INTERNSHIP REPORT

ON

GENERAL BANKING, LOANS AND ADVANCES OF PUBALI BANK LIMITED

TRISHAL BRANCH, MYMENSINGH

BY

SHARABANTI ANIN RATNA

MBA for BBA (REGULAR)

FALL-2020

ID-2193061011

UTTARA UNIVERSIT

SUPERVISOR

MD MOHEDUL ISLAM

ASSISTANT PROFESSOR OF ACCOUNTING

DEPARTMENT OF BUSINESS ADMINISTRATION

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Letter of Transmittal

August 30,2020

Md Mohedul Islam
Assistant Professor of Accounting
Department Of Business Administration.
Uttara University, Bangladesh
Dhaka, Bangladesh.

Subject: Submission of the internship working report.

Dear Sir,

With due respect and humble submission, I would like to inform you that, it is a great pleasure for me to submit this working report on “The General Banking, Loans and Advance Department.”, as a requirement for MBA program. During preparing this working report, I have gather extended knowledge on working procedure of general banking, loan and advance section of a reputed commercial bank of BD. I also got an in-depth understanding and experience, working with their banking software (PIBS) at Pubali Bank Ltd (Principal Branch). It was my great pleasure & honor that I got the opportunity, working with them.

Sincerely Yours

……………………
Shrabanti Anin Ratna

ID-2193061011

To,

Md Mohedul Islam
Assistant professor of accunting
Department of business administration.
Uttara University, Bangladesh
Dhaka, Bangladesh.

Subject: Solicitation for acceptance of the Internship Report.

Dear Sir,

I have the pleasure to submit an elaborate internship report, one of the most important requirements for the MBA program. I was assigned to work at Pubali Bank Limited, Trishal branch, Mymensingh. Where I have observed closely & studied different practical knowledge about banking operations.

I have given my utmost effort to reflect experience, skill and knowledge. Which I acquired at the time of operation in bank through this report. All of my effort will be successful if the report can serve its purpose.

Thanking You

Sincerely yours

…………………..

Shrabanti Anin ratna

MBA program (Major in Finance)

ID-2193061011

Batch –A

Department of Business Studies

Uttara University,Dhaka

Acknowledgement

At the very beginning, I would like to express my deepest gratitude to Almighty Allah for giving me the strength and composure to finish the task within the schedule time.

Internship program is an integral part of MBA degree. Every MBA student is being placed into different organization to learn something within the pre-stipulated time by observing their organizational daily practices. In this regard my internship was arranged at Pubali Bank Limited, Trishal Branch at Mymensingh. With deliberate counseling of my intern supervisor Mr. Sohel Islam, Senior lecturer, Faculty of Marketing, Uttara University, Bangladesh. I have accomplished my internship report successfully. My humble gratitude for his enthusiastic guidance and consideration during the entire phase of the study made it possible for me to prepare this report efficiently.

Furthermore specially, I would like to thank Debasish Chandra Banik and kalipad sarker (Senior Principle Officer) for giving me full facilities & support to acquire practical experience and knowledge.

Now at this point, I would like to recall those people's contribution, who received me as a member of their Banking family, with whom I worked for the last few months. I would like to express my deep condolence & gratitude to all the officials and members of Pubali Bank Ltd, (TrishalBranch) for all their guidance and suggestion during my "Internship Program".

Executive Summary

One of the vital part of MBA program is Internship program. At the end of academic course work one need to complete the internship to gain practical knowledge to have an experience of implementation of acquired theoretical knowledge .however, at the end of my MBA course work I was placed in pubali bank limited at Trishal branch,Mymensingh, the largest commercial bank of the country. During my internship period I have studied almost all the section of the branch. General banking sector, Loans and advance section etc. At the end of my few months internship period I have gained a thorough knowledge about all of those.

Pubali bank started its journey as the largest public commercial bank with a great hope and aspiration. But it is a private bank. Still this bank controls a significant portion of all banking transactions. With the up gradation and technology the bank is also trying to keep pace.

This report intends to give a comprehensive view of the bank. It consists of seven parts. First part consists of introduction and background of the study. Second part consists of a brief history of banking. Third part consists of organizational overview of pubali bank limited. Fourth part consists of general banking and fifth part consist loan and advances of PBL. And six part consist problem and recommendation with the conclusion part of this report.

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1. IRODUCTION OF THE REPORT

(1.1) Background of the study

The Internship program, itself is an attempt to provide the graduates an orientation to a real life situation, in which they can observe and evaluate the use and applicability of their theoretical concepts, taught in the classroom. As per the norm, this report is the requirement to fulfill the internship program as well as the MBA program. This report is about pubali bank limited, Activities of its general and loan section. As I am an employee of pubali bank limited so I preferred pubali bank to complete my internship also. This report covers the organizational overview of the Pubali Bank Ltd, Management and Organizational Structure, various functions performed by the Pubali Bank Ltd. It also covers overview of the General Banking, Loans & Advance departments. Identification of some problems associated with these departments of the Pubali Bank Ltd. Trishal Branch.. As I am a student of finance and I have a theoretical knowledge of banking so it was so helpful to me to learn banking activities practically.

(1.2)Objectives of the study

1.1.1 Broad Objectives:

This study is to know about the practical knowledge of general, loan and advance department activates of pubali bank limited , trishal branch, mymensingh .

1.1.2 Specific Objective:

- Understand the real management system situation and try to suggest for improving existing problems.
- To review the consumer banking services and operating system of Pubali Bank Ltd.
- To review the loan and advance system of pubali bank limited.
- To evaluate the factors affecting performance of the Bank.

(1.3) Limitation of the study

Although I have obtained wholehearted co-operation from my colleagues of Pubali bank limited, Trishal branch, Mymensingh, although they were extremely busy due to workload. One more important thing is that I have been completed my internship during this corona pandemic situation. In this situation every organization along with all banks were closed for two last months. So, it was very tough for me to collect all the information in this very short time. On the way of my study, I have faced the following problems which may be turned as the limitation coming of the study. These are as follows-

1. The main constraints of the study were insufficiency of information because of corona pandemic situation which was required for the study.
2. Since the bank was opened for very short period and bank personnel were very busy with their activities although I have tried my best to collect the data but sometimes it was so hard to collect.
3. Such a study was carried out by me for the first time, so in experience is one of the main factors that constituted the limitation of the study.
4. And due to Corona affect everyone wants to maintain so social distance that is why I wasn't able to interact with everybody easily to collect the information which made more helpless. With all the Limitations I have tried my best to collect the data and make this report, beside all this limitations I happy that I am able to finish this report with their cooperation & help.

(1.4) Rationale of the study

Reason for conducting the study mainly for gathering the knowledge about Banking sector as well as general banking, loan and advance. And do some study about how to improve the related this sector, how to avoid the limitations and how to do the job smoothly. With this study a student will be more benefited then others, like after having this study once a student go for the real job he/she will be very fluent and works hesitation less. So this kind of study is very important for a student. We can say that an organization also be benefited with this kind of study, first of all they are getting an employee with very low cost, then the sector having or improving the student as a good employee so later on he/she can serve the better job for the organizations. Like that the policymakers and stakeholders are also be benefited with this kid of study. So at last we can say the purpose and reason of this study play a vital role for student, organizations and for every one related to this banking sector.

2.Company Overview of the Pubali bank Limited

2.1. History of Pubali bank Limited

Figure: Pubali bank principle branch

The Bank was initially emerged in the Banking scenario of the then East Pakistan as Eastern Mercantile Bank Limited at the initiative of some Bangalee entrepreneurs in the year 1959 under Bank Companies Act 1913 for providing credit to the Bangalee entrepreneurs who had limited access to the credit in those days from other financial institutions. After independence of Bangladesh in 1972 this Bank was nationalized as per policy of the Government and renamed as Pubali Bank. Subsequently due to changed circumstances this Bank was denationalized in the year 1983 as a private bank and renamed as Pubali Bank Limited. Since inception this Bank has been playing a vital role in socio-economic, industrial and agricultural development as well as in the overall economic development of the country through savings mobilization and investment of funds.

At Present, Pubali Bank is the largest private commercial bank having 482 branches and it has the largest real time centralized online banking network

2.2 Organizational Structure

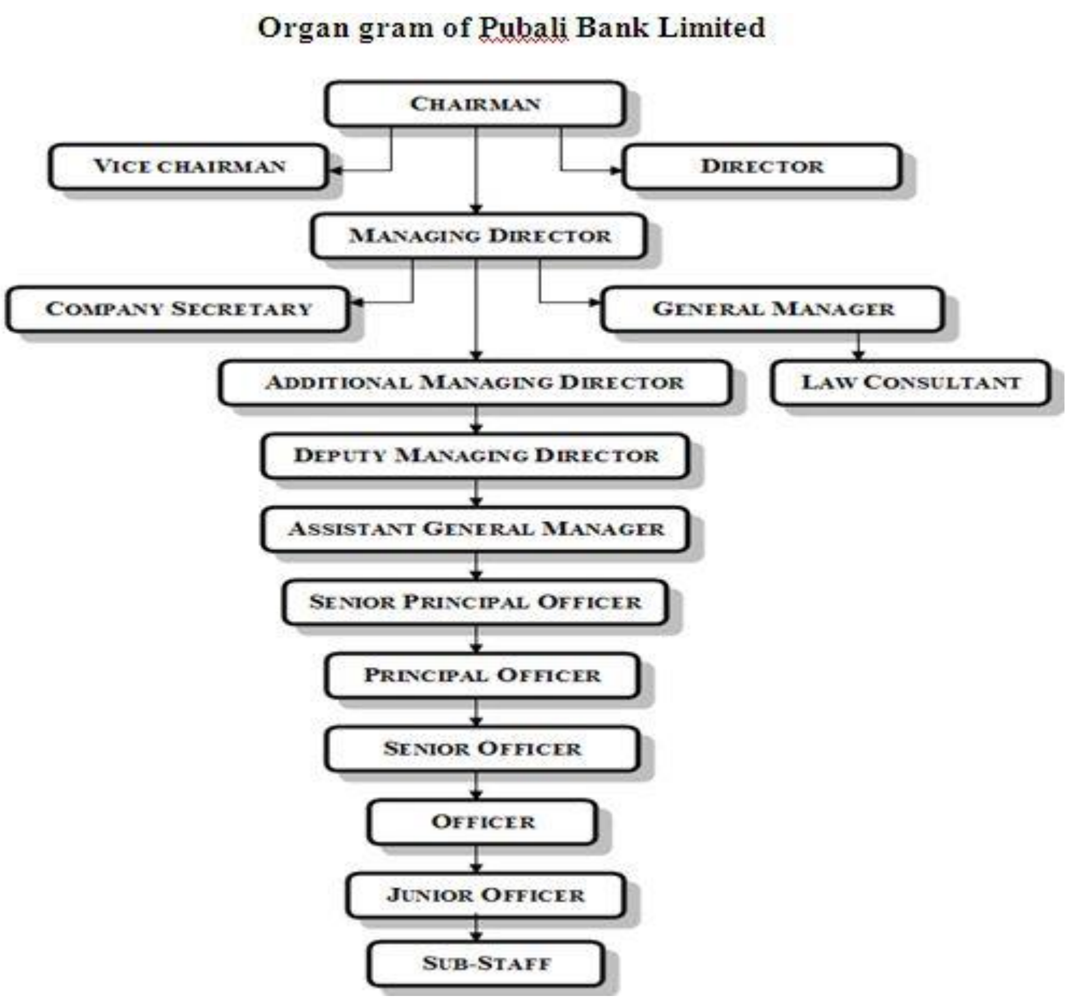

Figure:1 Organization Structure of PBL

2.3 Vision of Pubali Bank Ltd

To excel as best private commercial Bank in Bangladesh with meticulous observance of rules and regulations and commitment to corporate social responsibility.

Mission of Pubali Bank Ltd

(A) To get recognition as a dynamic, innovative and customer supportive Bank.

(B) To maintain continuous & steady growth with utmost transparency and to diversify development of resources.

(C) To enhance continuous development of information & technology to meet the demand and challenges of the time.

Corporate Objectives of Pubali Bank Limited

- Growth
- Value addition
- CSR
- Quality Standard
-

2.4Products of pubali bank limited

- Savings account
- Current account
- FDR
- Pubali shadhin shonchoy
- Pubali shopnopuron
- Pubali pension scheme
- Target based small deposit
- Consumer loans as like-car loan, Flat purchase loan, Household durable loan, Medical equipment loan etc.
- SME
- Lease etc

2.5Performance of pubali bank limited

Pubali Bank limited has achieved constantly about 20% growth for the last 10 (Ten) years. Following table summarizes the performance of the key financial indicators of the Bank.

(Taka in Crore)

Year	Deposit	Advance	Import	Export	Profit	Classified Advances	Remittance	NPL
2009	8,846.64	7,420.33	6,049.38	2,473.96	383.94	219.00	3,525.00	2.96
2010	9,885.05	8,910.62	8,568.35	3,390.97	548.50	181.85	3,193.00	2.04
2011	12,380.59	10,632.96	9,857.90	4,751.59	548.02	214.60	3,400.00	2.02
2012	15,041.88	12,206.85	10,812.03	5,900.48	613.58	615.96	4,123.99	5.05
2013	17,787.82	13,694.05	9,738.04	6,948.44	755.98	813.61	3,894.76	5.94
2014	19,309.02	14,997.45	9,751.69	7,707.13	708.14	937.76	4,354.17	6.25
2015	22,480.86	17,312.54	11,256.43	8,574.04	733.41	921.84	4,380.70	5.32
2016	24,727.85	20,301.12	12,185.20	8,676.41	655.65	1,092.15	3,775.70	5.38
2017	27,160.58	23,953.96	14,167.02	9,612.75	818.49	2,078.69	3,659.30	8.68
2018	30,889.98	27,090.95	15,571.37	10,486.16	885.77	1,477.83	4,056.5	5.46
2019	35,941.89	28,703.46	15,698.01	10,038.19	945.78	1,256.06	5,265.69	4.38

Figure 2: performance chart

2.6Department where I have worked

General Banking, Loan & advance department

I have worked under general department then loan and advance department respectively.

General department, In this section mainly general function are held as like account opening, cheque book issue, release, FDR, clearing ,Remittance ,Pay order etc .

And the main actives of loan and advance section create proposal for loans, valuations, give loans and recover the interest.

3.Data collection and Processing

While conducting the study, various sources were explored for primary information and data collection. But hardly any updated data could be found. In the absence of updated information or data, dependence on the secondary source has been inevitable. However, wherever, possibly majority of the primary data has been used. Data were also collected by interviewing the responsible officers and from some documents & statements printed by the bank and the website of PBL. Pubali bank also helped me to collecting data providing books and banks annual report.

3.1Sources of Data

The following sources have been used for the purpose of gathering and collecting data as require.

Primary data:

1. Practical desk work.
2. Face to face conversation with the officers and clients.

Secondary Data:

1. Annual report of PBL.
2. Official files and folders.
3. Working papers
4. Selected books.
5. Published and unpublished documents
6. Website.

3.1.2Used tools for analysis

For get results depending on tables and figures and raw data I have use MS word, tables, excel etc.

4. Findings and Analysis/Work Experience

4.1General Banking

General banking is the starting point of all the banking operations. It is the department, which provides day-to-day services to the customers. Every day it receives deposits from the customers and meets their demand for cash by honoring cheques. It opens new accounts, remit funds, issues bank drafts and pay orders etc. Since bank is confined to provide the services every day, general banking is also known as 'retail banking'. According to World Bank, the general people understand the depositing and withdrawal of money and credit financing. But Bank performs numerous types of services. To deal these services bank has to maintain many register/ ledger and documents.

4.2Maintenance of the subsidiary register for receipt of cheques, drafts :

At the counter every cheque, demand draft and other credit instrument tender for the credit of the customer's account will be delivered. Deposits received by post will sent by the receiving officer to the bills department against acknowledgment of the dealing officer. The dealing officer is concerned here about four types entries. They are

1. Local Clearing
2. IBC (Inter Branch Collection)
3. SC (Short Collection)
4. BT (Bank Transfer)

In case of local clearing one bank sends money by cheque or DD which will be collected in the name of the account holder of this branch. This cheque or DD will be be taken to the clearing house where agents of all banks exchange these instruments. Important thing is that the paying Bank must be in the local area (Dhaka). In case of IBC the branches must be of the same banks for short collection, the paying banker is in the area other than Dhaka whereas bank transfer will be between two accounts of the same branch.

The dealing officer of this desk should be aware of the following things about instruments:

- Name of the account is very clearly written on the deposit slip.
- Full particulars of the deposit instruments such as cheque numbers, name of bank, etc are properly recorded on the paying slip as required.
- The pay in slip has been signed by the depositor.
- Full particulars of the railway receipts and instruments of title goods, bills of exchange, invoice etc. associated with an inland documentary bill received from the depositors direct at the counter or by post from other branches/ banks endorsement thereon.
- All cheques, bills and other instruments are crossed with crossing seal .

After categorizing all the instruments and checked out the preliminary mandatory things, the dealing officer gives entries in the appropriate column of subsidiary ledger for crediting the accounts.

4.3 Account Opening Section

When a customer want to open a deposit account in bank, he/she will have to go the A/C opening section to know the rules and regulations for opening account and to have the set of documents required. Since PBL is an authorized dealer it can open deposit A/Cs denominated both in Taka and approved foreign currencies. Deposits are like raw materials out of which credits are created. Deposit accounts are one of the important sources of funds. In order to attract customers the banks offer different facilities to various types of account holders. Competition in accepting deposits takes two forms:

(a) Improvement in customer service

(b) Offer a higher rate of interest.

In our country PCBs and foreign banks are appreciated to attract deposit because of their superior customer services. PBL principal office branch with its traditions customer service approaches faces difficulties to draw attention of new customers.

Main functions of account opening are given below:

- To give answers to the queries regarding account opening
- To supply the appropriate type of account opening form
- To put a/c number from a computerized sheet on advice of new account
- To input date into computer from a/c opening form.
- To maintain and update the a/c opening file for different types of accounts.

- To maintain a register for cash type of recording details of a/c opening
- To supply deposit slip books and cheque book on requisition
- To act on request for closing and transferring of deposit a/c
- To act on request for closing and transferring of deposit a/c

4.4 Classification of Customer

1. Individual (personal)
2. Proprietorship (Sole traders)
3. Partnership firms (Register or Unregistered)
4. Joint Stock Companies (Private Limited and Public Limited)
5. Municipalities/Municipal Corporations/Local Bodies etc.
6. Clubs / Societies / Associations /School / Colleges / Universities etc.
7. Executors /Administrators
8. Trustees
9. Illiterate persons
10. Constituted Attorney
11. Wage Earners

4.5Different types of A/C of PBL B.B. Avenue Branch

1. **Current A/C :** Interest free and generously withdraw able
2. **Saving Bank A/C:** Interest bearing and checkable with some restriction
3. **Short Term deposit:** Usually interest bearing and with draw able on short notice.
4. **Fixed deposit:** Interest bearing and definite period like one year or six month.
5. **Non Resident foreign currency deposit:** All non residents of Bangladesh can open this interest bearing account in the form of term deposit with a minimum amount of $1000 or equivalent.
6. **Private Foreign Currency A/C:** Bangladeshi National residing abroad or foreign nationals may open this a/c with deposit mode from inward.
7. **Convertible Take Amount:** A type of non-interest bearing current a/c designed especially for foreigners living here.

8. **Private foreign Currency A/C:** Bangladeshi nationals residing abroad or foreign nationals may open this a/c with deposit mode from inward.

4.6Documents required for opening new account

Documents Common for all types of Account & Customers

1. Advise of New Account
2. Specimen signature cards
3. Account Opening Agreement Form
4. Photographs of Account Holder
5. Deposit Slips Book
6. Cheque book Requisition slips
7. Letter of mandate is required where necessary.

Interest rate

SL	Product	Description	Interest Rate
01.	Saving Bank Account		2.00%
02.	Special Notice Deposit	Less than 1 Crore	2.50%
		1 Crore or above but less than 25 Crore	3.00%
		25 Crore or above but less than 50 Crore	4.00%
		50 crore or above	4.50%
03.	Deposit Pension Scheme		--
04.	Pubali Pension Scheme (PPS)	3 Years	6.50%
		5 Years	7.00%
		7 Years	7.25%
		10 Years	7.50%
05.	Pubali Sanchay Prokalpo (PSP)	5 Years	7.00%
		10 Years	7.50%
06.	Shikha Sanchay Prokalpo (SSP)	10 Years	7.50%
07.	Digun Sanchoy Prokalpo	9 Years	8.00%
08.	Monthly Profit Based FDR	5 Years, Minimum Tk. 1.00 lac or its multification	7.00%
09.	Pubali Swadhin Sanchaya		6.00%

10.	Pubali Shawpna Puran		6.00%
11.	FDR for 100 Days	For any amount	5.25%
12.	Fixed Deposit Receipt	1 Month, For Any amount	4.00%
		3 Months, For Any amount	5.00%
		6 Months, For Any amount	5.50%
		12 months and above, For Any amount	6.00%

Figure 2: Interest rate

4.7 Issue of Duplicate cheque book

Duplicate cheque book in lieu of lost one should be issued only when A/C holder personally approaches the bank with an application. Fresh Cheque Book in lieu of lost one should be issued after verification of the signature of the Account holder from the

Specimen signature card and on realization of required excise duty only with prior approval of manager of the branch. Cheque series number of the new cheque book should be recorded in ledger card signature card as usual. Series number of lost cheque book should be recorded in the stop payment register and caution should be exercised to guard against fraudulent payment.

4.8Closing of Account

Upon the request a customer an account can be closed. After received an application from the customer to close an Account, the following procedure are followed by a Banker.

The customer should be asked to draw the final cheque for amount standing to the credit of his a/c by deducting the amount of closing and other incidental charges.

In case of joint a/c the application for closing the a/c should be signed by the entire joint holder.

4.9 Clearing Section

The Cheque Clearing Section of PBL principal office branch sends Inter Branch Debit Advice (IBDA) to the Head office on the receiving day of the instruments. The main Branch takes those instruments to the Clearing House on the following day. If the instrument is dishonored, Head office of PBL, sends IBDA to the PBL, Principal Office branch. The total procedure takes three days if everything goes orderly.

The Cheque Clearing Section of PBL, Principal Office branch sends Outward Bills for Collection (OBC) to the concerned Paying Bank to get Inter Branch Credit Advice (IBCA) from the paying Bank. If the instruments are dishonored by the Paying Bank, the Paying Bank returns it to the PBL, Local Officer Branch describing why the instruments are dishonored. The procedure takes around a week.

The Cheque Clearing Section of PBL, Principal office branch sends Outward Bills for Collection (OBC) to the concerned paying Branch to get Inter Branch Credit Advice (IBCA) from the paying returns it to the PBL, Local Office branch describing why the instrument is dishonored.

4.10Local Remittance Section

Local Remittance is used to transfer of funds denominated in Bangladesh Taka between banks within the country. It is an order from the Issuing branch to the Drawee Bank/ Branch for payment of a certain sum of money to the beneficiary. The payment instruction is sent by Telex / Telegram and funds are paid to the beneficiary through his account maintained with the Drawee branch or through a pay order if no a/c is maintained with the drawee branch.

4.11Demand Draft (DD)

Demand Draft is an instrument containing an order of the Issuing branch upon another branch known as Drawee branch, for payment of a certain sum of money to the payee or to his order on demand by the beneficiary presenting the draft itself.

4.12 Pay order issue process

For issuing a pay order the client is to submit an Application to the Remittance Department in the prescribed form (in triplicate) properly filled up and duly signed by application. The processing of the pay order Application form, despot of cash/cheque at the Teller's country and finally issuing an order etc, are similar to those of processing of L.D Application.

As in case of L.D each branch should use a running control serial number of their own for issuance of a pay order. This control serial number should be introduced at the beginning of each year which will continue till the end of the year. A fresh number should be introduced at the beginning of the next calendar year and so on.

4.13 Charges

For issuing each pay Order commission at the rate prescribed by Head Office is realized from the client and credited to Income A/c as usual.

4.2LOAN AND ADVANCE DEPATMENT

4.2.1 Introduction

Major source of income of a bank is the earning from credit. Borrower selection is the main and prime task of this department. Advancing loans is the primary function of the commercial banks. Without loans country's industrial and commercial development is not possible. Therefore, smooth loan system in banking sector is a catalyst for economic development of a country.

4.2.2Manager's Concern

In the process of loan Manager has to ensure three things:

- How to locate purpose
- How to locate security
- How to locate borrower

4.2.3 How to locate purpose:

Manger has to ensure that the loan will generate adequate cash. For that matter the loan should be engaged in productive activities. Such an employment will increase economic activities, promote trade and commerce, create employment avenues and increase movement of goods and flow of cash. This flow of cash is known in the banking concept as cash generation. If there is enough cash generation, funds will automatically flow into the borrowers accounts with the bank and will show a satisfactory turnover in accounts which the lending bank always demands. This is why the manager's speculation should be making the highest cash through the employment of the advances.

4.2.4.How to locate security:

As soon as the evaluation of purpose is done manager will examine and evaluate in the following manner the securities offered by the prospective borrower: • Security is the source of information on the prospective borrower. If offered are valuable properties like land, building, shares of stocks or pledged goods, these will offer adequate information about the borrower as to his financial position. • If securities are hypothecated stocks of raw materials for production, these will offer adequate information about the borrower as to his ability or capacity to utilities • Securities (tangible or intangible) offer a yardstick for measuring the extent of involvement of the borrower himself. The lending bank's investment of funds is a joint venture of the banker and the borrower. The securities offered are the borrower's portion of involvement i.e. his equity or capital. Thus the greater is his involvement, the better for the banks. The borrower in that case will think twice that if the business goes wrong, it is who will suffer most. Thus it will be in his own interest that he will avail and utilize the loan as per agreed stipulations. Thus the best way to safeguard the lending banks interest is, as far as possible to maximize the bank's commitment. • The branch Manager's responsibility as to provide security is also to see how much control he will be in a position to exercise on the entire stocks of the borrower.

4.2.5 How to locate borrower:

In appraising a loan process, the selection of the prospective borrower is the most vital point. The borrower is the real actor and must be in position to achieve the purpose for which the loan has been requested. In selecting ideal borrower, the branch manager thus assumes the greatest responsibility. Capital is another point to indicate the borrower's position. He should be given loan in proportion to this own investment as working capital. As a general rule a bank should not sanction loan more than the investment of the borrower.

Then the consideration of borrower's capacity - whether the borrower can utilize the funds or not. To select the ideal borrower the following points have to consider:

• Branch records: The manager may have firsthand information on a prospective borrower by a reference to his records. The turnover of his financial dealings is reflected in the ledger folios of his branch.

• Borrower's Record: The prospective borrower may be advised to submit his books of accounts balance sheet etc. for examination by the manager. These financial tools reflect the position of his assets and liabilities and a fair idea about the capital and capacity of the borrower.

• Personal Enquires: As an individual the borrower must be a desirable person in the society. He must have integrity. There are some factors such as the sobriety, the promptness of payment goods habits personality, the ability and the willingness to carry a project

4.2.6 Advance Secured and Unsecured

• Secured Advance:

Secured advance are those advances which are secured by tangible securities of adequate value over which the bank has either absolute or constructive control in addition to the personal guarantee of the customer.

• Unsecured Advance:

The advances which are granted to a constituent of undoubted standing and reliability and only in exceptional circumstances and for short period without any tangible security are called unsecured advances.

4.2.7 Functions of Advance Department

Ensuring that funds are disbursed only after compliance with terms and conditions or required documents received.

• Make sure that the bank has always valid and current loan documentation.

• Ensuring that the collateral security is adequate at times to support the loans. Keeping the loan documentation under safe custody.

• Ensuring that the bank receives sufficient valid insurance cover whenever required from a recognized insurance company.

• Monitoring the receipt of periodical receivable. Debiting the client for all charges, interest etc. Maintaining the central liability records for all extensions of credit and balancing the totals with General Ledger.

.

4.2.8Types of Loan

Pubali Bank trishal Branch has the following loan schemes

• Continuous Loan

• Demand Loan

• Term Loan

- Cash Credit (CC)
- Overdraft (OD)
- Bank Guarantee
- Staff Loan (Pubali Bank Ltd)

Continuous Loan

The limited loans with expiry date of loan payment, which can be transacted without any particular payment schedule, are termed as continuous loan. Following are the various categories:

- Small Enterprise Financing (SEF)
- Consumer Financing (CF)
- Other than SEF and CF

Demand Loan

The loans, which become eligible for payment when demanded by the bank, are termed as demand loan. If contingent or any other debt becomes forced loan, then those are also termed as demand loan. Following are the various categories:

- Small Enterprise Financing (SEF)
- Consumer Financing (CF)
- Other than SEF and CF

Term Loan

The loans which are to be paid within limited term with a particular payment schedule are known as term loan. Following are the various categories:

(a) Term loans up to 5 years
- Small Enterprise Financing (SEF)
- Consumer Financing (Other than HF & LP)
- Housing Finance (HF)
- Loans for Professionals to setup business. (LP)
- Others

(b) Term loan over 5 years

- Small Enterprise Financing (SEF)
- Consumer Financing (Other than HF & LP)
- Housing Finance (HF)
- Loans for Professionals to setup business. (LP)
- Others

Short term Agro and Micro

The short-term loans which are listed in yearly loan disbursement schedule served by the loan department of Bangladesh Bank are termed as short-term agricultural loan and micro-credit. The loan given to the agricultural sector for less than 12 months is also included in this category. By short-term loan we mean the loan below Tk 10,000 to be paid within 12 months.

Cash Credit (CC)

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

Over Draft (OD)

- 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.
- Generally it is given to the businessmen to maintain their business activities.
- Any deposit in the SOD account is treated as repayment of overdraft. Generally provided against FDR, any primary security etc.

Bank Guarantee

• The bank is very often requested by his customer to issue guarantees on behalf of their party – committing to make an unconditional payment of certain amount of money to the third party, if the customer (on whose behalf guarantee is given) becomes liable, or creates any loss or damage to the third party

• It is a contingent liability for the bank and 3% commission is charged for this. After the expiry of the period bank is no longer liable to the third party.

Generally issued by the banker for payment of tender. Paying customs duty, sales tax, insurance premium guarantees are also issued on behalf of the customer.

Staff Loan:

• STAFF HOUSE BUILDING LOAN – SHBL

• 120 times of the basic salary is provided as SHBL

• Bank Rate + 1%, interest is charged to the employee

• Repayment is adjusted from their monthly salary

• Repayment is made at equal monthly installment

STAFF LOAN AGAINST PROVIDENT FUND – SPF

• 10% of basic is contributed by employee in every month

• 10% of basic is also contributed to the PF by the Bank

• Repayment is adjusted from their monthly salary

• Maximum Sanction from PF

Process of Loan

Application

Applicant applies for the loan in the prescribed form of the bank describing the types and purpose of loan. Sanction

• Collecting credit information about the applicant to determine the credit worthiness of the borrower. Sources of information

• Personal Investigation, Confidential Report from other bank, Head Office/Branch/Chamber of Commerce.

• CIB (Central Information Bureau) report from Central Bank.

• Evaluation of compliance with its lending policy.

• Evaluating the proposed security

• If loan amount exceeds 50 lac then bank goes for LRA Analysis.

• LRA is must for the loan exceeding one core – as ordered by Bangladesh Bank.

If everything is in accordance the loan is sanctioned.

Documentation

• Then the bank prepares a loan proposal containing terms and conditions of loan for approval of H.O. or Manager.

• Takes the necessary papers and signatures from borrower

4.3My focus topics on which I am working now

In the previous chapter I have covered about advance branch and the types , processes , documentation and other parts of loans in Pubali bank ltd. Pubali Bank LTD has loan schemes varying depending on if you need for corporate purpose or normal consumer purpose, each of course varying depending if you are getting loans for machineries to getting loans for personal car. For my topic I will be covering only on consumer loans. Consumer loan in Pubali Bank LTD consists the followings:

4.3.1Consumer Loans:

Personal Loan

A personal Loan facility for any consumers needs and the features and benefits it has are given below: • To meet any personal need/demand

• Loan Limit Max Tk. 10 lac or up to 20 times of the net income whichever is lower.

• Repayment Method: EMI, Loan Tenor,: 12 months to 60 months.

• Easy and Fast Processing

• Collateral security is not mandatory up to Tk. 5 lac

4.3.2Car Loan

This loan scheme is to allow the consumer to purchase a non-commercial new and reconditioned vehicle for personal use only

• Minimum Income: Monthly net income must be 3 times of loan installment. • Loan limit will be Tk.15 Lac at max.

• Repayment Method: EMI , Loan Tenor: 0-60 months

• Security/ Collateral

• Hypothecation over the car (lien mark- Hire Purchase raised in the BRTA and blue book of the car)

• First party comprehensive insurance of the car (Policy must be renewed every year and copy of the policy must be submitted to the bank)

• Postdated cheques for each monthly installment

• One undated cheque for full loan value including full interest to be taken in advance.

• Personal Guarantee of spouse/parents and an individual having minimum solvency/income not less than that of the borrower supported by income proof.

4.3.3Legal Documents

• Demand Promissory Note

• DP Note Delivery letter

• Letter of Undertaking

• Letter of Hypothecation

• Personal Guarantee letter

• Hire Purchase Agreement

4.3.4Pubali Star

To extend credit facilities to any individual /professionals to meet their personal need/demand for educational expenses, pay for vacations, medical bills, renovation of homes/chambers/offices etc. It has the following features and benefits:

• Loan lmit Tk. 1.5 Lac or up to 15 times of the net income whichever is lower.

• Repayment Method: EMI, Loan Tenor: 6-60 months

• Easy and Fast Processing

4.3.5Flat Purchase Loan

It is a loan given to purchase a lat for residential purpose in a residential/ commercial area having all amenities/facilities like water, electricity etc. the features and benefits it provides are:

• Owner of the property must be the main borrower

. • Loan Size: 70% of the flat value, maximum Tk. 1.20 Crore (which is lower). (Subject to change at Bangladesh Bank's discretion.)

• Repayment Method: EMI, Loan Tenor: (10/12/15/18) Years

• Loan to Price Ratio

• Loan amount cannot exceed 50% of the flat price.

• Security/ Collateral

• Registered mortgage of the flat.

• Personal guarantee of a respectable man acceptable to the bank.

• Post datedcheques for each monthly installment

• One undated cheque for full loan value including full interest to be taken in advance.

• Legal Documents

• Demand Promissory Note (Joint and single)

• Upto date non-encumbrance certificate,

• Memorandum of deposit of title deed, Registered Mortgage,

• Registered Power of Attorney, Approved plan with authority letter from competent authority.

• Clearance certificate from developer/seller regarding payment of all dues for handover of possession and other supporting papers and documents. 4 (four) party agreement to be executed.

4.3.6Household Durable Loan

It is a personal loan scheme that supports purchase of various consumers durable such as television, refrigerator, air conditioner, washing machine, computers, and value.

• Up to 30% of quoted value.

• Loan size: Tk. 3 lac excluding down payment 70%

• Repayment Method: EMI, Loan Tenor: 24 months to 36 months.

• Loan to Price Ratio: Financing 75% (in case of 3 years term) / 80% (in case of 2 years term) of the cost of the item is allowed

• Security/ Collateral

• Hypothecation over purchased assets.

• Postdated cheques for each monthly installment.

• One undated cheque for full loan value including full interest to be taken in advance.

• Personal Guarantee of spouse / parents and an individual having minimum solvency/income not less than that of the borrower supported by income proof.

4.3.7Medical Equipment Loan

It is a personal loan scheme meant for professionals practicing physician only to support their small-scale purchase of different medical equipment, tools and small machineries for installation at their chamber. It has features and benefits as follows:

• Up to 30% of quoted value.

• Loan Size: Maximum Tk. 10 Lac, excluding down payment 70%.

• Repayment Method: EMI, Max. Loan tenor: 36 months.

• Loan to Price Ratio: Financing 75% of the cost of the item is allowed

• Security/ Collateral • Hypothecation over purchased assets.

• Comprehensive insurance over assets (Policy must be renewed every year and copy of the policy must be submitted to the bank)

• Postdated cheques for each monthly installment

• One undated cheque for full loan value including full interest to be taken in advance.

4.3.8 Government Primary School Teacher Loan

Consumer durables for personal/ family use. Items like television, refrigerator, air conditioner, washing machine, computers, other household furniture etc. It has benefits and features like:

• Up to 6 times of monthly gross salary or maximum Tk. 10 lac, whichever is lower.

• Repayment Method: EMI, Loan Tenor: 36 months

• Loan to Price Ratio: Financing 80% of the cost of the item is allowed.

• Security/ Collateral

• Hypothecation over purchased assets.

• Postdated cheques for each monthly installment.

• One undated cheque for full loan value including full interest to be taken in advance.

• Personal Guarantee of spouse / parents and an individual having minimum solvency / income not less than that of the borrower supported by income proof.

4.3.9 Probash Bondhu

It is to meet up short term financial need of any Bangladeshi individual having family members who are working abroad. The features and benefits are as follows:

• Limit: Tk. 1 lac but not more than 3 times of monthly remittance inflow.

• Repayment Method: 6 equal monthly installment.

• Easy and fast processing

NOTE: (According to information that I have gather from the advance in charge, At trishal branch in 2020 has 36 crore loan and they draw 27 lac interest on every month.)

4.3.10 from the overall study some problems have been identified, those are as follows:

No existence of separate customer care unit:

Now a day delivering superior customer service is one of the major tasks in terms of any service oriented organization's current & future progression. But very unfortunately, being such a big organization PBL principle branch do not have any separate customer care unit in contrast with other commercial private bank in BD. Within the whole principle branch, the single accounts opening & cheque book collection officer is actually playing the role of initial customer care/assistance on behalf of the whole branch. So it is very easy to predicted, that the level of initial customer care in the principle branch of coerce is not consistent at all, which is obviously not expected from a commercial bank's point of view.

Lack of standardized working environment:

From the employees point of view the working environment of the PBL is not comfortable. Within the trishal branch it has been seen that the air cooler does not work properly most of the time throughout the whole working day. Not only that the working place is not spacious and also it is noisy, finally these factors work as a catalyst in order to break up the employee's level of concentration regarding their tasks. Apart from these the toilet facilities, of coerce are not up to the mark too.

Lack of enough space

As I told it's a small branch so its space is also limited. But for cash management it's really tough to work in such limited space.so management should take action to solve this problem.

Low interest rates regarding various deposit schemes are discouraging the new customers:

Collections of deposits from the huge numbers of customers is one of the prime task of fund managements, rationally in order to attract new customers every commercials bank generally try to offers lucrative amount of interest rate and maturity days upon many kinds of deposits schemes. PBL is not an exception, but the point is, recently it has been seen that the amount of the interest rate regarding many deposit schemes which has been offered by the PBL is not that competitive in contrast with other commercial private bank's offer, and some officials believe that somehow this policy is discouraging the new potential customers, undoubtly this critical policy could be termed as a problem.

Lack of enough deposit

Trishal branch need generate more deposit; the position of the branch is not so good. The branch income mainly depends on interest of loans.

Should short some procedure

In this modern banking situation pubali bank maintain a very long form of account opening and loan proposal. Account opening form is 8-12 page.

5. Conclusion and Recommendation

5.1Recommendations

In order to get competitive advantage & to deliver quality service, top management of PBL should try to modify some of their services. For the improvement of the services, the following measures should be taken:

- Provide up to date technology
- Information cell establishment
- Provide nice decoration
- Handing customer well
- Offer competitive interest rate.
- Deposit mobilization
- Operating income
- Reduce expenditure

✓ **Establishment of separate customer care unit:**

The top management should deploy a separate customer care officer who will assist various kinds of customers initially as per their requirements. For instance if any client is facing complication regarding usage of his ATM card, the assigned customer care officer will try to give them the solution immediately.

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✓ **Assuring comfortable working environment:**

✓

Lack of some basic working facilities are always been a problem for PBL general employees. So the recommendation would be, the top management should immediately increase the maintenance facilities.

Increase of deposit

Trishal branch should increase their deposit to get back their old position.

5.2Conclusion

From the details discussion above I can easily conclude that in spite of all problems pubali bank ltd is the faster growing private commercial bank of the country. The bank is already at the top slot in terms of quality service to the customer and value addition for the shareholders because despite difficult circumstance the bank closed the ear of 2019 with a number of achivemens. Bank always contributes towards the economic development of a country. PBL, compared with other banks are contributing more by investing most of their funds in important projects for the national economic progression. Apart from that, PBL has always played its' leading role in socio-economic development of our country. Besides its' traditional function such as deposit mobilization, deployment of fund in trade, commerce, industry, agriculture, import & export business, outward and inward remittance, also being a promising pioneer of all the Bangladeshi commercial private bank, the PBL has always given lead from the front.

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7.Appendix

PIBS

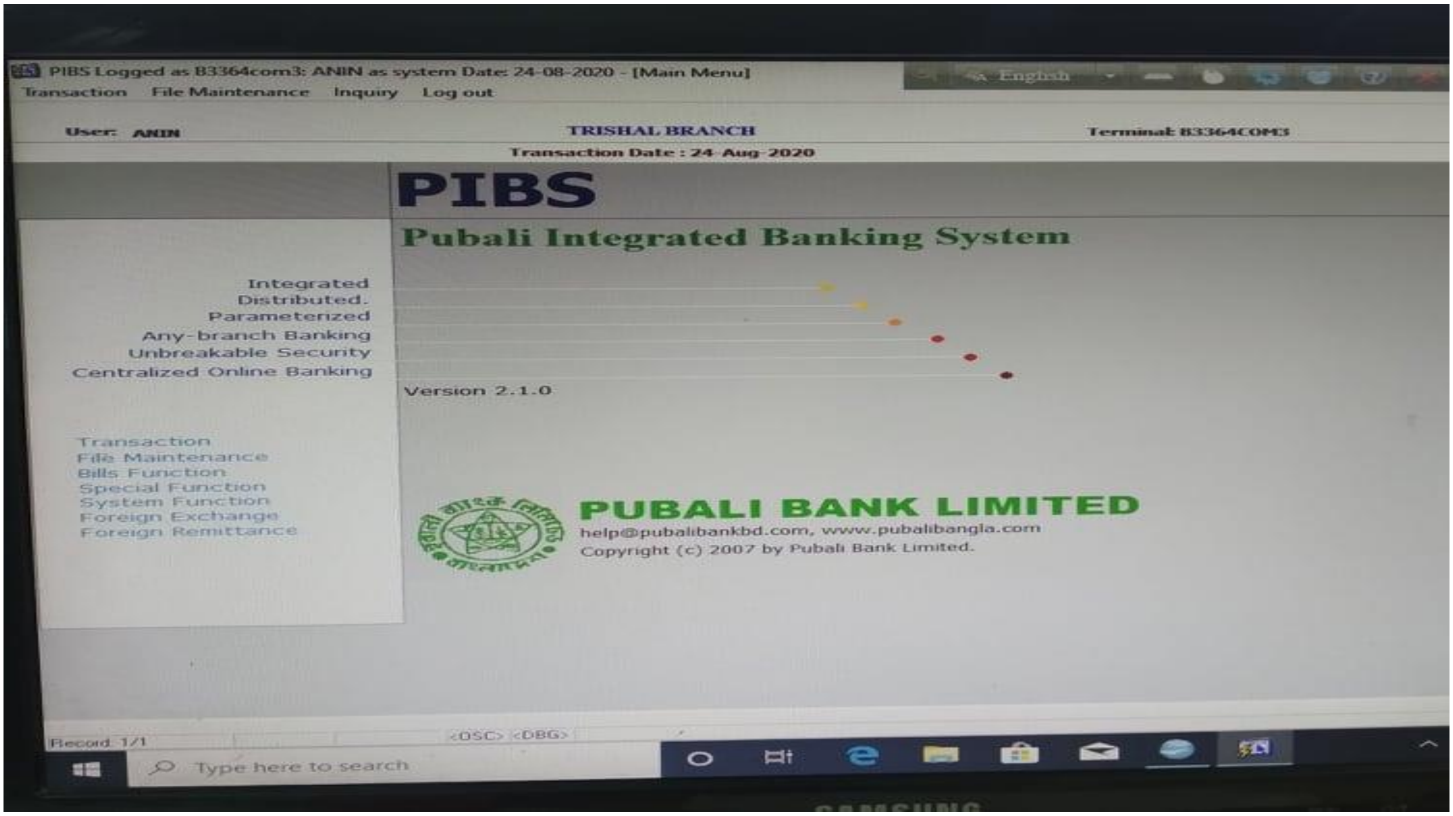

Figure: PIBS software of pubali bank limited.

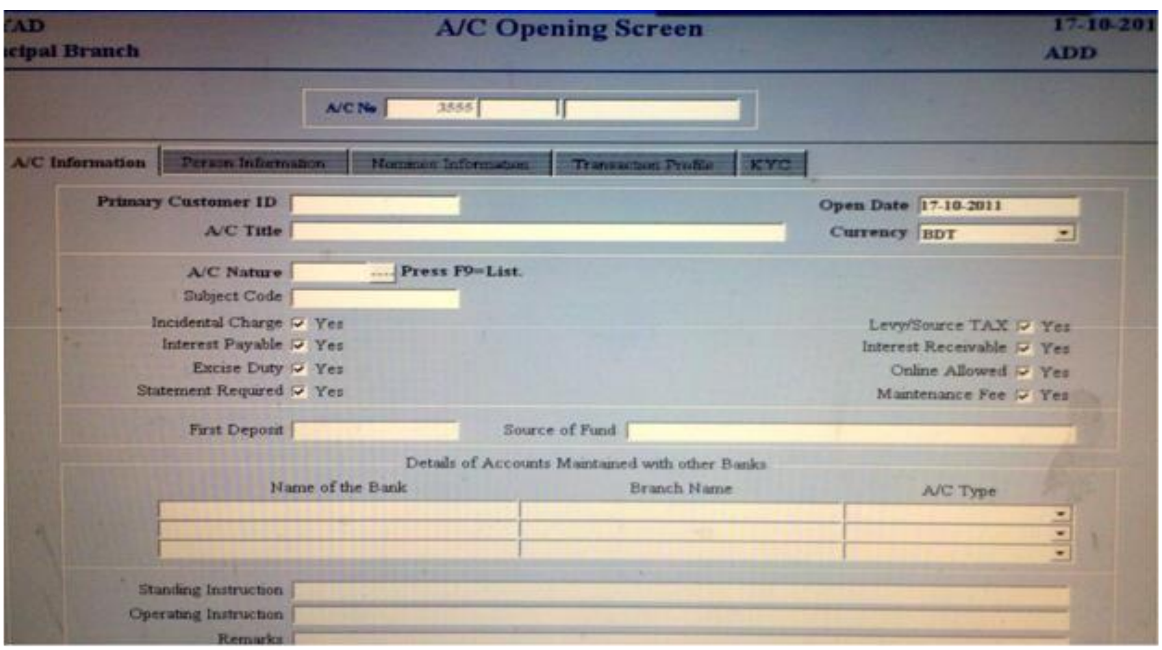

Figure: PIBS sytem for account opening.

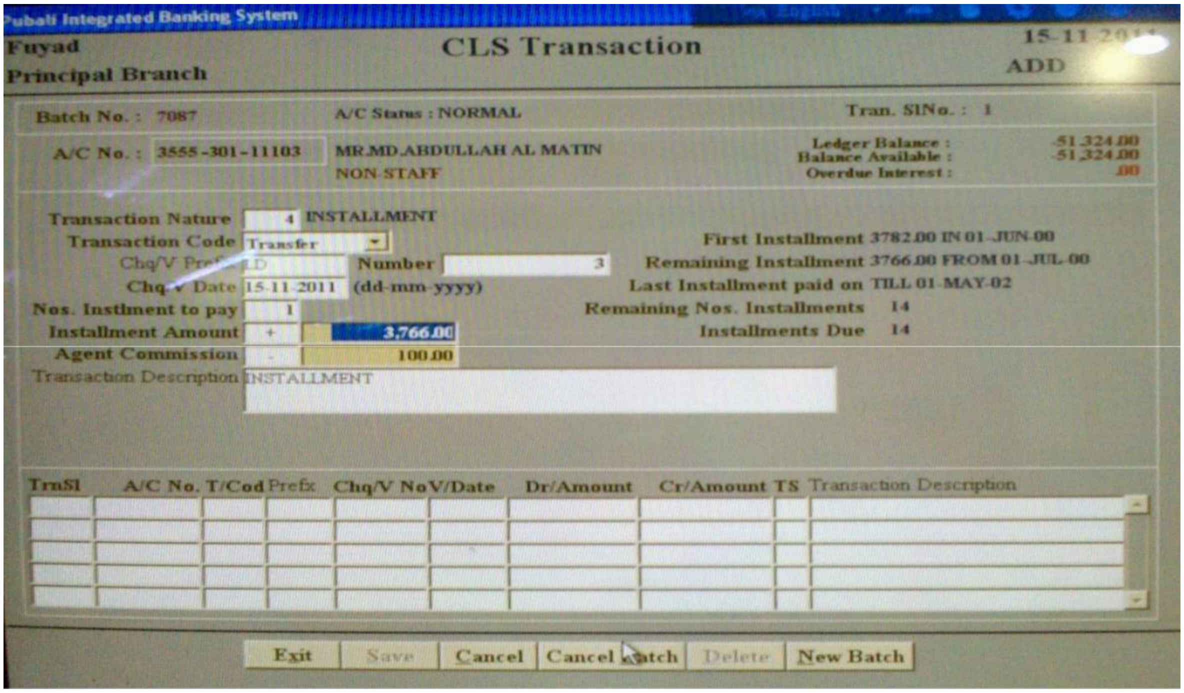

Figure: PIBS system for CLS collection

7.1Acronyms

BB	Bangladesh Bank
PBL	Pubali Bank Limited
CC	Cash Credit
C & F	Clearing & Forwarding
CIB	Credit Information Bureau
IBCA	Inter Branch Credit Advice
IBCT	Inter branch Credit Transaction
IBDA	Inter Branch Debit Advice
IRC	Import Registration Certificate

LIM	Loan against Imported Merchandise
LATR	Loan against Trust Receipt
MBM	Masters in Bank Management
OBC	Outward Bills for Collection
PAD	Payment against Document
SOD	Secured Overdraft
SWIFT	Society for Worldwide Inter bank Financial Telecommunication
TIN	Tax Identification Number