential part of MBA program. This report is prepared as the final report of the degree.

1.3 Objective of the study:

The ultimate objective of the study is to gain real life exposure in the banking sector get a clear idea about Financial Product i.e.

1) To know the general or consumer banking activities of Premier Bank Ltd.

2) Gaining knowledge about a banks source of fund. I.e. how a bank collect money from different sources.

3) To know the client attitude toward the banking services of Bangladesh.

4) To find out the main marketing problems of retail/consumer/general banking activities of PBL.

5) To provide recommendations to improve the services of PBL.

8) Matching himself with new people & environment.

1.4 Scope of the Study:

The research is completed within the following scope and framework:

- ✓ The Premier Bank is a very new bank in the private sector. This report is a model of the banking service provided by PBL.
- ✓ General Banking System at branch level of the Premier Bank Limited especially Kalabagan Branch is accepted for research purpose and other function are only introduced.
- ✓ Credit Approval and Monitoring System at branch level of the Premier Bank Limited especially Kalabagan Branch are accepted for research purpose and other function are only introduced.
- ✓ Building habit of work and learning responsibility on the duration of internee.
- ✓ Gaining knowledge about a banks source of fund. I.e. how a bank collect money from different sources.
- ✓ What the implication of that fund. I.e. in which sectors a bank invest As funds and
- ✓ Matching himself with new people & environment.

1.5 Methodology of the Study:

Primary Source of Data

The primary data is collected from the face to face conversation with the customers, discussion with officials of Premier Bank Limited, responding their queries, observation of banking activities.

Secondary Source of Data

The Secondary data has been collected from the MIS File, Annual Reports, and Websites. To clarify different conceptual matters, different types of brochures and different articles published in the Newspapers, Journals, and magazines.

Reporter tried to use both primary and secondary data. That reporter has gathered from different sources. Primarily reporter got some data from face-to-face speech of different employees of PBL Kalabagan Branch and some from different reports and features of the bank. At the time of internship period reporter observed different parties and their transactions from a very close eye. All of these observations and data are included in this report.

1.6 Rationale of the study

Day by day consumer banking became a part of our daily activities. That's why it is a matter of fact to find out the of the attitude of the consumers. From the various departments of commercial banks, Consumer Banking Department is one of the efficient departments. The main activities of this department are to provide consumer loan and consumer deposit to the customer. Consumer banking means a group of financial services that includes installment loans, residential mortgages, equity credit loans, deposit services, and individual retirement accounts. Consumer banking is usually made available by commercial banks, as well as smaller community banks. Unlike wholesale banking, consumer banking focuses strictly on consumer markets. Consumer banking entities provide a wide range of personal banking services, including offering savings and checking accounts, bill paying services, as well as debit and credit cards.

1.7 Limitations of the study

Reporter has faced a few limitations to prepare the report. These are:

a) Due to lack of time, adequate information is not included in this report. As an intern I had only three months time, which is not enough for preparing such a report.

b) Alike all other banking institutions, Premier Bank Limited is also very conservative and strict in providing confidential information. For the security of the bank many information were not provided to me.

c) It requires lots of assistance from all level officers and staffs but in the bank the officers were busy in doing their day to day jobs.

d) The study is limited by availability of the data.

Premier Bank Limited (PBL) is one of the modern, fully online and technologically superior private commercial Banks in Bangladesh. Premier Bank markets a wide range of depository, loan & card products. These products include different types of Savings & Current Accounts, Personal Loans, Auto Loan, Debit Card, Pre-paid Cards, Internet Banking, Treasury, Syndication, Corporate Banking and SME Banking services through a network of branches & centers countrywide.

CHAPTER-02

2.1 Background Of Premier Bank Ltd.:

The Premier Bank Limited is incorporated in Bangladesh as banking company on June 10, 1999 under Companies Act.1994. Bangladesh Bank, the central bank of Bangladesh, issued banking license on June 17, 1999 under Banking Companies Act.1991. The Head Office of The Premier Bank Limited is located at Banani, one of the fast growing commercial and business areas of Dhaka city & all over the country.

2.2 Corporate Information:

Authorized Capital : BDT 6000.00 Million
Paid up Capital : BDT 2242.30 Million

Registered Name of the Company: The Premier Bank Limited

Legal Form
A scheduled Commercial Bank incorporated on June 10, 1999 as Public Limited Company under companies act, 1994 and Bank companies act, 1991.

Registered Office
Iqbal Centre (4th Floor), 42 Kemal Ataturk Avenue
Banani, Dhaka- 1213, Bangladesh
Tel: 9887581-4, Fax: 8815393, 9889153

Incorporation Certificate: C- 37922 (2222)/99, dated June 10, 1999
Commencement of Business Certificate: Ref. no. 16370, dated June 17, 1999
Bangladesh Bank Approval Certificate: BRPD (P) 744 (72)/99- 1638, dated June 17, 1999.

VAT Registration: 5101027082, dated July 31, 2000.
TIN Certificate: 140-201-0820, LTU, Dhaka, dated October 17, 2000

Auditors

Howladar Yunus & Co.

Chartered Accountants

67, Dilkusha Commercial Area (2nd Floor)

Dhaka-1000, Bangladesh

PREMIER BANK LIMITED
SERVICE FIRST

Corporate Website: www.premierbankltd.com

Branch: 79

Legal Advisor

M/S Rokanuddin Mahmud & Associates, Walsow Tower

21-23 Kazi Nazrul Islam Avenue, Dhaka.

2.3 Organ gram:

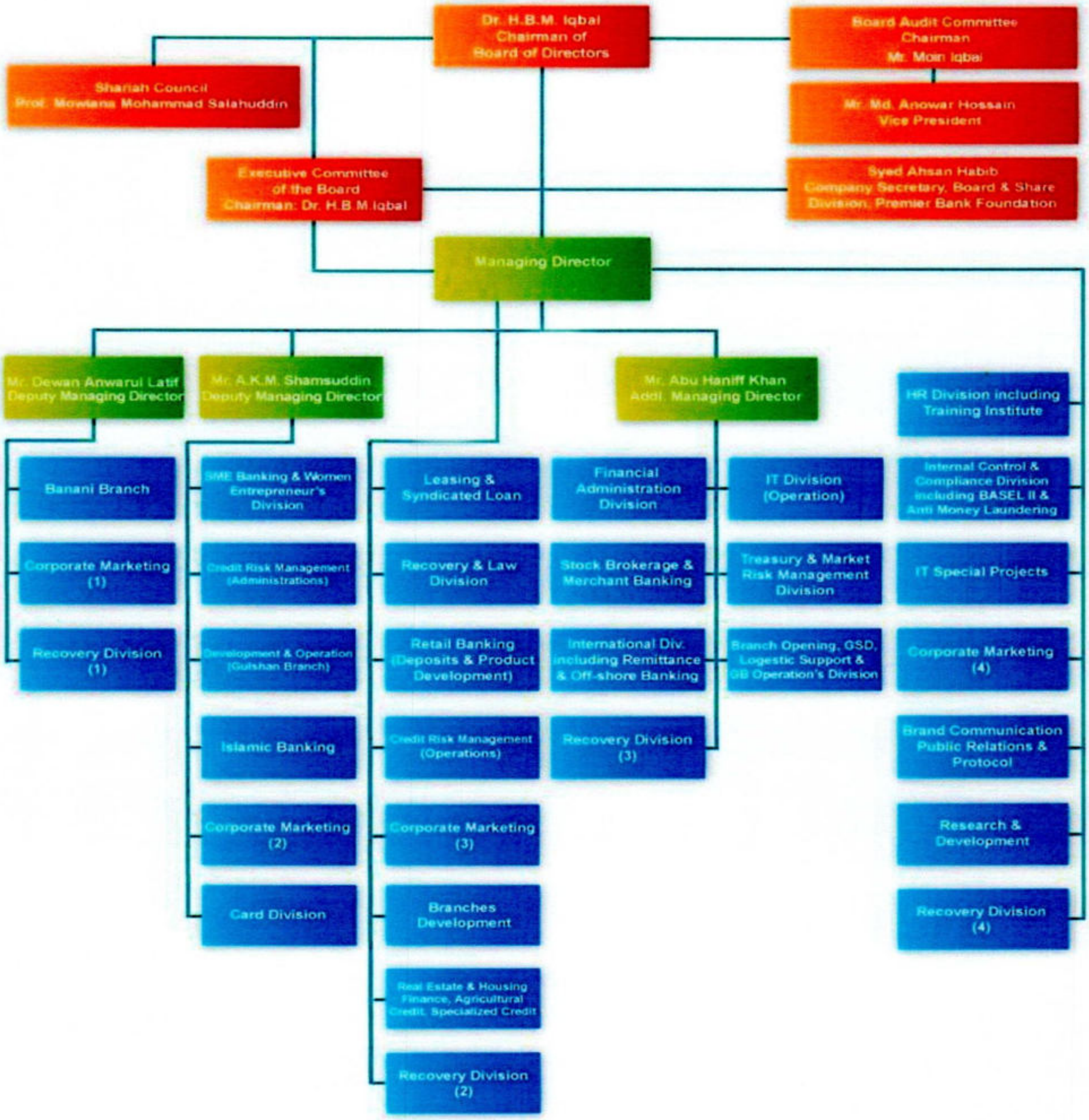

Fig-1: Organ gram of Premier Bank Ltd.

2.4 Vision of the Bank

The Bank has clear vision towards its ultimate destiny to be the best amongst the top financial institution.

2.5 Mission of the Bank

- To be the caring and customer friendly provided o financial service creating opportunities for more people in more places.
- The ensure stability and sound growth whilst enhancing the value o shareholders investments.
- To aggressively adopt technology at all levels of operations and to improve efficiency and reduce cost per transaction.
- To ensure a high level of transparency and ethical standards in all business transacted by the Bank.
- To provide congenial atmosphere which will attract competent work force who will be proud and eager to work for the Bank.
- To be socially responsible and strive to uplift of the life by making effective contribution to national development.

2.6 Objectives Of PBL:

- To earn and maintain CAMEL rating strong
- To establish relationship banking and improve service quality through development of Strategic Marketing Plans.
- To remain one of the best banks in Bangladesh in terms of profitability and assets quality.
- To introduce fully automated systems through integration of Information Technology.
- To ensure and adequate rate of return on investment
- To keep risk position at an acceptable range
- To maintain adequate liquidity to meet maturing obligations and commitments
- To maintain a healthy growth of business with desired image
- To maintain adequate control systems and transparency in procedures.
- To develop and retain a quality work force through an effective HRM System.
- To ensure optimum utilization of all available resources.

- To pursue an effective system of management by ensuring compliance to ethical norms, transparency and accountability at all levels.

2.7 Strategies of Premier Bank:

BePro-active

We Make conscious endeavor to elevate our life and activities. There is no place for fun in 'Reactive Management'. We learn to anticipate and act.

Begin With the End in Mind

Our every action corresponds to our goal. We set our goal from what lies behind and beyond us. We begin in earnest to finish in time to to pursue that goal.

Put First Things First

We make a choice for things that make an upbeat difference. Things that matter most are not put at the mercy of things that matter least.

Think Win-win

Win-win is a frame of mind and heart that constantly seeks mutual benefit an all human interactions. In our philosophy, we want to see all parties an optimistic winner. A forward looking planning helps us engage in a win-win relationship.

Synergy

The effect of a combined whole is always greater than the sum of individual parts. The relationship which the parts have to each other is a part in itself. We believe, every part is important and each can contribute. We work together with others to build a team work that results in a better success.

Care and Share Alike for The Society

We care for the feelings, needs and experience of the society and share our interests equally. we try hard to provide for the less privileged and have-nots to ensure a better society and a more prosperous Bangladesh. It is an honor, our duty and privilege, to be able to serve the nation in more ways than just providing banking services.

Priorities

- ✓ We want to be the best bank in Bangladesh
- ✓ We want to deliver services of high standard so that we become "A Bank by Choice"
- ✓ We want to a fully compliant bank in line with guidelines of Bangladesh Bank and other regulatory bodies.
- ✓ We want to be rated as one or strong under CAMELS rating
- ✓ We want to be the bank that is respected and adored by our regulators and peers in the banking sector
- ✓ We want to be a bank where people are happy and satisfied to work and can build a career of their liking.

Confidence

- ✓ The short and long term prospects of our bank is endless.
- ✓ We have the right and workable strategies in place.
- ✓ The bank is supported by a solid capital foundation.
- ✓ Strong diversification by business line, geography and products add up to our strategic advantage.
- ✓ A good risk management and compliance culture
- ✓ A strong focus on quality control
- ✓ A dynamic Board of Directors
- ✓ A competent Management Team
- ✓ A great human resources

Service First

For us 'Service First' is not just an abstraction; we do mean it. It holds a prime and central focus in our operation. We believe, discharge of quick & quality service is the hallmark for banking standard.

Easier Banking

We have make day-to-day banking easier than ever through state of the art facilities. We tend to create a congenial atmosphere for our customers to feel free and go easy with banking. We divide our clientage into least possible individuals to impart the best attention, and we tailor made our services to meet special needs.

Better Relationship

As we form bondage with our valued clients, so we develop it into a sustainable end. A good understanding with them, while carrying out business transactions, helps us perceive their goals and thus, enable us to respond pro-actively to their financial needs.

Good Corporate Governance

The board of bank ensures that high ethical standards are established across the Bank and regularly reviews the Bank's compliance with Central Bank. The board recognizes good corporate governance practice a vital ingredient in the creation of substantial shareholders value and protecting the interests of all stakeholders.

Corporate Citizenship

We are compliant Bank and we pay due taxes. We are going green to protect our planet from environmental hazards. We are an abiding citizen in terms of all laws, rules, norms, sentiments and values of the land.

2.8 Deposit Products of Premier Bank

- ✓ Fixed Deposit
- ✓ Current Account
- ✓ Savings Account
- ✓ Premier Genius Account
- ✓ Premier 50+ Account
- ✓ Double Benefit Scheme
- ✓ Monthly Income Scheme
- ✓ Monthly Savings Scheme
- ✓ Education Savings Scheme

Loan Products:

- ✓ Personal Loan
- ✓ Consumer Credit Scheme
- ✓ House Building Loan
- ✓ Doctor's Loan
- ✓ SME Finance
- ✓ Women Entrepreneur Finance
- ✓ Student Credit Programmed
- ✓ Lease Finance and VISA Credit Card

Customer Services:

- ✓ Islamic Banking Services
- ✓ Evening Banking Service
- ✓ Remittance Services
- ✓ SME Service Centre
- ✓ Premier TC
- ✓ Premier SMS
- ✓ Visa Debit Card & ATM
- ✓ Brokerage House
- ✓ International Services
- ✓ Call Center

CHAPTER-03

GENERAL BANKING

3.1 Account Opening:

Opening of an account binds the Banker and Customer into a contractual relationship Banker. Customer relationship establish through opening an account. Generally who are receiving bank's service we may call them as a customer. But bank consider them as a customer who have an account with them. Banker is to maintain some common principles and procedures for open almost all deposit accounts. There are different types of accounts. We may classify, the deposit accounts based on their operation and nature of account holder. A brief discussion regarding the procedure of opening different types of account in local currency (based on nature of organization) is described as under:

PROCEDURE FOR OPENING AN ACCOUNT:

Major information are essential for identification of the account holders individually so that banker can discharge his obligations to every one correctly and to the extent due. Following are the formalities customer must complete:

- ✓ Application on the prescribed form
- ✓ Furnishing photographs (2 copies)
- ✓ Introduction by an account holder
- ✓ Recording of specimen signature in the specimen card.
- ✓ Mention nominee on the prescribed form.
- ✓ Furnishing nominee's photographs (one copy)

3.2 Classification Of Account:

Saving Account **(SB),** Current Account **(CA),** Short Term Deposit **(STD),** Fixed Deposit Receipt **(FDR),** Kotipati Deposit Scheme **(KDS),** Double Growth Deposit Scheme **(DGDS),** Monthly Benefit Scheme **(MBS),** Education Savings Scheme **(EDS),** Monthly Savings Scheme **(MSS).**

3.3 Opening Various Types Of Account:

A. Individual /Joint

Two copies of photograph of the Account holder (s) person (s) who will operate the account.

B. Proprietorship Firm

Two copies of photographs of the Account holder (s) Person (s) who will operate the account, Certificate copy of Valid Trade License & Seal must be used.

C. Partnership Firm

Two copies of photographs of the Account holder (s) person (s) who will operate the account, Certified copy of Valid Trade License, Certified copy of partnership, Deed duly signed by all the partners,Partnership Account Agreement (Draft enclosed)

D. Limited Company:

Two copies of photographs of the Account holder (s) person (s) who will operate the account, Certified copy of the Memorandum & Articles of Association, Certified copy of certificate of incorporation, Certified copy of Certificate of Commencement of Business (in case of operation of the Accounts(Draft enclosed).

E. CLUB /SOCIETY SCHOOL/COLLEGE ETC:

Two copies of photographs of the Account holder (s) person (s) who will operate the account, Certified copy of the Memorandum & Articles of Association, Certified copy of byelaws & Regulations/Constitution, Certified copy of Resolution for operation & operation of the Account, Up-to date list of office Bearers/ Governing Body/Managing Committee.

F. Trust

Two copies of photographs of the Account holder (s) person (s) who will operate the account, Up-to data list of Members of the Trustee Board, Certified copy of Deed of Trust, Certified copy of Resolution of the Trustee Board for opening & operation of the Account.

Foreigner Currency Account (For Bangladeshi Wage Earners):

Photography of tile first 07 (seven) papers of valid passport, Photography of Employment contract/Appointment Letter/Work permit, Two copies of passport size photograph of each Account holder and nominee attested. Note: Account Holder's photograph shall be attested by introducer if any or by dealing officer; Account holder shall attested photograph of Nominee. If Account intended to be opened from abroad all original papers/document shall be attested by Bangladesh embassy except the photograph of Nominee which to the attested by the account Holder himself.

H. Foreign Currency AIC (For Foreign national /Company/Firm):

Two copies photograph of the Account holder for individual and operation of account holder, Copies of relevant pages of the passport duly attested by Dealing officer for individual and operators of the Account Holders, Copy of set-vice contract /appointment letter/work permit, if any for individual, Copies of the Registration in Bangladesh with Board of investment/Bangladesh bank Foreign Joint Venture Firm, Copies of the Memorandum of association . laws, Byelaws, etc. or joint Venture Agreement for joint Venture Company/Foreign Company, In case of partnership copy of the partnership Deed duly attested.

Note:

1. Introducer must.
2. All Original Documents shall be verified by Dealing Officer.

3.4 Rates Of Interest On Deposit:

Savings Account (SB)

We offer competitive following interest rate on our Savings Account. In addition, all account holders will get VISA Debit Card and ATM facility for 24 hour banking convenience.

Less than Tk.25 Crore	4.00% P.a
Tk.25 Crore & Above	5.00% P.a

Table-1

Current Account (CD)

Our Current Account is probably the most useful Bank Account you will ever have for daily transaction. It is a non-interest bearing cheque account. It will save you the hassle of carrying around cash every month.

Special Notice Deposit Account (SND)

Any individuals or corporate bodies can open Special Notice deposit Account for short time period. However, 7 days notice is required to withdraw money from this account with attractive interest which is as follows:

Less than Tk. 1 Crore	4.00% P.a
Tk. 1 Crore & Above but less than 25 Crore	4.00% P.a
Tk. 25 Creore & above but less than 50 Crore	5.00% P.a
Tk. 50 Creore & above but less than 100 Crore	5.00% P.a
Tk. 100 Creore & above	6.00% P.a

Table-2

Premier Esteem Savers

"Premier Esteem Savers" is a savings account that offers the most attractive benefits, flexibilities and other values to the customers than any other savings account offered by the Premier Bank yet. It has interest rate up to 8.50% p.a. Interest earned on your Premier Esteem Savers Account Balance shall be credited to your account on monthly basis but calculated on daily closing balance. Please note that this account can be opened only by an individual name (singly or jointly). It cannot be opened by company or any organization/firm.

BDT 10 lacs & Avobe	7.00% P.a
BDT 5 Lacs to Below 10 Lacs	6.50% P.a

Less than 5 Lacs	0.00% P.a

Table-03

Premier Excel Savers

"Premier Excel Savers" is a savings account that offers the second most attractive benefits, flexibility and other values to the customers than any other savings account except "Premier Esteem Savers" offered by the Premier Bank.Interest will be calculated on daily closing balance, payable on monthly basis. Therefore, the more you save the more you earn. It is logical for both the customer and the Bank. Please note that this account can be opened only by an individual name (singly or jointly). It cannot be opened by company or any organization/firm.

BDT 5 Lacs and Avobe	6.50% P.a
BDT 1 Lac to Below 5 lac	6.00% P.a
Less Than 1 Lac	0.00% P.a

Premier 50+ Account

If you are above fifty years of age, you will appreciate our unique Premier 50+ Account with a number of extra benefits such as higher rate of interest (6.50% P.a) on daily closing balance, priority service and no service charge. The Account is exclusively developed for the senior citizens of the country.

Premier Genius Account

Intellect and perseverance will lead you to success and saving will guide you to an enriched future. Premier Bank Genius Account offers easy and modern banking facilities to the students who are up to 25 years old. Wherever your possibility may lie, be it in the country or abroad, Premier Bank will always be beside you as you build your future. Genius Account offers you highest profit (6.5% P.a) on monthly minimum balance and payable on every six months. It also offers discount on VISA Debit Card and other attractive facilities.

Foreign Currency (FC) Account

Foreign Currency Account can be opened at any of our authorized dealer (AD) Branches. We offer number of foreign currency accounts such as Resident Foreign Currency Deposit (RFCD) and Non Resident Foreign Currency Deposit (NFCD) Accounts. Other account includes Convertible Taka Account which is an account in Taka and the account holder has the option to convert Taka into foreign currency and vice versa.

Fixed Deposit (FDR)

Our Fixed Deposit (FDR) is meant for those investors who want to deposit a lump sum of money for a fixed time period; say for a minimum period of 30 days to 1 year and above, thereby earning a higher rate of interest in return. The prevailing rates of interest are shown below:

Less Than 1 Crore	1 Month	7.00% P.a
Less Than 1 Crore	3 Month	12.00% P.a
Less Than 1 Crore	6 Month	12.00% P.a
Less Than 1 Crore	12 Month	12.00% P.a
1 Crore and Above	1 Month	7.00% P.a
1 Crore and Above	3 Month	12.00% P.a
1 Crore and Above	6 Month	12.00% P.a
1 Crore and Above	12 Month	12.00% P.a

Table-04

Premier High Performance

Under This Schema Deposit money minimum 5 Crore and get 6.0% interest p.a.

Premier Super Account

BDT 5.00 Crore to below 15.00 crore	9.00% P.a
BDT 15.00 Crore to below 25.00 crore	10.00% P.a
BDT 25.00 Crore and above	11.00% P.a

Table-05

Monthly Income Scheme

Your savings are precious! Let your investment generate a regular monthly income for you. Deposit a certain amount at the opening and earn monthly profit till the tenure completes. You will get back principal amount on maturity.

5	50000.00 or it's multiple	500.00 or it's multiple	16-03-2011

Monthly Savings Scheme

A regular savings pays off when you really need it. Save small amount in your account each month and let your savings grow with time through our Monthly Savings Scheme.

500.00 or it's multiple	21900.00 or it's multiple	41625.00 or it's multiple	11-06-2012

Double Benefit Scheme

Under this scheme, any deposit becomes double after 5 Years, 6 Months. It accepts deposit in multiples of Tk. 10,000. A specially designed instrument shall be issued for the deposit under this scheme in the same manner as issued in case of Fixed Deposit. The instrument is not transferable and renewable. In case of premature encashment after

3 months, benefits may be allowed on the deposit amount at prevailing savings rate. Loan facility may be allowed up to 80% of deposit against lien/pledge on such instrument at bank's prescribed rates.

5 Years and 6 Months	10000.00 or multiples (Tk.)	20000.00 or multiples (Tk.)	19-07-2012

Education Savings Scheme

Do not compromise with the future of your children. Why not start saving from now to meet the educational expense of your children in future? This scheme has been designed to secure future educational expenses of your children.

1000.00	75850.00	139000.00	190000.00	253500.00	08-06-2009
2000.00	150500.00	278000.00	380000.00	490000.00	08-06-2009
3000.00	226500.00	416500.00	573500.00	760500.00	08-06-2009
4000.00	302000.00	560000.00	765000.00	1005000.00	08-06-2009
5000.00	377000.00	694500.00	960000.00	1267000.00	08-06-2009

3.5 Loan Products:

Personal Loan

Our Personal Loan is any purpose loan for you. The purpose could be anything valid from buying household appliances to emergency medical needs. Some of these could be: Purchase of Electronic goods, House/Office Renovation, Marriages in the family, Advance Rent Payments, Travel Expenses and Payment of Taxes etc. This product is best suited for salaried executives who are working as confirmed employees in established organizations.

Consumer Credit Scheme

We have introduced Consumer Credit Scheme to extend credit facilities to limited and fixed income group to improve their standard of living. The loan is repayable in easy equal monthly installments (EMI) stretching from 12 to 60 installments.

Housing Loan

Realizing the importance of having one's own place to live, we have introduced Housing Loan at a competitive interest rate. We provide this loan for both residential and commercial purposes.

Doctors' Loan

This scheme is designed to financially assist registered Doctors & Medical Practitioners for availing up to 100% finance for Medical Equipment. Motor Car, Ambulance etc. Loan for rental advance for Chamber, Office Decoration are also available under this loan scheme. Registered Doctors & Medical Practitioners, Eye Specialists, Heart Specialists, Child Specialists, Surgeon, Dentist are eligible for this loan. Also Hospitals, Clinics and Diagnostic Centers.

Small & Medium Entrepreneur (SME) Finance

Bangladesh, as a developing country, has been trying for its overall economic growth. The development of small and medium enterprises would be the key element in this regard. Recognizing this fact, we have strongly started to finance SMEs. Our SME products are- Project Finance, Working Capital Finance, Lease Finance/Hire Purchase, Work Order Finance, etc.

Women Entrepreneur Finance (WEF)

Women Entrepreneurs Finance is an asset product offered to women entrepreneurs to expand their businesses. As the name implies, this scheme is exclusively tailored for women in businesses to give them extra edge and success viz a viz to meet their financial freedom through their innovative entrepreneurship. This is more than a loan, a financing solution for their businesses.

Lease Finance / Hire Purchase

We offer Lease Finance/Hire Purchase to facilitate your funding requirement for the procurement of assets in order to grow your business. Meet up financial need without

out flowing own fund. You can acquire the lease assets keeping your capital intact. Thus, leasing helps to build up your fund raising capacity. Premier Bank offers Lease Finance for Capital Machinery, Medical Equipment/Office Equipment, Heavy Construction Equipment, Lifts, Elevators, Power Generators, Air Conditioners, Machinery for Agro based Industry etc.

Rural Credit Scheme

The Premier Bank Limited is determined to extend credit facilities to the people at village level. Rural Credit Scheme is a short term loan for maximum one year targeted to the lower income group of the rural area. The loan is given for Poultry: Layer or Broiler, Agro-based handicrafts, Rice husking, Purchase of Sewing Machine, Grocery Shop etc.

Student Credit Programme

We are proud to introduce a credit scheme which is being first of its kind whereby the meritorious students in the country shall enjoy credit facility in each month to defray educational expenses. The loan is to be disbursed in a lump sum amount or as monthly installments basis where necessary. Parents/guardian may apply along with estimate of education expense in a prescribed form to any branches of the Bank duly recommended by the Head of the Department or Head of the Education Institution.

VISA Credit Card (Local & International)

Our VISA International Credit Card is accepted globally and VISA Local Credit Card is accepted at more than 3500 outlets across the country. You will get free credit facility up to 45 days without any interest. You can draw cash up to 50% of the credit limit of local Visa Card. You can also pay only 5% of your billing amount every month. You may apply for supplementary Cards for any person over 18 years of age. If you lose your card, you just inform the Premier Bank Card Division without any delay and you will be protected against misuse of the Card. Rates and other facilities are highly competitive in the market.

Loan General & Other Business Financing Solutions

We offer other financing solutions under Agriculture Finance, Project Finance, Working Capital Finance, Export Finance, Trade Finance, Syndicated loan and Term

Loan. We also offer Cash Credit (Hypo), SOD, PAD, LTR, IBP, Export Cash Credit, Packing Credit and more to meet your business financial requirements.

3.6 Card Charges

Fee Type	Card Type	Classic	Gold
Annual Fee	Local	TK 1000.00	TK.1800.00
	International	USD 40	USD 80
Supplementary Card Fee			
	Local	Free	Free
Replacement Card Fee	Local	TK 300.00	TK 500.00
	International	USD 15	USD 15
Late Payment fee	Local	TK. 200.00	TK. 300.00
	International	USD 10	USD 10
Cheque Return Fee	Local	TK. 250.00	TK.350.00
	International	USD 10	USD 10
Statement Retrieval Fee	Local	TK.50.00	TK.50.00
	International	USD 5	USD 5
Charge Slip Retrieval Fee	Local	TK. 200.00	TK. 250.00
	International	USD 10	USD 10
Outstation Cheque Collection Fee	Local	TK. 100.00	TK. 100.00
	International	USD 15	USD 15
PIN Replacement Fee	Local	TK. 500.00	TK. 500.00
	International	USD 10	USD 10
Excess Limit Fee	Local	TK. 200.00	TK. 300.00
	International	USD 300	USD 15
Cash Advance Fee	Local	2% or TK. 150(higher)	
	International	3% of withdrawal amount	
Interest Charge(Per Month)	Local	2.5%	2.5%
	International	2.5%	2.5%

Table-06

3.7 Services:

IslamicBankingServices

Islamic Banking system now-a-days becomes a reality all over the world. It is widely accepted and liked not only by the Muslims but also Non Muslims. It offers Islamic Banking Services under the principle of Shariah.

Online Banking

It's Real Time Online Banking Service gives you convenience of any branch banking facility. You can easily carry transaction of your account from any of our branches. All of our branches have online banking facility.

BrokerageHouse

In order to enhance involvement of investors in the capital market, The Premier Bank Limited has inaugurated its modernly equipped full facilitated Brokerage.

PremierTC

"Premier TC" is a pre-paid foreign currency Travel Card denominated in US dollar available over the counter of the branches that makes your foreign trip totally hassle-free and convenient. You can load this pre-paid card with foreign currency in Bangladesh which gives you 24-hour access to your money. This card can be used to withdraw cash in the local currency from over 1 million VISA ATMs and shops at over 27 million merchant establishments accepting VISA Flag cards from the country they are traveling to. Issuance of Premier TC is free of any charges.

RemittanceService

Our Remittance Payment procedure is very safe, simple and fast. The Bank has signed a good number of long term deals with a group of well-connected remittance partners across the globe such as MoneyGram, Dolex and Xpress Money Services etc. We have developed our own remittance distribution software "DRUTI". In addition to our 58 branches, we have agreement with GrameenPhone (1,40,000 outlets), Jagarani Chakra Foundation (250 outlets) and General Post Office - GPO (10,000 outlets) to use their mobile technology and wide distribution outlets around the country to easily distribute inward remittance. With a view to channeling the homebound foreign remittances from Bangladeshi expatriates, the Bank has decided to open 100% owned subsidiary Exchange Company of Premier Bank in Italy, Libya, Malaysia, Singapore, Spain and UK subject to approval from Regulatory Authorities of the respective Countries. Permission from UK has already been received and the rest are underway.

EveningBankingService

A unique service of The Premier Bank Limited for receiving cash and documents beyond transaction hours till 8 o' clock in the evening. This service is attractive for those like shopkeepers who accumulate cash as sales proceeds in the afternoon when counters of Bank Branches usually remain closed. The service is available at selective branches of our Bank.

PremierDebitCard&ATMService

It is offering Premier VISA Debit Card Service as well as own Automated Teller Machine (ATM) facility to electronically debit money from your account. In addition to our own ATM Booth, you can also use Premier VISA Debit Card in other Bank ATM where VISA Card is accepted.

SMS Banking Service

Check your Bank Account Balance, while you are stuck in traffic. Stop Cheque Payment from the airport. Request for your Account Statement while watching TV. Check Last Three Transactions of your account at the restaurant. All these and more are possible through our SMS Banking Service.

Card Messaging Service

You can check your Credit Card balance and get other credit card related services through our Card Messaging Service (CMS).

LockerService

For safekeeping of your valuables such as important documents and goods like jewelries and gold ornaments, our Locker Service is available in most of the Branches in urban areas.

Call Center

We have setup our own "Call Center" at Head Office under the direct supervision of the Managing Director. If you have any queries, suggestion or complain, you can talk to our Call Canter during business hour. You will also find complain/suggestion box at our every branches for your valuable input. Our Call Center is open from Sunday to Thursday to accept your call in working hours from 10:00 a.m. to 6:00 p.m. except on Saturday from 10:00 p.m. to 3:00 p.m. Dialing numbers are: 02-9887581-4.

Remittance service:

Commercial bank in Bangladesh offers the facility of transferring funds, from one place to another, to their customers as well as to the general public. Such transfer of funds can be affected either through Demand Draft or Telegraphic Transfer or Mail Transfer. The afore said methods of remitting money from one place to another within the country are known as Remittance. While, it is for outside Bangladesh the same is called foreign remittance. The advantage of this facility is the quick transfer of money with minimum cost and also the risk of physical transportation of cost is eliminated.

A demand Draft is a written order of one branch upon another branch of the same bank, to pay a certain some of money to or to the order of a specified person. Drafts are not issued payable to bearer. In practice drafts are not to be drawn between branches within the same city.

Drafts drawn by one branch of bank on another payable to order where any draft that is an order to pay money drawn by one on a bank upon another office of the same bank for a sum o money payable to order on demand, purports to be endorsed by or on behalf of the payee, the bank is discharged by payment in due course.

From the above provisions as to Crossing, Endorsement, Collection and payment in due courses are the same as for cheques.

TELEGRAPHIC TRANSFER:

TT is affected by tile bank through tested telex message attested by secret check signal, on receipt of which tile paying officer pay the amount to the payee in cash through a telegraphic payment order or credits his account, as the case may be. Both parties must have account in the Premier Bank Limited, as money is transferred.

PROCEDURE FOR THE OUT GOING TT:

- Deposit of money by the customer along with application form.
- In receipt of money a cost memo is given to the customer.
- Tested telex message is prepared, within TT serial number, notifying party name is mentioned.
- The telex department confirms transmission of the message.
- Necessary entry is given to TT outgoing register.

PROCEDURE FOR INCOMING TT:

- After receiving the telex, it is authenticated by tested.
- The TT in-Concern branch's register verifies TT serial number.
- Voucher is released in this respect.

3.10 Giving Payment Order (PO):

The PO is used for making a remittance to the local creditors.

The procedures for selling a PO are as follows:

- Deposit money by the customer along with application form.
- Give necessary entry in the Bills Payable register where Payee' name, address, date, PO No. amount is mentioned.
- Prepared the instrument.
- After scrutinized and approved the instrument by authority, it is delivered to customer.
- Signature of customer is taken on the counterpart and register customer's signature part.

How to Maintain outward Bill Collection (OBC) files:

- OBC realization file.
- OBC closing file.

How to prepare on Line Receipts and Payment Voucher (IBDA & / or IBCA):

This type of instrument is to prepare in four pages of IBDA & /or IBCA block.

Check return posting Inward posting:

After clearing by the Bangladesh Bank clearinghouse the checks come to branch. These checks are posted in check return and payment inward register.

All jobs are related to the front deskwork and also the customer service oriented. By giving customer service a friendly and cordial relationship has been grown up with the customer.

Cash Receipt

Money deposited in cash by the constituents at the cash counter of the bank excluding that of government transaction is known as Bank Receipt (Cash). Different types of forms are used for cash deposits for different types of accounts. Particulars of some forms are furnished below:

- Current or Savings account pay in slip
- Application for fixed deposit receipt
- Credit voucher
- Draft or mail transfer application form
- T.T. pay order application form Call deposit application form
- Demand loan pays in slip.

Cash payments

Banks payment includes all kinds of payments excluding those of treasury section. Extreme precautions must be taken at all levels through, which instruments like cheque, drafts, etc, are disposed of. All the instruments received at the general banking counter will be preliminary checked by the dealing officer who will enter the instruments in the respective ledger. In case of cheque th following particulars will be scrutinized:

- Date (Whether post dated or anti dated)
- Amount in words and figure
- Crossed or Open
- Bearer or Order
- Style of signature as available in the ledger
- Prohibitory order or stop payment of cheques.

The cash officer will follow the following procedures at the time of payments of cheques/other instruments over the cash counter.

1. The client will submit the instruments in the computer department first. The computer officer and cheque passing authorized officer will verify the instruments and posted the instruments. Then it will be send to the cash counter.

2. After getting the instruments the cash officer will verify the instruments and if necessary the cash officer can tell the clients to sign in the backside of the instruments.
3. Cash officer will record the denomination of notes and coins on the backside of the instruments.
4. The officer will enter the cheque in the cash payments register where the denomination of notes and coins will also be recorded.
5. The cash officer will give the amount to the clients at the cash counter and tell the clients to count into immediately and it needed any quarry.
6. All cheques drafts, debit vouchers etc. must be branded with "Cash paid" stamp with the current date.
7. After payment the cash department for the purpose of clean cashbook will send the voucher.
8. The head of the cash department is responsible for all debit vouchers being branded with the cash paid date stamp immediately they are paid and the manager must supervise him/her in this matter as any laxity is extremely dangerous.

3.8 Payments And Collections Of Cheques:

In the banking sector bill of exchange is one of the important instruments. A bill of exchange is an instrument in writing containing an unconditional order, signed by the maker, directing a certain person to pay on demand or at a fixed determinable future time certain sum of money only to or to the order of a certain person or to the bearer of the instrument. But cheque is the most important instrument in the bill exchange. A cheque is a bill of exchange drawn o a specific banker and into expressed to be payable otherwise than on demand. There are two types of cheque in the bank.

Crossed Cheque

Those which can only be paid to a banker for crediting the proceeds to the accounts of its payee is called crossed Cheque.

Essential elements/requisites of a cheque

1. It must be in writing
2. It must contain an order to pay on demand or at fixed or determinable future.
3. The order be an unconditional one

4. The drawee must sign it
5. The drawee must be certain
6. The sum payable must be certain
7. The instrument must contain order to pay a certain sum
8. The payee must be certain.

Payments of Crossed Cheque:

Where a cheque is crossed generally the banker on whom it is drawn shall not pay it otherwise than to a banker.

Where a cheque is crossed specially the banker on whom it is drawn shall not pay it otherwise than to the banker to whom it is crossed or his agent for collection.

Where a cheque is crossed specially to more than one banker except when crossed to an agent for the purpose of collection the banker on whom it is drawn shall refuse payment thereof.

Where the banker on whom a crossed cheque is drawn has paid the sum in due course the banker paying the cheque and the drawer thereof respectively be entitled to the same rights and be placed in the same position in all respects as they would respectively be entitled to and placed in if amount of the cheque had been paid to and received by owner thereof.

Any banker paying a cheque crossed generally otherwise than to a banker or cheque crossed specially otherwise than to a banker to whom the **Same is crossed** or his agent for collection being a banker shall be liable to the true owner of the cheque for any loss he may sustaining to the cheque having paid.

Reasons for Cheque Dishonor

There are a lot of reasons for cheque dishonors. Some of the reasons are given below:

1. Refer to drawer: If there is any problem occurs then the Cheque is returned with this reason.
2. Not arranged for: If the amount is not sufficient for honor the Cheque then the reason will be not arranged for
3. Effects not cleared may be presented again/after-----------------days: Some time the Cheque maybe honor after some days then the banker will show this reason for Cheque dishonor.

4. Exceed arrangements: If the amount of the Cheque exceeding, of the amount arranged in the account then this reason be shown.
5. Full cover not receive: Same as no. 4
6. Payment stop by drawer: If the drawer gave any instruction about stop payment then the Cheque must be dishonored for this reason.
7. Drawer signature different: If the signature of the drawer differs then the Cheque cannot be passed.
8. Cheque is post dated/out of date/mutilated /anti ddted: If the cheque has a further date then the cheque is called post dated. If the cheques has above six months before date then the cheque is called stale. If the cheque is mutilated then the cheque should not be passed. If the date of cheque is before of that cheque issuing date then the cheque is called anti dated cheque.
9. Amount in words and figures differ: If the amount in words and figures differ then the cheque can be dishonored.
10. Alteration of date / figure / words: Some time there are some alterations in their figure or words or date on the cheque then the drawer must sign on the Cheque at place of alteration. Without signature the cheque will not be passed.
11. Other reasons: If there is any other reasons for dishonored the cheque then bank can clarify the reasons in this place.

Collection of Cheque:

There is no legal obligation on a banker to collects cheques drawn on other banks for a customer. But as a practice the collecting of Cheques and bills on behalf of the customer has become one of important functions of a bank. A banker collecting a cheque for a customer has no better title than that of his customer cheque belonging to another person cab he held liable for conversion.

CHAPTER-04

4.1 Foreign Exchange

Foreign Exchange Department is international department of the bank. It deals globally. It facilitates international trade through its various modes of services. It bridges between importers and exporters. If the branch is authorized dealer in foreign exchange market, it can remit foreign exchange from local country to foreign country. This department mainly deals in foreign currency. This is why this department is called foreign exchange department.

4.2 Functions of This Department

Basically the Foreign Exchange department deals with the L/C operation. To have clear idea about the L/C operation procedure is given in the next pages.

IMPORT OPERATION

Import section helps business and other people to import goods. In international environment, buyers and sellers are often unknown to each other. So seller always seeks guarantee for the payment for his goods exported. Here is the role of bank. Bank gives export guarantee that it will pay for the goods on behalf of the buyer. This guarantee is called Letter of Credit. Thus the contract between importer and exporter is given a legal shape by the banker by its 'Letter of Credit'.When a buyer goes to import some goods from a foreign buyer, he request his bank makes payments to the exporter of goods. And the bank recovers the amount from the importer.Imports are foreign goods and services purchased by consumers, firms & Governments in Bangladesh. To import, a person should be competent to be a 'importer'. According to Import and Export Control Act, 1950, the Office Of Chief Controller Of Import and Export provides the registration (IRC) to the importer.

b. **Application For L/C limit:**

Before opening L/C, importer applies for L/C limit. To have an import L/C limit, an importer submits an application to the Department of Premier Bank furnishing the following information, -

i. Full particulars of bank account maintained with Premier Bank principal branch.
ii. nature of business
iii. required amount of limit
iv. payment terms and conditions
v. goods to be imported
vi. offered security
vii. repayment schedule

1. Scrutinization of L/C Application:

a. The Premier Bank Official scrutinizes the application in the following manner, -

b. The terms and conditions of the L/C must be complied with UCPDC 500 and Exchange Control & Import Trade Regulation.

c. Eligibility of the goods to be imported.

d. The L/C must not be opened in favor of the importer.

e. Radioactivity report in case of food item.

f. Survey report or certificate in case of old machinery

g. Carrying vessel is not of Israel.

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

Accounting Treatment in Case of L/C Opening:

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

Client's Account---Dr.

Sundry deposit margin on L/C--------------------------------------Cr.

Income A/C commission------------------------------- -------------Cr.

Sundry deposit margin foreign currency clearing (F.C.C) A/C-----Cr.

VAT (15% of Commission) on L/C----------------------------------Cr.

Income A/C (postage/telex)---------------------------------- -----Cr.

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

Customer's Liability-----------------------------------Dr.

Banker's Liability---------------------------------------Cr.

2. Transmission of L/C to Beneficiary through Advising Bank:

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

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

3. Amendment of the Letter of Credit: When the parties involved in a L/C, especially the seller want to change the terms and conditions due to some obvious and genuine reasons the credit should be amended. Premier Bank transmits the amendment by tested telex to the advising bank. If the L/C is amended, service charge and telex charge is debited from the party account accordingly. According Articles 5 of UCPDC500. Amendments must be complete and precise.

4. Presentation of the Documents:

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

   Premier Bank checks the documents. The usual documents are,-

   i. Invoice
   ii. Bill of lading
   iii. Cert Premier ate of origin
   iv. Packing list
   v. Weight list
   vi. Shipping advice

vii. Non-negotiable copy of bill of lading
viii. Bill of exchange
ix. Pre-shipment inspection report
x. Shipment certificate

Shipping Guarantee:

When goods arrive prior to arrival of documents, this happens mostly in cases of air shipment, shipment by truck from Land or shipment by post parcel. In such cases bank endorses non-negotiable shipping documents for clearance of the goods subject to scrutiny and the documents being in order and settlement of the bank dues against the relative bills.

4.3 Back-To-Back L/C

1. It is simply issued to the clients against an import L/C. Back-to-Back mechanism involves two separate L/Cs. One is master Export L/C and another is Back-to-Back L/C. On the strength of Master Export L/C bank issues back to Back L/C. Back-to-Back L/C is commonly known as Buying L/C. On the contrary, Master Export L/C is known as Selling L/C.
2. Features of Back to Back L/C
   - **a.** An Import L/C to procure goods /raw materials for further processing.
   - **b.** It is opened based on Export L/C.
   - **c.** It is a kind of Export Finance.
   - **d.** Export L/C is at Sight but back to Back L/C is at Usance.
   - **e.** No margin is required to open Back to back L/C
   - **f.** Application is registered with CCI&E
   - **g.** Applicant has bonded warehouse license.
   - **h.** L/C value shall not exceed the admissible percentage of net FOB value of relative Master L/C.
   - **i.** Usance period will be up to 180 days.
3. Here L/C issued against the lien of export L/C.

4. Arrangements are such that export L/C matures first then out of this export profit, import L/C is paid out.

L/C UNDER EDF

1. Exporter development Fund is created by Bangladesh Bank to give encourage to the exporter in Bangladesh.
2. Generally Back-to-Back L/C is Usance L/C that is here bill of exchange is payable after some maturity date say 90 or 120 days after the date of acceptance/negotiation. But some foreign seller may require sight payment. Here import L/C matures first. In that case Bangladesh Bank gives the fund to the bank to pay the price of imported goods in favor of the local purchaser of raw materials. When export proceeds come, first Bangladesh Bank loan to the importer is adjusted and remaining part goes to the importer of raw materials.

CASH L/C

1. Generally bank requires 25% margin for opening cash L/C.
2. The rest 75% will be recovered after reaching the Bill of Exchange from the foreign exporter.

KINDS OF CREDITS OCCURRED IN L/C OPERATION

During L/C operation some Credit facilities evolved to the importer and exporter. This credit facilitates are mentioned below

4.4 Export Operation

Bangladesh exports a large quantity of goods and services to foreign households. Readymade textile garments (both knitted and woven), Jute, Jute-made products, frozen shrimps, tea are the main goods that Bangladeshi exporters exports to foreign countries. Garments sector is the largest sector that exports the lion share of the country's export. Bangladesh exports most of its readymade garments products to U.S.A and European Community (EC) countries. Bangladesh exports about 40% of its readymade garments products to U.S.A. Most of the exporters who export through Premier Bank are readymade garment exporters. They open export L/Cs here to export their goods, which they open against the import L/Cs opened by their foreign importers.

After shipment, exporter submits the following documents to Premier Bank for negotiation.

- **a.** Bill of Exchange or Draft;
- **b.** Bill of Lading
- **c.** Invoice
- **d.** Insurance Policy/Certificate
- **e.** Certificate of origin
- **f.** Inspection Certificate
- **g.** Consular Invoice
- **h.** Packing List
- **i.** Quality Control Certificate
- **j.** G.S.P. certificate
- **k.** Photo – Sanitary Certificate.

ADVISING L/C

When export L/C is transmitted to the bank for advising, the bank sends an Advising Letter to the beneficiary depicting that L/C has been issued.

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 given and the person to whom this number is given can easily authenticate the same test number by maintaining that same procedure. Premier Bank has test key arrangements with so many banks for the authentication of L/C messages and for making payment.

Reporting to Bangladesh Bank:

At the end of every month, the reporting regarding the following information is mandatory, -

- **a.** **Filling of E-2/P-2 schedule of S-1 category; which covers the entire month amount of import, category of goods, currency, country etc.**
- **b.** Filling of E-3/P-3 schedule for all charges, commission with T/M form.
  Disposal of IMP form
  - Original IMP is forwarded to Bangladesh Bank with invoice.
  - Duplicate IMP is kept with the bank along with the bill of entry.

- Triplicate IMP is kept for office record.
- Quadruplicate is kept for Bangladesh Bank.

4.5 Foreign Remittance Department

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 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.

In Premier Bank foreign remittance is under foreign exchange department. Foreign remittance department of Premier Bank purchases and sells following instruments for its clients:

- **a.** Traveler's Cheque (TC)
- **b.** Foreign Currencies (FCY)
- **c.** Foreign Draft (FD)
- **d.** Foreign Telegraphic Transfer (FTT)
- **e.** Foreign Bills Purchase (FBP)
- **f.** Foreign Bills Collection (FBC)

FTT Incoming:

- **a.** A credit memo received from ID along with a tested telex.
- **b.** Enter in the FTT register.
- **c.** Treatment incase of Tk. A/C :

  H\O A/C HO ....Dr.@ Ready Buying

  Party A/C .... Cr.@ T.T Clean
- **d.** Income A/C Exch. on Bill / Remittance.... Cr. [diff. between Ready Buying &T.T. Clean]
- **e.** Purchase Memo to ID @ Ready Buying.
- **f.** IBETDA Credit advice to the party A/C.

FTT Outwards:

Person having FCY A/C can remit money abroad through FTT subject to approval from Bangladesh Bank. Client shall mention the purpose of remittance and the name of the beneficiary, his /her bank, A/C no. etc. However the procedure of outward FTT is same as FDD issue.

Accounting Treatment:

Party A/C --Dr.

HO A/C HO ---Cr. @ T.T.&OD

Income A/C Exch. On Remittance.--------------Cr. Diff. B.C.-T.T&OD

Income A/C Comm. On Remittance.--------------------------Cr.

FOREIGN BILLS PURCHASE (FBP):

Procedure:

a. Customer has to return original TC, purchase agreement and should submit passport.

b. Entry in the FBP register, crossing, 'paid seal on the back, FBP on. on the instrument given.

Equivalent.....Cash Dr. voucher

FBP (Pmt) US $ (clean) ....Dr. @ O.D Transfer

c. Passport and TC—Photocopy.

d. Forwarding to AMEX bank, instructing to reimburse to BTM-NY i.e., Nostro.A/C

e. ID gives Cr. memo after realization in the Nostro A/C.

Voucher released:

HO A/C HO --------------------------------Dr. @ Ready Buying

FBP (Remittance) US$ clean----------------Cr. @ OD Transfer

(Exchange rate of the date of purchase)

f. IBETDA & Realize memo @ Ready Buying.

FOREIGN BILLS COLLECTION (FBC):

Foreign Bills for Collection refer to collection procedure of foreign drafts/ P. O/ cheques/ BOE as per arrangement between Premier Bank and its corresponding banks. The collection procedure is described below

a. Entries in the FBC register and get a FBC number. This on will be on the bill and be treated as reference no.

b. Forward the bill along with a forwarding letter to the corresponding bank Send he draft trough courier service and keep a courier receipt in the file.

c. Crossing on the bill indicating Premier Bank as a collecting back. Endorsement on the bank of the bill- Payees A/C will be credited on realization."

d. Prepare a liability voucher-

Customer's Liability ....Dr. @ Notional

Banker's Liability ....Cr.

e. A photocopy of the bill to be kept on the file.

LOCAL FOREIGN BILL FOR PURCHASE (LFBC):

Definition of LFBC: Instruments originating outside Bangladesh but drawn on a Bangladeshi bank is known as Local Foreign Bill. In LFBC a forwarding letter is send to the local drawn on bank/branch along with the instrument and payment instruction is given to them. However payment instruction differs depending on the currencies the A/C is maintained. The procedure is described below:

In case of TK. A/C the collection procedure involves payment instruction by a P.O./D.D. favoring the beneficiary. The instrument, after receiving will be send for collection through clearing preparing a Cr. Advice:

Clearing---Dr.

Party A/C ---Cr

LFBC: Collection of ITT

Sometimes ITT arrives at another bank whereas beneficiary's account lies in this bank. In that case receiving bank of ITT informs to this bank to collect the proceeds. This collection procedure too comes under LFBC mechanism. Here a letter is forwarded to that bank giving payment instruction and all other procedure remains the same.

INSPECTION CERTIFICATE:

- IT is properly fit led, signed and dated. .

- It complies with the inspection requirements contained in the credit, if any, Statements referring to the condition of the merchandise will be disregarded unless otherwise stipulated in the credit.
- The document appears to relate to the invoiced goods.
- If the credit requires a " clean report of findings," that the document presented is no titled," and signed and dated.
- Unless otherwise stipulated in the credit, statements that only a sample or samples of merchandise has been inspected are acceptable.

4.7 Credit Management

This is the survival unit of the bank because until and unless the success of this section the survival is a question to every bank. If this section is not properly working the bank itself may become bankrupt. This is important because this is the earning unit of the bank. Banks are accepting deposits from the depositors in condition of providing interest to them as well as safe keeping their interest. Now the question may gradually arise how the bank will provide interest to the clients and the simple answer is – advance. Why the bank provides advances to the borrowers –

- **a.** To earn interest from the borrowers and give the depositors interest back
- **b.** To accelerate economic development by providing different industrial as well as agricultural advances
- **c.** To create employment by providing industrial loans
- **d.** To pay the employees as well as meeting the interest groups

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

We often use loans and advances as an alternative to one another. But academically this concept is incorrect. Academically Advances is the combination such items where loans is a part only. For this credit section of the banks is known as advance section. Academically Advance is the combined form of the following items

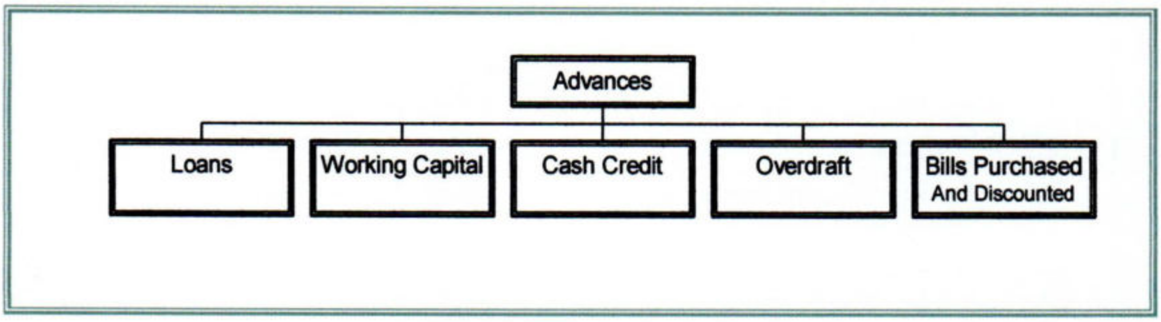

Fig-2: Types of Advances

This section has been analyzed in this report in the following manner

- Types of advances provided by the branch
- Procedures of loan appraisal
- Types of security charged and their valuation
- Documentation
- Follow up and Reporting
- Analysis of secondary data

TYPES OF ADVANCES

It is not possible to discuss all these types of advances in details in this report but an attempt has been made to analyze the basic difference and characteristics of these advances all in the following manner

OVERDRAFT

a. Overdrafts are those drawings, which are allowed by the banker in excess of the balance in the account up to a specified amount for definite period as, arranged for.

b. Generally it is given to the businessmen to increase their business activities.

c. Any deposit in the SOD account is treated as repayment of overdraft.

d. Generally provided against FDR, PSP or any primary security

SECURED OVERDRAFT – SOD	LOAN GENERAL – LG
a. Only Businessmen can open this	**a.** Anyone can open this account
b. Only CD Account Holder can open	**b.** CD/SB both Account holder can open

c. Interest rate is 14.00% **d.** Interest starts from the date of first withdrawal	**c.** Interest rate is 15.00% **d.** Interest starts from the date of sanction of the overdraft

4.1.2. ⁺CASH CREDIT / WORKING CAPITAL – CC / WC

a. Cash credit is given through the Cash Credit (CC) account. **b.** Cash credit account is basically a current account, however a little different exist between them. The distinction between a current account and a cash credit account is that the former is intended to be an account with credit balance and the latter an account for drawing of advances. **c.** ♦Operation of cash credit is same as that of overdraft. The purpose of cash credit is to meet working capital needs of traders, farmers, and industrialists.

CC (HYPOTHECATION)	CC (PLEDGE)
a. It is a charge against a property for a debt where neither the ownership nor the possession is passed to the Banker. **b.** It is granted only to first class parties. **c.** Instrument – Hypothecation Deed **d.** Possession of goods is surrendered to the lender when called upon to do so. Charge is then converted to pledge.	**a.** It is a charge against a property for a debt where the ownership remains to the borrower but the possession is passed to the Banker. **b.** Instrument – Pledge deed **c.** In case of default, Bank may sell the security on giving the debtor reasonable notice of sale.

STAFF LOAN

1. STAFF HOUSE BUILDING LOAN – SHBL
   - **a.** The branch manager is getting this facility.
   - **b.** Repayment is adjusted from his monthly salary.
   - **c.** Repayment is made at equal monthly installment.
2. STAFF LOAN AGAINST PROVIDENT FUND – SPF
   - **a.** 10% of basic is contributed by employee in every month
   - **b.** 10% of basic is also contributed to the PF by the Bank
   - **c.** Repayment is adjusted from their monthly salary
   - **d.** Staffs can take loan agains

Types of Loans	Characteristics
Industrial Loans	**a.** It is given at equal monthly installment **b.** Interest rate is 15.00% **c.** Grace Period is allowed depending on types of project **d.** To facilitate the industrial growth this is given
Transport Loans	**a.** This is given to accelerate the transport facility nationwide **b.** Interest rate is 15.00% **c.** It is given at equal monthly installment **d.** Others conditions are almost same as the Industrial Loans
House Building Loans	**a.** This Loan is give for the construction of dwelling house. **b.** It is given at equal monthly installment **c.** Interest rate is 15.00% **d.** This Loan is not given frequently.
Others Loan – Including agricultural Loan	Agricultural loan is given from this branch of Premier Bank at the rate of 12.00-14.00%.

4.8 Creation Of Charges For Securing Loan

For the safety of loan, bank requires security from the loanee so that it can recover the loan by selling security if borrower fails to repay. Creation of a charge means making it available as a cover for an advance. The method of charging should be legal, perfect, and complete. Importance of charging security

a. Protection of interest
b. Ensuring the recovery of the money lent
c. Provision against unexpected change
d. Commitment of the borrower

Security - An insurance or cushion to fall back upon in emergency

Primary security	Security deposited by the borrower himself to cover the loan – FDR, Cash, PSP easily cashable item
Collateral security	Narrow sense – security deposited by a third party to secure the advances for the borrower Wider sense – any types of security on which the creditor has a personal right of action on the debtor in respect of advance

Common methods of charging security and their nature of security

Mode	Nature of security & its characteristics
Lien	**a.** Cash, cash collateral and documents of the title to the goods **b.** It is the right of banker to hold the debtor's property until the debt is discharged – generally retained by the bank in its own custody or to the hands of third party with lien marked. **c.** The third party cannot discharge it without the permission of the bank. **d.** In case of need bank needs the permission from the court to sell the property.

Assignment	**a.** Borrower transfers the right of property or debt to the bank Life insurance policies, supply bills, book debt of the borrower can be assigned
Pledge	**a.** Moveable stock of raw materials, finished goods, merchandise **b.** Pledge is also lien but here bank enjoys more right. **c.** Physical transfer of goods to the bank is must. **d.** Bank can sell the property without the intervention of any court in case of default on loan.
Hypothecation	**a.** Moveable stock of raw materials, finished goods, merchandise **b.** Goods remain in the hands of debtor, but documents of title to goods are handed over to the banker. This method is also called 'equitable charge'. **c.** Bank inspects the goods regularly to judge the quality and quantity for the maximum safety of its loan.
Mortgage	**a.** Mortgage is the transfer of special immovable property - like land, building, plant etc. **b.** Most common type of mortgage is legal mortgage in which ownership is transferred to the bank by registration of the mortgage deed. **c.** Another method called equitable mortgage is also used in bank for creation of charge. Here mere deposit of title to goods is sufficient for creation of charge. Registration is not required. In both the cases, the mortgaged property is retained in the hand of borrower.
Trust receipt	**a.** Intangible asset (goodwill) **b.** It is used in foreign exchange business – it will be discussed thereon

Table-7

4.9 Documentation For The Loan

A document is a written statement of facts of proof or evidence arising out of particular transaction, which on placement may bind the parties thereto answerable and liable to the court of law for satisfaction of the charge in question.

SPECIAL ACCOUNTS UNDER THIS SECTION

Consumer Credit Scheme (CCS)	**a.** Under this scheme credit is given to the customer for purchasing necessary and luxury commodities like – computer, Television, Sound System, Sewing Machine, Furniture etc. **b.** Other than the employee it is given to the valuable client **c.** It is a 24 to 48 installment system of 14% interest **d.** Credit allowed to the borrower Tk.10000.00 to Tk.300000.00

LOAN CLASSIFICATION

Every Bank has to send a quarterly CIB Report to the Bangladesh Bank for amounts due up to TK.50,000/- mentioning the name of the borrower and the purpose for which loan has been sanctioned and a monthly statement for the amount due more 1 crore Taka. According to Bangladesh Bank there are four types of loan.

If any borrower fails to repay his amount or installment within the following time period then it will fall under the following classification status.

Classification	Types of loan			
	Continuous loan (C/C; O/D.)	Demand loan (LIM; PAD; FBP; IBP)	Term loans to be overdue after 6 months	Term loans to be overdue after 12 months
Unclassified	Less than 6 months	Less than 6 months	Less than 6 months	Less than 12 months
Substandard	6 months or more but less than 9months	6 months or more but less than 9 months	6 months or more but less than 12 months	12 months or more but less than 36 months

Doubtful	9 months or more but less than 12 months	9 months or more but less than 12 months	12 months or more but less than 24 months	36months or more but less than 48 months
Bad loan	12 months or more	12 months or more	24 months or more	48 months or more

Bank should preserve following provisions for continuous, forced, and term loan.

a) For unclassified loan ------------------------------1%

b) For substandard loan-------------------------------20%

c) For doubtful loan---------------------------------50%

d) For bad loan-------------------------------------100%

4.10 Principles Of Sound Lending

In order to secure a balance between liquidity, profitability and security, Premier Bank follows the following principles of sound lending,-

1. Liquidity: It means that while lending, adequate care has to be taken so that the liquidity is not compromised. That's why; Premier Bank chooses such securities, which possess sufficient liquidity.
2. Safety: Premier Bank exercises the lending function only when its safe and that the risk factor is adequately mitigated and covered. Safety depends upon,
    a) The security offered by the borrower, -
    b) The repaying capacity and willingness of the debtor to repay the loan with interest.
3. Diversity: In order to minimize risk, Premier Bank invests its funds in different types of securities of different industries situated in different regions of the country.
4. Yield: From the commercial point of view, Premier Bank considers sufficient yield or return while financing a project.
5. Productive purpose: Premier Bank exercises its lending function only on productive purpose.

6. National or social interest: Premier Bank also considers national aspect of any project while financing. They take utmost care so that the project can not be detrimental to the society as well as to the nation.

SELECTION OF BORROWER

In lending, the most important step is the selection of the borrower. Due to the asymmetric information and moral hazard, banks have to suffer a lot due to the classified loans and advances, which weakens the financial soundness of the bank. If the selection of borrower is correct, that is, the borrower is of good character, capital and capacity or of reliability, resourceful and responsible; the bank can easily get the return from the lending. Consequently, monitoring is made much easier for the banker. From this point of view, Premier Bank follows the following procedures,-

Studying past track record: After getting an application for a loan, a Premier Bank Official studies the past track record of the applicant. Generally the study includes,-

a) Account balances and the past transactions.
b) Credit report from other banks.
c) Information of the Industry by studying market feasibility.
d) Financial statements (balance sheet, cash flow statement, and income statement). If the borrower is a sole- proprietor, then the single entry accounting treatment is converted to double entry system.
e) Report from Credit Information Bureau of Bangladesh Bank if the amount is more than TK.10 lac.

BORROWER ANALYSIS

Borrower analysis is done from the angle of 3-C (character, capital, capacity) or 3-R (reliability, resourcefulness, responsibility). It follows that the bank forms a rational judgment about the integrity of the borrower, which should be undoubted. The human skill, conceptual skill, operational skill is qualitatively analyzed.

Business analysis: Business analysis is done from two angles-terms, conditions, and collateral securities.

CREDIT APPROVAL PROCEDURE

a. After receiving the application from the client, Premier Bank official prepares a Credit Line Proposal (CLP) (Annexure-1, 2,3) and forwards the same to the Head Office to place before Head Office Credit Committee (HOCC) for approval. It includes,-

b. Request for credit limit of customer.
c. Project profile/ profile of business.
d. Copy of trade license duly attested.
e. Copy of T I N certificate.
f. Certificate copy of Memorandum & Articles of Association, certificate of incorporation, certificate of commencement of business, Resolution of the Board, Partnership Deed. (Where applicable)
g. 3 years Balance sheet and profit & loss account.
h. Personal net worth statement of the owner/ directors/ partners etc.
i. Valuation certificate of the collateral security in Bank's form with photograph of the security.
j. C I B Inquiry form duly filled in(for proposal of above 10lac)
k. Credit report from another banks.
l. Stock report duly verified (where applicable)
m. Indent/ Proforma invoice/ Quotation.
n. Price verification report.
o. Statement of accounts
p. Declaration of the name of the sister concern and their liability.
q. In case of L/C detailed performance of L/C during last year.

DOCUMENTATION

Documentation can be described as the process or technique of obtaining the relevant documents. In spite of the fact that banker lends credit to a borrower after inquiring about the character, capacity and capital of the borrower, he must obtain proper documents executed from the borrower to protect him against willful defaults. Moreover, when money is lent against some security of some assets, the document must be executed in order to give the banker a legal and binding charge against those assets. Documents contain the precise terms of granting loans and they serve as important evidence in the law courts if the circumstances so desire. That's why all approval procedure and proper documentation shall be completed prior to the disbursement of the facilities.

Charge documents as required by the different types of advances are mentioned bellow:

1. Loan:

   a. D P Note signed on revenue stamp (Annexure-4).
   b. Letter of arrangement. (Annexure-5).
   c. Letter of disbursement.
   d. Letter of partnership (partnership farm) or Board of resolution (limited companies).
   e. Letter of pledge.
   f. Letter of hypothecation.
   g. Letter of lien and ownership / share transfer form (in case of advance against share).
   h. Letter of lien for packing credit.
   i. Letter of lien (in case of advance against F D R)
   j. Letter of lien and transfer authority.(in case of advance against P S P, B S P)
   k. Legal documents for mortgage of property (As draft by legal adviser)
   l. Trust receipt.

2. Overdraft:

   a. D P Note.
   b. Letter of partnership.
   c. Letter of arrangement.
   d. Letter of continuity. (Annexure-6).
   e. Letter of lien. (Annexure-7).
   f. Letter of lien and ownership /share transfer form (in case of advance against share).
   g. Letter of lien and transfer authority.
   h. Legal documents for mortgage of property.

3. Cash Credit:

   a. D P Note.
   b. Letter of partnership.(in case of partnership farm) or Board of resolution (in case of limited company)
   c. Letter of arrangement.
   d. Letter of continuity

e. Letter of hypothecation [In case of cash credit (Hypothecation)]

f. Legal documents for mortgage of property

g. Letter of pledge or Agreement of pledge.[In case of cash credit (pledge)]

4. Bills purchased:

a. D P Note.

b. Letter of partnership.(in case of partnership farm) or Board of resolution(in case of limited company)

c. Letter of arrangement.

d. Letter of acceptance, where it calls for acceptance by the drawee.

e. Letter of hypothecation of bill.

CREDIT DISBURSEMENT

Having completely and accurately prepare the necessary loan documents, the loan officer ready to disburse the loan to the borrower's loan account. After disbursement, the loan needs to be monitored to ensure whether the terms and conditions of the loan fulfilled by both bank and client or not.

GUARANTEE

According to the Section 126 of Contract Act,1872, guarantee can be defined as a contract to perform the promise or discharge of liability of a third person in case of his default. The person who gives the guarantee is called the 'surety', the person in respect of whose default the guarantee is given is called 'the principal debtor' and the person to whom the guarantee is given is called the 'creditor'. It is an irrevocable undertaking to pay in case of a certain eventuality.

Types of guarantee:

The different types of guarantee that Premier Bank offers are as follows, -

a. Tender or bid bond guarantee:

The tender guarantee assures the tenderee that tenders shall uphold the conditions of his tender during the period of the offer as binding and that he /she will also sign the contract in the event of the order being granted.

b. Performance guarantee:

A Performance guarantee expires on completion of the delivery or performance. Beneficiary finds that as a guarantee, the contract will be fulfilled in every respect and can retain the guarantee as per provision for long time. This can be counteracted by including a clause stating that the supplier can claim under the guarantee, by presenting an acceptance cert Premier ate signed by the buyer.

Issuance Procedure of Guarantee:

Bank guarantee is a contractual relationship between the account (client) and the beneficiary. The account party requests to the bank to issue the guarantee with the terms and conditions specified by him. Normally the bank prepares the format of the guarantee. At the request of the account party the bank issues the guarantee in favor of the beneficiary.

CHAPTER-5

5.1 Consumer Banking

While the banking industry clearly has benefited from a relatively healthy macroeconomic environment, risk-taking is an essential part of consumer banking, and even if our banking system as a general matter is taking only prudent, well-managed risks, there may still be some failures from time to time. Furthermore, risk is an inherent part of innovation, and when banks are trying new things, some will succeed and some will not. But innovation is vital to the continued growth and progress of the industry and its ability to provide the public with ever more useful and efficient financial services over time.

The theme of innovation and its relationship to risk permeates contemporary banking and finance. We certainly see it in the growing use of interest rate and credit derivatives for risk management. While such tools can assist organizations in limiting their exposures to risk, they can also, if used imprudently, be a source of increased risk. Although the term "financial innovation" typically conjures up images of what we might call "high finance" innovation has also been arguably the most important driver for the evolution of the market for consumer credit. Because much of the transformation of consumer credit markets in recent decades amounts to the development of new and more varied loan products for a growing set of consumers with more variable pricing.

Many recent innovations in consumer credit products have garnered a fair amount of attention both in the popular press and in supervisory and legislative arenas. Over the last two decades, we have witnessed what can arguably be called a revolution in consumer banking. Perhaps the hallmark of this revolution has been the dramatic expansion of unsecured lending through the proliferation of credit cards. This growth has not been limited to unsecured credit, but also includes innovative mortgage and home equity lending. The wave of innovation that has driven these trends has brought widespread change to the financial services industry. While this expansion of credit has been broadly beneficial to a wide array of consumers, it has also brought with it a

growth in the number and frequency of consumer defaults and bankruptcies, a trend that has contributed to a growing concern in finances to a dizzying array of new products and options and that lenders are taking on new risks for which they may not be adequately prepared. The nature of innovation in lending, it is important for us to understand that innovation is an inherently risky activity, whether we are talking about a large, sophisticated institution that "invents" new products or processes, or a smaller community bank that innovates by putting new products or processes to use. As supervisors, it is important for us to understand that innovation in financial products is likely to be a feature of the banking landscape for many years to come. Supervisory practice and philosophy should view financial innovation as a relatively permanent feature of the banking industry, rather than treat each burst of innovation as an episodic, one-off occurrence. Thus, as a general principle, supervisors place a great deal of emphasis on the ability of bankers to measure, monitor and manage their risk profiles over time and make informed risk acceptance decisions, since risk is intrinsic to the banking business. Supervisory guidance regarding innovative consumer banking products should recognize their potential benefits to a wide array of households in addition to their risk management implications. The expansion of consumer credit over the last decade and a half has been truly astonishing. This expansion occurred across a number of product lines. Probably most prominent has been the expansion of credit card lending. Home mortgage lending, including home equity credit, has also seen robust growth. Much new mortgage lending recently has taken the form of so-called "non-traditional mortgages," such as "interest-only" mortgages that allow the borrower to defer principal payments for the first few years.
An especially prominent feature of the secular expansion of consumer credit has been the growth in lending to lower-income consumers, many of whom had in the past been unable to obtain credit on as favorable terms from the financial sector. Indeed, many had been unable to obtain credit except from fringe lenders such as pawnbrokers, payday lenders, or through informal arrangements with friends and family. Some borrowers that take out non-traditional mortgages would not have qualified for traditional mortgage products otherwise, or would not have qualified for loans as large. The growth in consumer credit, thus, has brought expanded social benefits to a wide array of consumers.

Broad expansion of consumer credit has been driven by advances in information and communication technologies, which have reduced the cost of obtaining, evaluating and monitoring consumer account information. At a basic level, this dramatically increased the productivity of the back-office functions associated with all phases of the banking business. Payments processing and the associated book-keeping tasks became much cheaper. The result was a general decline in the intermediation costs that lenders ultimately must recover on top of their funding costs. Competition forced lenders to pass on these cost savings to borrowers in the form of lower lending rates. More consumers could afford to borrow, and the market expanded.

The application of information technology to the lending process itself has been evident in a number of ways, from the automation of underwriting to the use of credit scoring. Lenders have been able to access and utilize an expanded array of information about potential borrowers. These advances did not change the fundamental nature of underwriting; however, they just made it more effective. Underwriting is about making distinctions between people in order to decide whether to lend, and if so, how much to charge. When lenders were limited to reviewing paper loan applications and old-fashioned credit reports, they could sort potential borrowers into only a few broad categories. New technologies allowed lenders to bring more and more consumer-specific information to bear on lending and pricing decisions, and thus make finer distinctions between consumers. The result was that the lending decision and loan terms could be more closely tailored to individual borrowers. Lenders were able to offer lower interest rates to less-risky customers, and were able to pluck out the creditworthy from among the group of customers that formerly were unable to qualify for credit at all.

Beyond the direct impact of new technologies on underwriting, innovations also contributed to the spread of loan securitization, by making it easier for investors to assess the risk characteristics of the underlying loans. Securitization separates loan origination from holding loans on a balance sheet, thereby allowing originating institutions to economize on funding and capital costs.

The technology-driven expansion of retail credit is evident in the growth of household debt and in the proliferation of entirely new credit products. For example, many non-traditional mortgage products, particularly those offered to less-creditworthy borrowers, would not have been economically feasible without the new, more advanced pricing models and underwriting techniques. Likewise, home equity lines of credit became more widely available in part because of the lower cost of accurately assessing creditworthiness.

5.2 The importance of consumer banking

While the importance of bank-firm relationships is well documented in the banking literature, there is relatively little research on the importance of consumer banking. The importance of consumer banking is an experimental setting where commercial banks have depositors and also underwrite securities. We are able to distinguish between the lead bank's own consumer clientele vis-a-vis other consumer clientele to ask if lead banks take advantage of their consumer investors to dump "lemons" or whether their consumer investors benefit from getting higher allocation of underpriced issues. Consumers demand more of the highly underpriced issues and end up with a higher allocation of underpriced issues. We use grey market prices to show that it is actual underpricing over and beyond that predicted by the grey market that drives the differential demand from the lead bank consumer clientele. This is consistent with the bank passing on information about underpriced IPOs to their retail clientele and encouraging them to demand more of such issues. In particular, we document increases in both new brokerage accounts and retail consumer loans which are related to increase IPO underwriting, especially underwriting of underpriced IPOs by the commercial bank. We document brokerage accounts are sticky, they go up when IPO activity is high but are not shut down when IPO activity tapers off, and quantify that the economic benefits from the increase in brokerage accounts alone to the bank are substantial. We additionally provide evidence that increased IPO activity also goes hand in hand with additional cross selling through an increase in retail consumer loans. Interestingly, we do not see similar increases in corporate loans over the same time interval. Our results are robust to controls for competitive deposit and lending rates and to the use of instruments. Our evidence suggests consumer banking importance and provides a rationale for why this is the case.

There is much theoretical and empirical literature on consumer banking. The importance of consumer banking has been examined by studying outside stakeholders' positive stock market reaction on an announcement or renewal of a bank loan to a firm. Further, it is not just new loans but the identity of the lender is also important. Recent work finds that bank-firm lending relationships are also important to the bank in gaining investment banking and other business. However, if consumer banking relationships are important to the bank, then banks might want to treat their retail depositors well, and inform their customers of good issues, and perhaps also allocate more of such issues in which they are the lead manager. How important are consumer banking relationships? How does this affect how banks treat retail customers? What are the economic benefits to the retail investor? What are the economic benefits to the bank? These are open questions worth of further study.

A major limitation in studying the importance of consumer banking is the availability of data in the context of an appropriate experiment design. In this report, we exploit the context of Bangladesh, which is a country where commercial banks have a strong presence in equity underwriting. This experimental setting allows us to distinguish between lead bank's own retail clientele and other retail customers, and examine how banks treat retail investors.

5.3 Consumer banking and retail banking

There is no basic difference between consumer banking and retail banking. Another name of consumer banking is retail banking. That means consumer banking is same as retail banking. Consumer banking is a banking service that is geared primarily toward individual consumers. Consumer banking is usually made available by commercial banks, as well as smaller community banks. Unlike wholesale banking, consumer banking focuses strictly on consumer markets. Consumer banking entities provide a wide range of personal banking services, including offering savings and checking accounts, bill paying services, as well as debit and credit cards. Through consumer banking, consumers may also obtain mortgages and personal loans. Although consumer banking is, for the most part, mass-market driven, many consumer banking products may also extend to small and medium sized businesses.

In other words, Consumer banking services are a group of financial services that includes installment loans, residential mortgages, equity credit loans, deposit services, and individual retirement accounts. In contrast with wholesale banking or corporate banking, consumer banking is a high volume business with many service providers competing for market share. Some consumer banking services, for example, credit cards, are among the most profitable services offered by financial institutions.

Examples of consumer banking services include checking and savings accounts, credit cards, personal lines of credit, mortgages, and so forth. Some consumer banks offer basic brokerage services, though this is not always the case.

5.4 Consumer banking and online banking

Today much of consumer banking is streamlined electronically via Automated Teller Machines (ATMs), or through virtual consumer banking known as online banking. Online banking applications offer wide benefits to customers and banks and it is now no longer a "nice to have" but an "impossible to survive without" for all banks. "Online Banking" refers to systems that enable bank customers to access accounts and general information on bank products and services through a personal computer (PC) or other intelligent devices. Numerous factors including competitive cost, customer service, and demographic considerations are motivating banks to evaluate their technology and assess their electronic commerce and Internet banking strategies. The challenge is to make sure the savings from internet banking technology more than offset the costs and risks associated with conducting business in cyberspace. Most of the banks do not offer online or electronic service such as Direct Deposit. Bangladesh Government is developing the IT infrastructure, computer literacy, etc. This will encourage the banks to expand Internet Banking facilities from their current level of 12% of the services provided through internet. The latest and most innovative global e-solution to bank customers is Direct Online Banking. From the customer point of view the overall improvement in education specially computer literacy and the expanding vast network of ISPs will make an enabling environment to make the customer feel safe for banking through online.

5.5 Key system application in the consumer banking

Key system application in the consumer banking focus on:

- Credit
- Investments
- Customer Relationship
- Teller
- Back Office
- Call Center

Credit:

Credit scoring is a system creditors use to help determine whether to give you credit. It also may be used to help decide the terms you are offered or the rate you will pay for the loan. Information about you and your credit experiences, like your bill-paying history, the number and type of accounts you have, whether you pay your bills by the date they're due, collection actions, outstanding debt, and the age of your accounts, is collected from your credit report. Using a statistical program, creditors compare this information to the loan repayment history of consumers with similar profiles. For example, a credit scoring system awards points for each factor that helps predict who is most likely to repay a debt. A total number of points a credit score - helps predict how creditworthy you are - how likely it is that you will repay a loan and make the payments when they're due.

Investments:

To expand consumer banking investments used as a key system application. Investments have to be increased to provide various products and services to its customers. Product lines have to be increased by more investments. More investments more profit will be achieve.

Customer Relationship:

Effective execution of a Consumer Banking Strategy will require a clear definition of how the front-, middle- and back-offices interact. Many banks have successfully adopted customer relationship initiatives to create an integrated operating model, linking the front-, middle- and back- offices, to provide superior customer experience, ensure effective cross-sell and deliver appropriate products and services to the right customers at the right time customer relationship is an integrated, enterprise-wide capability that is developed around customer-centric strategies, well thought-out business models, operating processes and technology, with the aim of maximizing profitability through enhanced customer value and increased customer satisfaction and loyalty.

Teller:

Teller means automated teller machine also a key system application in the consumer banking. Customers easily withdraw money from their account from the available ATM booths. ATM booths provide them accessibility of money at anywhere and any time. Use of ATM has become extremely popular among customers as convenient mode of transactions. The technological innovation has transformed the banking business. Banks are aggressively adopting this mode. The advantages of using ATM have given new impetus in dimensions of service quality and banks are offering new choices to customers.

Back Office:

General term that refers to any system that is used to automate back office processes such as settlements, confirmation and reconciliation.

Call Center:

Call center play an important role to expand consumer banking as key system application. Providing various information to the customers, call center make effort to utilize their resources as a strategic way by selling their various product and services. Customers get financial information through the call center as they needed. Three primary indicators of consumer activity: consumer lending (one-to-four-family mortgages, home equity lending, credit card loans, and other consumer loans), consumer deposits (NOW accounts, savings accounts, and small time deposits), and the number of bank branches. Observed trends in consumer loan shares, consumer deposit shares, the balance sheets of consumers, and the number of bank branches all indicate an increased focus on consumer activities.

Retail or Consumer Banking of PBL:

Premier Bank Limited is now conducting its consumer banking activities through retail banking division. For this reason the bank is continuously strengthening the retail division by various actions. It's huge number of work force are involving with this division. The employees of this division are maintaining regular relationship with its potential customers. The also generating new customers, serving them cordially. By this division PBL selling the following services such as- Credit card , Loans, Deposits services , Account maintaining services, Remittance, Locker service & Utilities services.

CHAPTER-6

Recommendations

The Premier Bank should adopt the following changes:

- The Premier Bank should give more emphasize on their marketing effort and try to increase their sales force.
- The account opening department needs staffs for make the work faster. The respective officers, who worked in this department often does all the works by themselves.
- This is totally a tremendous pressure on them. Some helping hand for them should be given so that the pressure will reduce and they will concentrate on accurate and proper working.
- They should reduce their interest rate on different credit scheme.
- The Bank should give more emphasize on industrial loan.
- The Bank should be remained profitable from the inception of its operation in the commercial banking sector.
- Bank should introduce some magnetize services to bring them on the satisfaction line.
- PBL should not only to earn profit but also to keep social commitment & to ensure its cooperation to the person of all level, to the businessman, industrialist-specially who are engaged in establishing large scale industry by consortium and the agro-based export oriented medium & small scale industries by self inspiration.
- They should try to attend different type of target customer.
- The Bank should introduce long-term credit scheme like different types of 5 years or ten years credit scheme.
- The Bank should reduce service charge of money transfer.
- The Bank should increase profit rate on different scheme.
- The Premier Bank Loan Interest Rates are not highest in the industry. Yet, maximum clients are dissatisfied about the loan interest rates, The bank should carry out extensive promotional activities to make its position clear to the clients and make it look more attractive.

Conclusion

It is a great pleasure for me to have practical exposure to the Premier Bank Limited PBL, Kolabagan Branch. Without practical knowledge, it is not possible for me to compare the academic knowledge & practical knowledge. The time is very limited to learn all the sectors of a bank. If the duration of internship can be increased, then it is possible to learn all the banking activities more properly.

To compete in the environment of advancing technology and faster communication the PBL should depend more heavily on the quality service and information technology. PBL should be connected through wide area network. So that all the informational and service can be accessed form any branch of the world.

No doubt about it that PBL achieve superior position in our banking industry but to cope with customer PBL should think how to make its service proactive. To compete with other banks operation in Bangladesh, PBL should introduce easier way for faster processing of credit analysis.

As a leading new generation bank PBL is contributing significantly to the economy of Bangladesh with a promising future. I can hope that PBL will be able to spread their business with increasing various schemes & other utility services.

To summarize the whole situation, I would like to say that, this organization is giving a wonderful service to the people of our country and at the same time they are also trying to educate our people about the world class banking procedures which is, according to my concept, a very worthy step and we should cooperate with them in this matter for our own benefit.

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