

**Internship Report**  
**On**  
**An Evaluation of Deposit Schemes of**  
**Mercantile Bank Ltd.: Rajshahi Saheb Bazar Branch**



**Prepared By:**

**Al Muntasim Ullash**

ID No: 151-11-4522

Program: BBA

Major: Marketing

Batch: 40

Department of Business Administration

Faculty of Business & Economics

**Internship Report**  
**On**  
**An Evaluation of Deposit Schemes of**  
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**Submitted To:**

**Mohammad Shibli Shahriar**  
Associate Professor  
Department Entrepreneurship  
Faculty of Business & Economy  
Daffodil International University

**Submitted By:**

**Al Muntasim Ullash**  
ID No: 151-11-4522  
Program: BBA  
Major: Marketing  
Batch: 40  
Department of Business Administration  
Faculty of Business & Economics

**Date of Submission: April, 2019**

## Letter of Transmittal

Date: April, 2019

**Mohammad Shibli Shahriar**

Associate Professor

Department Entrepreneurship

Faculty of Business & Economy

Daffodil International University

Subject: **Submission of Internship Report**

Dear Sir,

I take pleasure in submitting the report on **An Evaluation of Deposit Schemes of Mercantile Bank Ltd.: Rajshahi Saheb Bazar Branch** as a requirement of the BBA program of the Department Business Administration for your consideration. I have completed the report in due time and met all the proposed objectives. Apart from the academic knowledge gained, this internship program and preparation of report has given me the opportunity to understand the topic related knowledge.

I have tried my best to make this report a comprehensive and informative one. I hope you will appreciate my endeavor and find the report up to your expectation.

It has to be mentioned further that without your advice and cooperation it would not be possible for me to complete this report. I shall be gratified to answer any sort of queries you think necessary regarding this report.

Yours Sincerely,

---

**Al Muntasim Ullash**

ID No: 151-11-4522

Program: BBA

Major: Marketing

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## Approval Certificate

This is certify that **Al Muntasim Ullash, ID No: 151-11-4522**, BBA (Marketing) is a regular student of Department of Business Administration, Faculty of Business and Economics, Daffodil International University. He has successfully completed his internship program at Mercantile Bank Ltd., Rajshahi Branch and has prepared this internship under my direct supervision. His assigned internship topic is **An Evaluation of Deposit Schemes of Mercantile Bank Ltd.: Rajshahi Saheb Bazar Branch**. I think that the report is worthy of fulfilling the partial requirements of BBA program. I also declare that the study has been prepared for academic purposes only and this paper may not be used in actual market scenario.

I have gone through the report and found it a well written report. He has completed the report by himself. I wish him every success in life.

---

**Mohammad Shibli Shahriar**  
Associate Professor  
Department Entrepreneurship  
Faculty of Business & Economy  
Daffodil International University

## **Acknowledgment**

In the name of Allah the beneficent the merciful. This paper would not have been possible without the guidance and the help of several individuals who in one way or another contributed and extended their valuable assistance in the preparation and completion of this study.

I started this internship report and finally it has been completed. However, the special thanks goes to my helpful supervisor, **Mohammad Shibli Shahriar**, Associate Professor Department Entrepreneurship, Faculty of Business & Economy, Daffodil International University. The supervision and support that he gave truly help the progression and smoothness of the internship program. The co-operation is much indeed appreciated.

I'm grateful to all the senior officials of Mercantile Bank Ltd, Rajshahi Saheb Bazar Branch, who had created the opportunity to get the practical knowledge. Besides, this internship program makes me realized the value of working together as a team and as a new experience in working environment, which challenges me every minute.

Last but not least I am also owed to each person who concerned inside and outside of Mercantile Bank Ltd. in carrying out this report.

*Dedicated To*  
*My Honorable Teacher*  
*Mohammad Shibli Shahriar*

## Abstract

Internship program is a scope for acquiring practical knowledge after successful completion of academic curriculum. Theoretical knowledge gets a complete shape only when it is applied in a practical field. To breeze up the gap between theory and practice, Department of Business Administration of Daffodil International University has made the internship program mandatory for BBA course to bring the students closer to the practical work. This is undoubtedly a valuable appreciable addition to the institutional education. I have accomplished my internship program at Mercantile Bank Limited. At first, I have given an introduction about the report, origin of the report, objectives of the report, limitations of the report, scope of the Report. After that, I started with the historical background of MBL, its goals, profile, function and other information about the bank. Then I explain about Conceptual Framework of Deposit Scheme. Then I explain about the analysis and Discussion and SWOT analysis of MBL.

Most respondents said that the Mercantile Bank Limited MBL offers attractive deposit scheme compare to other banks. The majority respondents said that the Mercantile Bank Limited (MBL) that Customers are satisfied to deposit their money in (MBL). 35% respondents Strongly Agree, 45% respondents Agree had identified that MBL is providing sufficient deposit scheme to attract their customers. The greater part respondents said that the Mercantile Bank Limited that MBL will get more customers by updating their online deposit scheme. 35% respondents Strongly Agree, 30% respondents Agree had identified that by developing an effective deposit policy Mercantile Bank Limited (MBL) will be able to attract more new customers. The bank has to improve their deposit policy. The deposit of the bank should be more diversified. Proper future forecasting is much more needed in case of credit or investment opportunities. New investment schemes should be introduced to meet customer demands to stay ahead in competition and better satisfy customer requirements.

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# **CHAPTER-1**

# **INTRODUCTION**

## 1.1 Introduction of the Study

Bank plays an important role in the business sectors and in the industrialization of a country. Basically the banks take deposits from the customers against interest and lend it to the borrowers against interest for a cessation period. Under these circumstances of banks offers different interest rates and other options to the customers to remit and deposit their money. These options are very common among the entire bank, but only the customer services and other facilities vary from bank to bank. Deposit help to build a saving attitude of people. Deposit Scheme forces people to deposit their money. That means it increase their saving. As we know that savings inject money in the society in investment form. But in our country people do not have sufficient money for saving at a time as many people of Bangladesh still remain under poverty line. So, I they save a small portion of their income regularly then that small amount will become a huge figure which will help them to meet their urgent requirement as well as it will also progress the economy. So if they come under the “Deposit Scheme” of Mercantile Bank Limited according to the range of their income then they can easily accumulate big amount after a given period.

## 1.2 Background of the Study

Internship a practical course of B.B.A Program of the Faculty of Business Studies of Daffodil International University. This is an individual report. I have been working at Rajshahi Branch of Mercantile Bank Limited for the last three month and supervised by experienced executions and officers to have General idea about “Deposit Scheme” of a private commercial Bank in Bangladesh. The standard procedure for the long, formal report is followed here as par my internship instruction.

To fulfill this requirement I worked as an intern in Mercantile Bank Limited, Rajshahi Branch for the Internship my preference was in banking products. I submitted resume to different institutions but appointed as an Internship trainee of the MBL. My assigned topic is *‘An Evaluation of Deposit Scheme of Mercantile Bank Limited’* which is assigned by my supervisor in the department. On the basis of working experience in the Internship period, I have prepared this report and I have tried my level best to relate the theoretical knowledge with the practical work situation.

### 1.3 Scope of the Study

The scope of the organizational part course the organizational Structure, background, objections, function and department and business performance of MBL as a whole. The main part covers the Deposit helps to build a saving attitude of people. Deposit scheme forces people to deposit their money. That means it increase their saving inject money in the society in investment form.

### 1.4 Objectives of the Study

#### 1.4.1 Board Objective

The Broad objective of the study is to analyze *'An Evaluation of Deposit Scheme of Mercantile Bank Limited'*.

#### 1.4.2 Specific Objective

The specific objectives of the study are given as:

1. To examine the deposit appraisal procedures followed by Mercantile Bank Ltd.
2. To analyze various deposit schemes of Mercantile Bank Ltd.
3. To find out some problems of the deposit activities of the Bank.
4. To recommend some suggestions for further development of MBL.

### 1.5 Methodology of the Study

This report is based on the primary and secondary data. This report also bears the practical knowledge of individual worked at the particular branch during the master paper period. So the methodology is the mixing of secondary data with practical knowledge.

#### 1.5.1 Data Collection

In order to make the report more meaningful, two sources of data have been collected.

##### Primary Source of Data

- i. Data gathered from various division of bank.
- ii. Primary work exposure with Mercantile Bank Ltd.
- iii. Face to face conversation/interview with the bank officials and Observations

#### 1.5.2 Secondary Sources of Data

Various review journals were used as sources of relevant secondary data.

- Annual report of Mercantile Bank Ltd.
- Web sites.
- Various brochures on the products and services offered by the MBL

### **1.5.3 Sample Frame**

The sample frame of this Report has been consisted of the bank employees, clients, account holders, and debtors of MBL the sample frame was derived from MBL Rajshahi branch. To obtain a probability sample, effort was concentrated for Stratified Random Sampling procedure for conducting questionnaire survey to general clients, borrowers, and account holders of MBL also Non-Probability Sampling procedure were applied to conduct the interview and survey of bank officials.

### **1.5.4 Sample Size**

After preparing the sample frame, requests were made to the Manager In-charge of Mercantile Bank Ltd. Rajshahi branch for seeking interviews to all bank personnel and clients of MBL. A total of 20 respondents have been conducted, where 08 bank officials of MBL. Rajshahi branch and 12 clients, account holders, and debtors of MBL were included.

### **1.5.5 Editing and Sorting of Data**

Different types of computer software are used for reporting the gathered information from analysis, such as Microsoft Word, Microsoft Excel, and Microsoft Power Point. Data are analyzed using my own judgment.

## **1.6 Limitations of the Study**

Although efforts will be made to make the report as comprehensive as possible, nevertheless, the following limitations have been identified for the preparation of the report.

- i. Time is main point of limitation for this wide range of study. Due to the time limit, the scope and dimension of the report may not be broadened.
- ii. There is a lack of sufficient secondary data
- iii. Data insufficiency limitation is the main constraint in the development of the report.
- iv. As I am not an employee of MBL, some data could not be collected due to internal security of the bank
- v. Due to lack of experience, there is a chance of having some mistake in the report though best effort has been applied to avoid any kind of mistake.
- vi. I have faced major limitation in the financial projection as my estimate was rather informative base than of actual one.



# **CHAPTER-2**

## **ABOUT MERCANTILE BANK LTD.**

## 2.1 History of MBL

Mercantile Bank Limited emerged as a new commercial bank to provide efficient banking services and to contribute socio-economic development of the country. The Bank commenced its operation on June 2, 1999.

The Bank provides a broad range of financial services to its customers and corporate clients. The Board of Directors consists of eminent personalities from the realm of commerce and industries of the country.

At last the pangs of birth are now over and a new commercial bank, Mercantile Bank Limited is born today the 2<sup>nd</sup> June, 1999. Numerically it is no doubt just another commercial bank, one of the many now operating in Bangladesh, but the founders are committed to make it a little more different and a bit special qualitatively. This bank will have a new vision to fulfill and a new goal to achieve. It will try to reach new heights for realizing its dream.

Mercantile Bank Limited, a bank for 21<sup>st</sup> century, is not a mere slogan. The bank has been manned with talented and brilliant personnel, equipped with most modern technology so as to make it most efficient to meet the challenges of 21<sup>st</sup> century.

As regards the second slogan of the bank **Efficiency is our strength** is not mere pronouncement but a part of our belief that will inspire and guide us in our long and arduous journey ahead.

Mercantile Bank Limited has been licensed by the Government of Bangladesh as a scheduled bank in the private sector in the process of the policy of liberalization of banking and financial services of Bangladesh. In view of the above, the bank has, within a period of nine years of its operation, achieved a remarkable success and has always met up capital adequacy requirement set by Bangladesh Bank. The Authorized Capital of the Bank as of 2011 is Tk. 8,000 million and the Paid-up Capital is Tk. 4,968.09 million.

The Bank provides a broad range of financial services to its customers and corporate clients. The Board of Directors consists of eminent personalities from the realm of commerce and industries of the country. The bank has set up a new standard in financing in the industrial trade and foreign exchange business. Its various deposits and credit products have also attracted the clients both corporate and individuals who feel comfort in doing business with the bank.

## 2.2 Vision of MBL

Would make finest corporate citizen.

## 2.3 Mission of MBL

Will become most caring, focused for equitable growth based on diversified deployment of resources and nevertheless would remain healthy and gainfully profitable bank.

## 2.4 Objectives of MBL

Strategic objectives

- to increase shareholders' value
- to achieve economic value addition
- to be market leader in product innovation
- to be one of the top three financial institutions in Bangladesh in terms of efficiency
- to be one of the top five financial institutions in Bangladesh in terms of market share in all significant market segments we serve

## 2.5 Core values

### 1. Customer delight

Customer satisfaction pervades all our activities. We appreciate that Customer's satisfaction is critical for our success.

#### 1. Innovation

Spurring innovation for reinforcement of our business. Origination and materialization of change management for attainment of perfection and we believe change is always constant.

#### 2. Ethical Values

We continue to be responsible, ethical, sincere and transparent in our thoughts and actions.

#### 3. Caring for Human Resources

Realization of latent potentialities of employees, respecting individual worth and dignity to ensure smooth career progression as well as welfare orientation in Human Resources management policy and practices.

## **1. Commitment**

We always keep high on the agenda our commitment towards valued depositors as their trustworthy custodian and to maintain the same spirit for all other stakeholders.

## **2. Socially Responsible**

Constant endeavor to act and respond in a socially responsible manner keeping in mind society and our country. To care for our environment.

## **2.6 Business Ethics**

MBL believes that business ethics practices provide a foundation for the stability and sustainable growth of the bank and supports the bank's efforts in achieving its stipulated goals. The bank therefore encourages all parties to conduct business and perform their duties in accordance with business ethics practices.

- The bank conducts its business in accordance with the law and regulations set by the central bank and other regulatory authorities. The bank does not finance in any project, detrimental to the community or country and thus prohibited by the credit policy of the bank.
- The bank complies with various standards which are generally acceptable for conducting the banking business and always refrain from doing aggressive business while extending credit facilities.
- In conducting business, the bank adheres to Bangladesh Bank's instructions while setting interest rates of deposits and loans. It also keeps our interest spread (difference between interest rate charged on loans and interest rate paid on deposits) at or below 5% as advised by Bangladesh Bank.
- The bank offers quality services to its customers with the principles of warm friendship and mutual support. The bank applies only those charges/fees that are disclosed by the schedule of charges of the bank.
- The bank keeps and safeguards the information of its customers in confidential and not discloses such confidential information to others unless with the consent of the customers or as required by the law.
- To continue and increase CSR activities.

## **2.7 Principal Activities of MBL**

MBL has been able to establish itself as a leading third generation private commercial bank by dint of its prudent policy guidelines coupled with proper execution, wider range of banking products and excellent customer services. The core activities of the Bank are to provide all kinds of commercial banking services including Deposits Mobilization, Corporate Banking, SME and Consumer Businesses, Discounting Bills, Foreign Exchange Business, Off Shore Banking, Treasury Function, Card Business, Mobile Banking (My Cash), Internet Banking, Locker Service etc. MBL caters card services to its customers by VISA Dual Prepaid Card, VISA Dual Hajj Card, Credit Card, Debit Card and International/Dual Cards with various up-to-date facilities. MBL is continuously expanding its ATM network and linking contact with the other banks with a view to making its card service more attractive and convenient to all. Except these, MBL is also providing other services through its 2 (two) subsidiary companies.

## **2.8 Corporate Philosophy:**

Their customers, employees and shareholders are equally important to us. We want to achieve strong corporate growth through FINANCIAL INCLUSION. We provide solutions at a minimum cost based on a high level of satisfaction of all segments of our customers, thus also contributing to the prosperity of our employees and shareholders.

With a firm commitment to provide solutions, we are constantly developing innovative and technologically advanced products and services that satisfy our customer needs. We offer cutting edge compensation package and good work environment to our employees. We never forget our shareholders to make them pleased with financial well-being and increase their shares value. This has given us a path to the growth and progress.

## **2.9 Products Scheme:**

The Bank has launched number of financial products and services since its inception. Among these, Monthly Savings Scheme, Family Maintenance Scheme, Double Benefit Deposit Scheme, Quarterly Benefit Deposit Scheme, 1.5 Times Benefit Deposit Scheme, Advance Benefit Deposit Scheme, Consumer Credit Scheme, Small Loan Scheme, Lease Finance Scheme, Overseas Employment Loan Scheme, Car Loan Scheme, Home Loan Scheme and SME Loan have received wide acceptance among the people.

### **Deposit Scheme:**

- Monthly Saving Scheme
- Family Maintenance Deposit
- Double Benefit Deposit Scheme
- Quarterly Benefit Deposit Scheme
- Times Benefit Deposit Scheme
- Advance Benefit Deposit Scheme

### **Credit Scheme:**

- Consumer Credit Scheme
- Small Loan Scheme
- Lease Finance
- Doctors' Credit Scheme
- SME Loan Scheme
- Personal Loan Scheme
- Car Loan Scheme
- Home Loan Scheme

## 2.10 Achievements:

Table: 2.1 Achievements

May 20, 1999	<b>Incorporation of the Bank</b>
June 02, 1999	Commencement of Business
October 29, 2000	Opening of 10th Branch
July 03, 2002	Opening of 15th Branch
June 30, 2003	Publication of Prospectus for IPO
October 21-22, 2003	Subscription for Shares
December 24, 2003	Opening of 20th Branch
February 16, 2004	Listed in Dhaka Stock Exchange
February 26, 2004	Listed in Chittagong Stock Exchange
December 29, 2004	Opening of 25th Branch
December 05, 2006	Opening of 30th Branch
December 17, 2007	Opening of 40th Branch
November 24, 2008	Opening of 42nd Branch
June 06, 2009	Mercantile Bank Brokerage House Operation
October 22, 2009	Opening of 45th Branch
December 30, 2009	Opening of 50th Branch
August 02, 2010	Opening of 55th Branch
December 30, 2010	Opening of 65th Branch
September 14, 2011	Operate Operation of Mercantile Bank Securities Ltd. (MBSL)
December 06, 2011	Mercantile Exchange House (UK) Limited
December 29, 2011	Opening of 75th Branch
September 20, 2012	Opening of Mercantile Exchange House (UK) Limited, London Branch
December 27, 2012	Opening of 86th Branch
December 29, 2013	Opening of 91th Branch
December 29, 2014	Opening of 100th Branch
December 31, 2015	Opening of 109th Branch
December 22, 2016	Opening of 119th Branch
December 28, 2017	Opening of 129 <sup>th</sup> Branch

## 2.11 MBL Network:

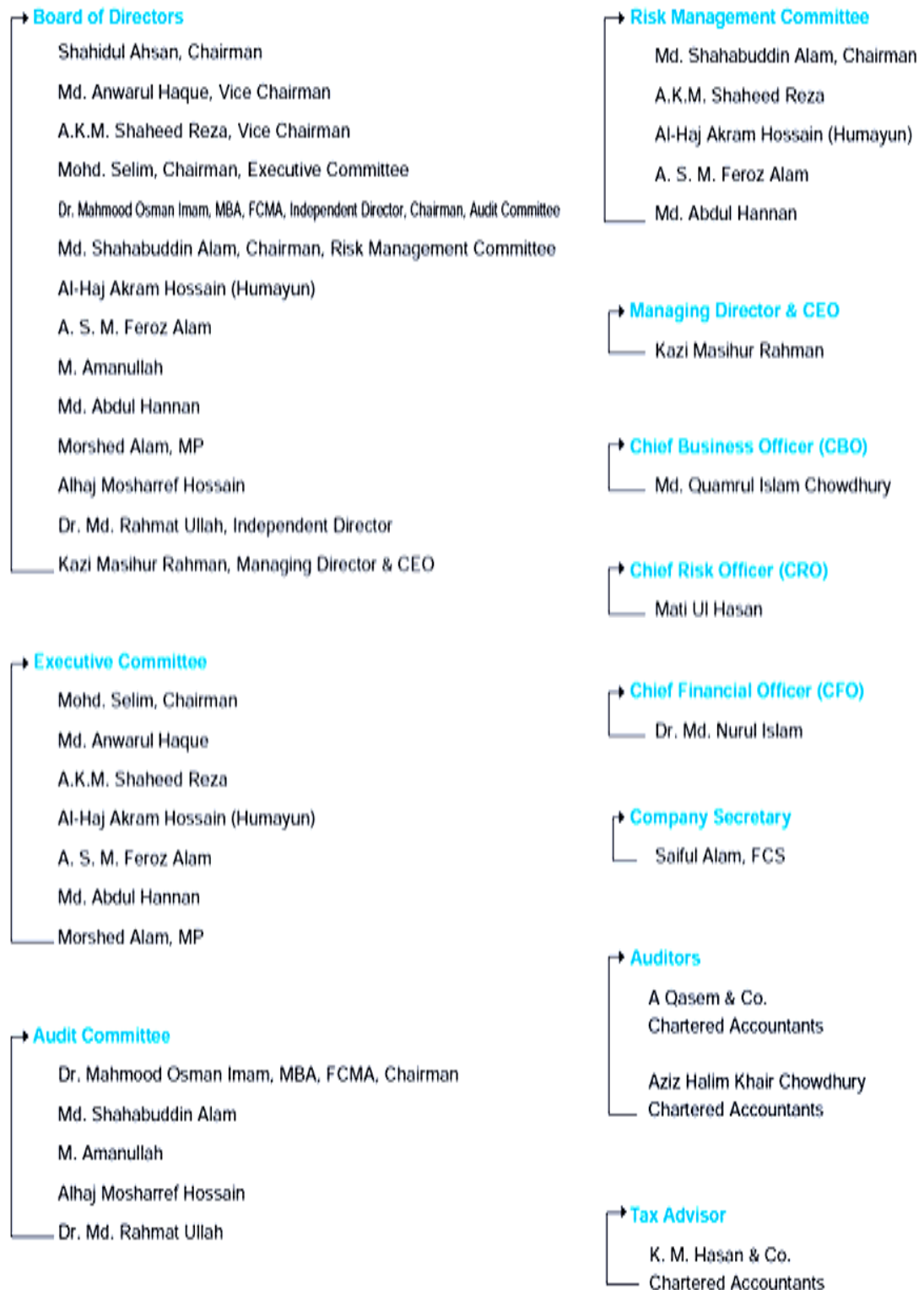
MBL has broad network coverage across the country. It has 129 branches including 5 SME/Krishi branches as on December 31, 2017. The Bank has 2 Off-shore Banking Units (OBU) operating at Gulshan and Chittagong EPZ areas. MBL has 149 ATM booths and 20 CDMs (Cash Deposits Machine) as on December 2017 covering important locations across the country. Mercantile Bank Securities Limited (MBSL), a subsidiary company of MBL dealing with stock and broking has 7 (seven) branches and Mercantile Exchange House (UK) Limited, another fully owned subsidiary company of MBL is facilitating inflow of remittance with 1 (one) branch in London.

Table:2.2 MBL Network

Particulars	Number
Number of Branches	129
Number of AD Branches	23
Number of SME Branches	6
Number of Off-shore Banking Units (OBU)	3
Number of Subsidiaries	3
Number of Employees	2,080
Number of ATMs	160
Number of CDMs	22
Number of Credit Cards	7,454
Number of Debit & Prepaid Cards	142,285
Total Assets (BDT in Million)	204,127.47



## 2.12 Corporate Structure:



## 2.13 Management Structure of MBL:

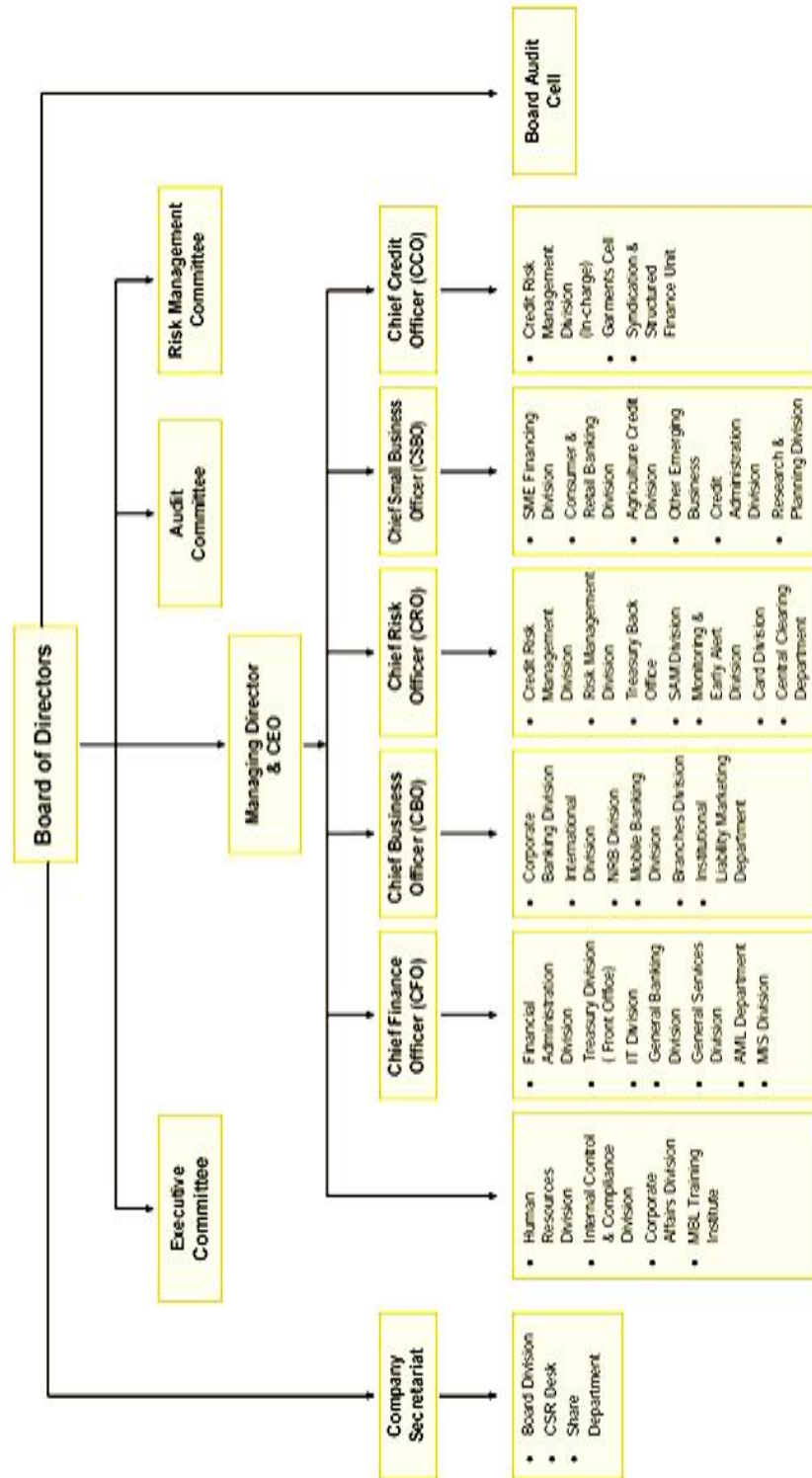


Figure: 2.1 Management Structure of MBL

## 2.14 Management Hierarchy of the Mercantile Bank Limited of Rajshahi Branch

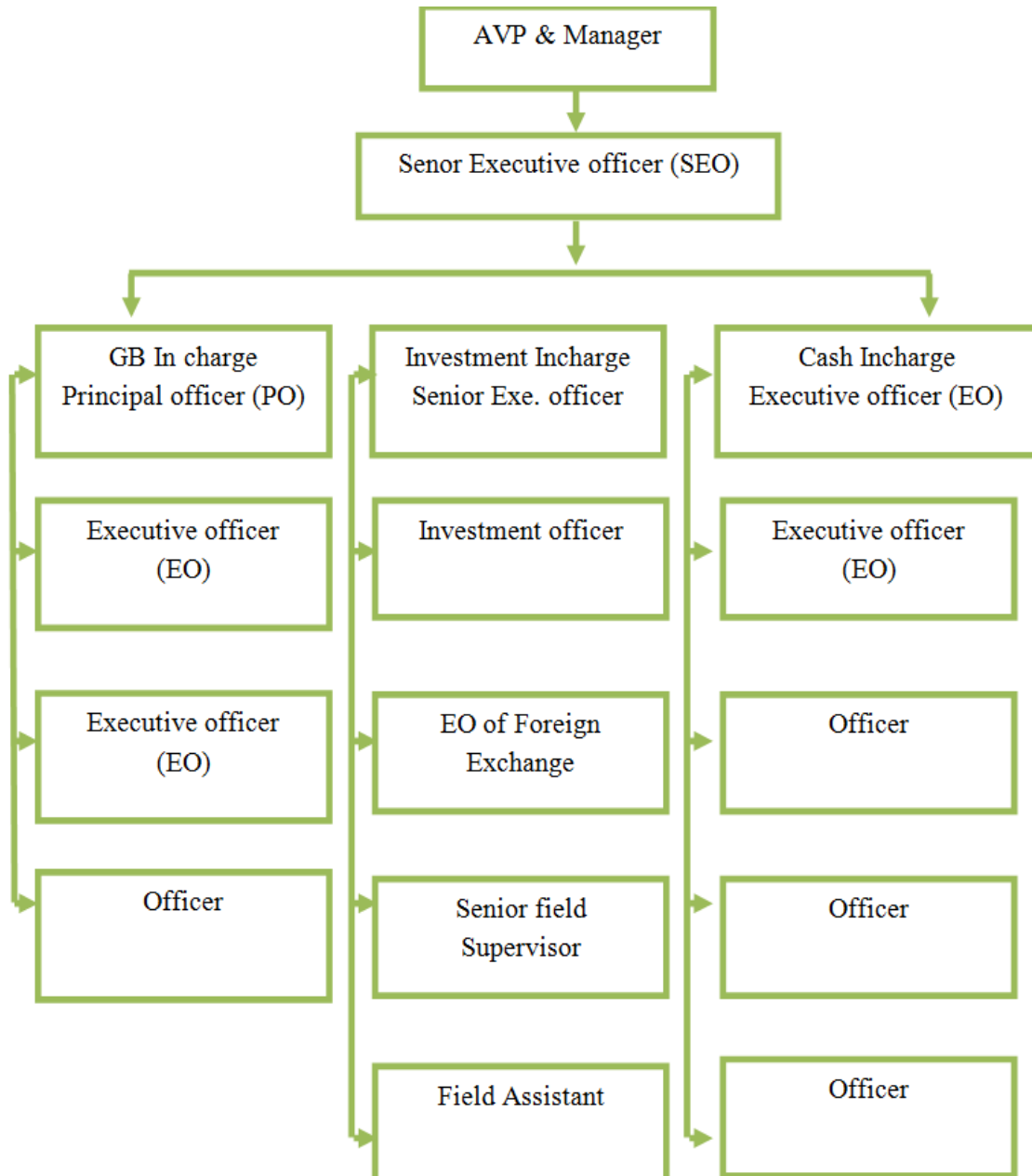


Figure: 2.2 Management Hierarchy of the Mercantile Bank Limited of Rajshahi Branch

# **CHAPTER-3**

## **Conceptual Framework**

### 3.1 Conceptual Framework

Deposits are defined as funds placed in a financial institution by economic surplus units such as households, corporations, investors and government. These funds can either be from cash, claims to money, like checks placed in depositors' accounts, bank loans or money from investments (Van Dahm, 1975). Financial institutions such as commercial banks, merchant banks, finance companies and discount houses are granted licenses by Bank Negara Malaysia, the central bank, to accept deposits from their customers. These institutions are called deposit-taking institutions. Other financial institutions that do not comply with the definition in the Act are non-deposit taking institutions and hence, are prohibited from taking deposits from the public. Examples of non- deposit taking financial institutions are factoring or leasing companies.

The importance of deposits to an economic system is paramount in several ways. To individuals such as households and the general public, deposits represent customers' savings or their financial assets (Deposit creation...). By depositing money in a bank, the customers expect the bank to safeguard their savings, to utilize them into productive investments for a satisfactory rate of return or to enable them to facilitate their payment transactions. At minimum, a customer expects that he gets back a dollar that he puts in a bank and the bank has a contractual obligation to honor the claim on demand or upon withdrawal. To a bank, either operating conventional banking or Islamic banking, deposits is its main source of funding for which it uses to produce income. Some literature has cited that deposits contribute 75 percent of a bank's total fund (Rose, 1997). Banks use customers' deposits mainly to give out loans to deficit economic units or borrowers. Besides loans, banks also mobilize deposits by purchasing trading securities, investments and maintain some as cash in hand to meet withdrawals on demand. The larger the amount of deposits a bank receives from its customers, the better is its capacity to give out loans and the higher is the interest income. Because of this positive relationship between deposits, loan and interest income, banks are competing intensively and aggressively among other deposit-taking institutions to obtain higher deposits by offering attractive deposit rates or rates plus other appealing packages depositors. Islamic banks are equally aggressive in attracting additional deposits. To the economy, bank deposit is the main source of money supply that can be mobilized to generate economic growth and wealth creation. By giving out loans to borrowers and investors, banks create credits (Abdul Gafoor, 1996). Banks' ability to create credit enable them to supply money to borrowers, suppliers and investors to conduct economic activities, such as opening up plants, funding their working capital

requirements, financing their business expansion or increasing their investments. Such economic activities create job opportunities, increasing productivity and income, which subsequently lead to wealth creation in the economy. For interest-bearing deposits, interest rate is very important. When market interest rates rise, so would deposit rates and this would attract higher deposits to flow into the economic system. In the philosophy of Islamic finance, money is required to be mobilized in productive investments.

### **3.2 What is a Deposit?**

A deposit is a financial term that has multiple definitions. The first definition is a transaction involving a transfer of funds to another party for safekeeping. The second definition is a portion of funds that is used as security or collateral for the delivery of a good.

### **3.3 Breaking down Deposit**

A deposit encompasses two different meanings. One kind of deposit involves a transfer of funds to another party for safekeeping. Using this definition, deposit refers to the money an investor transfers into a savings or checking account held at a bank or credit union. A deposit can be made by individuals or entities such as corporations. In this usage, the money deposited still belongs to the person or entity that deposited the money, and that person or entity can withdraw the money at any time, transfer it to another person's account, or use the money to purchase goods.

Often, a person must deposit a certain amount of money in order to open a new bank account, known as a minimum deposit. Depositing money into a typical checking account qualifies as a transaction deposit, which means that the funds are immediately available and liquid, without any delays.

The other definition of deposit refers to when a portion of funds is used as a security or collateral for the delivery of a good. Some contracts require a percentage of funds paid before the delivery as an act of good faith. For example, brokerage firms often require traders to make an initial margin deposit in order to enter into a new futures contract.

Deposits are also required on many large purchases, such as real estate or vehicles, for which sellers require payment plans. Financing companies typically set these deposits at a certain percentage of the full purchase price, and individuals commonly know these kinds of deposits as down payments. In the case of rentals, the deposit is called the

security deposit. A security deposit covers the costs of any potential damages done to the property during the rental period, and is sometimes refundable.

### **3.4 Interest on Deposits**

When an individual deposits money into a banking account, it earns interest. This means that, at fixed intervals, a small percentage of the account's total is added to the amount of money already in the account. Interest can compound at different rates and frequencies depending on the bank or institution. Time deposits, CDs, and other accounts that restrict withdrawals offer a higher interest rate, which allows you to save more money more quickly.

### **3.5 What are Bank Deposits?**

Bank deposits consist of money placed into banking institutions for safekeeping. These deposits are made to deposit accounts such as savings accounts, checking accounts and money market accounts. The account holder has the right to withdraw deposited funds, as set forth in the terms and conditions governing the account agreement.

### **3.6 Breaking Down Bank Deposits**

The deposit itself is a liability owed by the bank to the depositor. Bank deposits refer to this liability rather than to the actual funds that have been deposited. When someone opens a bank account and makes a cash deposit, he surrenders legal title to the cash, and it becomes an asset of the bank. In turn, the account is a liability to the bank.

There are several different types of deposit accounts including current accounts, savings accounts, call deposit accounts, money market accounts and certificates of deposit (CDs).

### **3.7 Current Account/Demand Deposit Account**

A current account, also called a demand deposit account, is a basic checking account. Consumers deposit money which they can withdraw as desired on demand. These accounts often allow the account holder to withdraw funds using bank cards, checks or over-the-counter withdrawal slips. In some cases, banks charge monthly fees for current accounts, but they may waive the fee if the account holder meets other requirements such as setting up direct deposit or making a certain number of monthly transfers to a savings account.

### **3.8 Savings Accounts**

Savings accounts offer account holders interest on their deposits. However, in some cases, account holders may incur a monthly fee if they do not maintain a set balance or a certain number of deposits. Although savings accounts are not linked to paper checks or cards like current accounts, their funds are relatively easy for account holders to access. In contrast, money market accounts offer slightly higher interest rates than savings accounts, but account holders face more limitations on the number of checks or transfers they can make from these accounts.

### **3.9 Call Deposit Accounts**

Economic institutions refer to these accounts as interest-bearing checking accounts, Checking Plus or Advantage Accounts. These accounts combine the features of checking and savings accounts, allowing consumers to easily access their money but also earn interest on their deposits.

### **3.10 Certificates of Deposit/Time Deposit Accounts**

Like a savings account, a time deposit account is an investment vehicle for consumers. Also known as certificates of deposit (CD), time deposit accounts tend to offer a higher rate of return than traditional savings accounts, but the money must stay in the account for a set period of time. In other countries, time deposit accounts feature alternative names such as term deposits, fixed-term accounts and savings bonds.



# **CHAPTER-4**

## **Analysis and Discussion**

## 4.1 General idea of Deposit Analysis of MBL

There are different types of deposit in MBL. But every deposit is different with other and the amount of deposit is also different with other deposit. In below the deposits are shown by the chart.

## 4.2 Deposits Scheme

1. Current Deposit Account
2. Savings Bank Account
3. Special Noticed Deposit Account
4. Fixed Deposit Account
5. Double Benefit Deposit Scheme
6. Family Maintenance Deposit
7. Monthly Savings Scheme (MSS)
8. Quarterly Benefit Deposit Scheme
9. 1.5 Times Benefit Deposit Scheme
10. School Banking
11. Education Planning Deposit Scheme
12. Super Benefit Deposit Scheme

### 4.2.1 Current Deposit Account

Current Deposit Account is the net flow of current transactions with no restriction. It is an easy-to-use, convenient current account. Current Deposit Accounts are suitable for those customers who need unlimited transactions because of no restriction on withdrawal either in amount or in frequency.

**Interest Rate : Nil**

**Cheque-book facility**

**Types of Current Deposit Account**

- Individuals
- Two or more persons jointly
- Sole Proprietorship Concerns
- Partnership Firms
- Limited Companies (Both Public and Private)
- Societies / Clubs / Associations / Local Bodies
- Banks

- Govt. / Semi Govt. Offices / Corporations / Autonomous bodies.
- Others

### **Required Documents**

- Name of applicant(s) together with name(s) of parents and spouse(s).
- Present and Permanent Address.
- Date of Birth.
- Nationality.
- TIN (if any).
- Duly attested photocopy of valid Passport / Employer's Certificate / ID Card / Driving Licence / Voter ID Card / National ID Card or Certificate about credentials by the local Ward Commissioner / Chairman of Union Parishad.
- One copy of Passport Size Photograph of Nominee duly attested by the Account Holder.

### **4.2.2 Savings Bank Account**

This account has been designed and developed for savers who want to save their income.

There are restrictions of withdrawal in both amount and frequency.

Rate of Interest : 4.0% (For any amount)

#### **Savings Account may be opened in the name of**

- Individual (Single).
- Two or more individuals (joint) who are not partners.
- Minor jointly with Natural / Legal Guardian.
- Clubs / Societies / Associations or Similar Institutions / non-profit organizations.

## Required Documents

- Name of applicant(s) together with name(s) of parents and spouse (s).
- Present and Permanent Address.
- Date of Birth.
- Nationality.
- TIN (if any).
- Duly attested photocopy of valid Passport / Employer's Certificate / ID Card / Driving Licence / Voter ID Card / National ID Card or Certificate about credentials by the local Ward Commissioner / Chairman of Union Parishad.

### 4.2.3 Special Noticed Deposit Account

Any individual or corporate body can open Special Notice Deposit Account, which is an interest bearing deposit account, for a short period of time. However, 7 days of notice is required if the customer wishes to withdraw money from this account.

Interest rate on SND accounts will be varied based on the amount and not on the customer or tenure.

#### Features & Benefits

- Attractive Interest Rates
- Customer has to notify 7 days before withdrawing money.
- MICR Cheque Book with every SND account is a must.
- Minimum Balance Fee : NIL
- Incidental Charge Ledger Fee: NIL
- Service Charge: NIL
- Account Maintenance Fee: Maximum BDT 500.00 Only (half yearly basis)
- Account Closing Fee: Maximum BDT 300.00 Only

<b>BDT 1 Lac to Less than BDT 1 Cr.</b>	<b>BDT 1 Cr. to less than BDT 25 Cr.</b>	<b>BDT 25 Cr. to less than BDT 50 Cr.</b>	<b>BDT 50 Cr. to less than BDT 100 Cr.</b>	<b>BDT 100 Cr. and above</b>
2.50%	3.00%	3.50%	5.00%	6.00%

#### 4.2.4 Fixed Deposit Account

Unlike CDs, SNDs and SB accounts, the branch will accept fixed amount of money from the customers for a specific period of time for a fixed period of time. The FDR is transferable or subject to negotiation and such payment against this instrument with interest will usually be deposited on maturity. After the monitoring of essential formalities, nomination or recruitment can be made against the FDR.

##### **Fixed Deposit Account can be opened in the name of**

- Single.
- Two or further persons (joint).
- Sole Proprietorship Concern.
- Company Concern (Firm).
- Limited Companies (both Public and Private).
- Society / Club / Association / Local Bodies / Govt. / Semi Govt. Organization, etc.

##### **Opening of Fixed Deposit A/C**

Any Bangladeshi national (adult, intelligent income tax) and incorporated or operated organizations / organizations in Bangladesh who are not considered as a bankrupt by any legal court can open a permanent deposit account for a specified period, but not less. More than 10,000 rupees (ten thousand)

##### **FDR Rates**

<b>Period</b>	<b>For any Amount</b>
<b>Less than 3 Months</b>	5.00% (For any amount)
<b>3 Months</b>	6.00% (For any amount)
<b>Above 3 Months to less than 6 Months</b>	7.00% (Below Taka Ten Crore)
	7.50% (Taka Ten Crore & above)
<b>6 Months to less than 1 Year</b>	8.00% (Below Taka Five Crore)
	8.50% (Taka Five Crore & above)
<b>1 Year</b>	8.00% (Below Taka Five Crore)
	8.50% (Taka Five Crore to below Taka Twenty Crore)
	9.50% (Taka Twenty Crore & above)

## 4.2.5 Double Benefit Deposit Scheme (DBDS)

### Objectives

- Give maximum benefit.
- Help in meeting specific needs like education, marriage etc.
- Deposit becomes double in 7 years 6 months

### Mode

- Tenure of the deposit is 7 years 6 months.

### Rates

Tenure	Effective Interest Rate
7 years 6 months	9.69%

## 4.2.6 Family Maintenance Deposit (FMD)

### Objectives

Help retirees to invest in sequestration benefits.

Make asset opportunities for non-resident Bangladeshis

Explore asset opportunities for schools, colleges, universities etc.

Provide asset opportunities for trust; Foundations etc.

### Mode

Submit a fixed amount of money for the minimum period of 03 (three) years for the maximum period of 05 (five) years.

Depositors will receive a fixed amount of their deposits per month in the full term.

### Benefits

Minimum amount of required deposit is TK.50,000.00 or its multiple

### Rates

Particulars	Rate
FMDS	6.49% (3-5 years, Tk. 525/- per Lac)

## 4.2.7 Monthly Saving Scheme

### Objectives

- Build up habit of savings.
- Attract small savers.
- Saving for rainy days.

### Mode

Monthly installement sizes are 250, 500, 1000, 1500, 2500, 5000 and in multiples of 5000 up to BDT 25000.

### Installment & Benefits

Period	Simple Interest Rate	Effective Interest Rate
3 Years	8.65%	9.00%
5 Years	8.65%	9.00%
8 Years	8.65%	9.00%
10 Years	8.65%	9.00%

### Other Features

- All taxes/duty/levy and /or any other surcharges presently in force or that may be imposed by the Government of Bangladesh (GOB) from time to time will be deducted/ recovered from the deposit account under this scheme.
- In case of pre-mature encashment before 03 years, interest will be paid on Savings Account Rate. But in case of early encashment before 05 or 08 or 10 years the depositor will get full benefit up to previous slab and Savings Account Rate for each subsequent year; no interest will be paid for fraction year.
- Upon deposit of installment for at least 01 year (minimum deposit amount must be BDT 12,000.00) under this scheme, loan may be granted up to maximum 82% of the deposited amount.
- Loan processing fee be realized BDT 50.00 only and stamp costs also be realized.

#### 4.2.8 Quarterly Benefit Deposit Scheme

The 'Quarterly Benefit Deposit Scheme' will be maintained for a period of 3 (three) years and the minimum amount of deposit is BDT 50,000.00 (fifty thousand) or its multiples. Interest will be paid on quarterly basis as per example given below. On maturity the principal amount will be paid back.

##### Rates

Particulars	Rate
QBDS	6.49% (Tk. 1,575/- per Lac)

##### Other Features

1. All taxes/duty/levy and /or any other surcharges presently in force or that may be imposed by the Government of Bangladesh (GOB) from time to time will be deducted/ recovered from the deposit account under this scheme.
2. In case of premature encashment interest will be paid on Saving A/C Rate. However, no interest shall be paid if premature encashment take place before expiry of 1 (one) year.
3. In the event of death of the depositor before the maturity, the deposit account may be encased (premature) as per rule or may be continued up to maturity on written approach by the nominee(s).

#### 4.2.9 1.5 Times Benefit Deposit Scheme

Under the '1.5 Times Benefit Deposit Scheme', the minimum Bangladesh will be accepted for 50,000 or for 75 months (6 years 3 months). After 75 months (6 years 3 months), in the maturity, 1.5 periods the amount of the deposit will be return to the account owner, for example:

##### Example

Details	Rate
1.5 Times Benefit Deposit Scheme	6.71% (6 Y.3 M.)

##### Other Features

- Currently, all taxes / customs / duties and / or any extra surcharges currently applicable or by the Government of Bangladesh (GoB), will be deducted / recovered from the deposit account under this project.



- In case of premature monetization, interest rates will be given at A / C rates. However, no interest will be paid in the case of premature monetization before the expiry of 1 (one) year.
- In case of the death of the depositor before maturity, the deposit account may be partly deposited (prematurely) in accordance with the rules, or the nominee may continue to be in the written form in writing.
- A saving account will be wanted to be maintain to accept periodical advantage payment.

#### **4.2.10 School Banking**

##### **Features:**

- Interest bearing deposit account.
- Initial Balance – Tk. 100.
- No hidden charge.
- Smart personalized (VISA) Debit Card to the parents.

##### **Benefits:**

- Round – the – clock ATM access across the country.
- No queues for withdrawal of money.
- Free SMS Banking
- Cost free Mobile Banking Registration.

##### **Eligibility:**

- Must be a student.

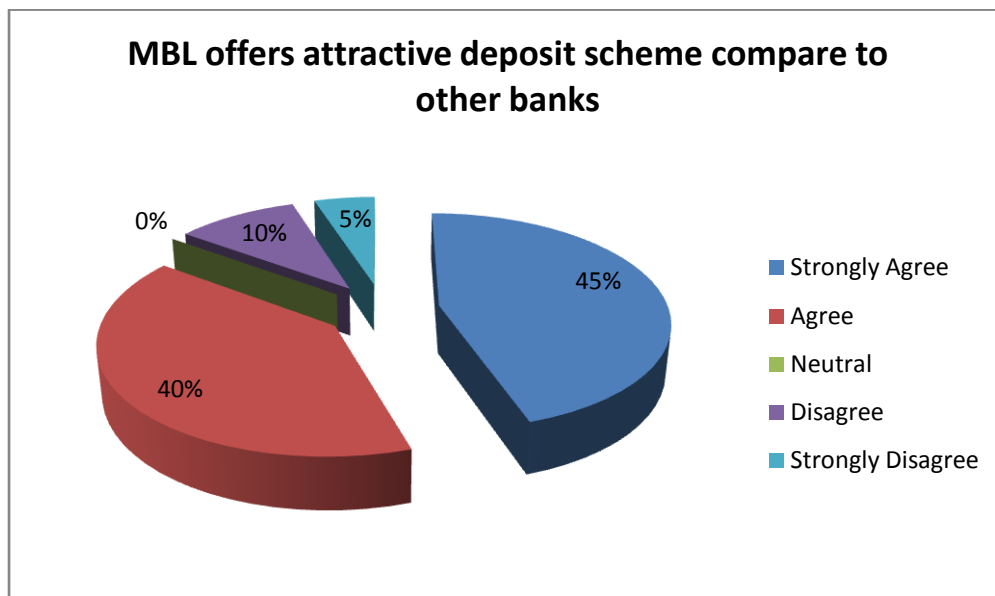
##### **Requirements:**

- Recent attested photograph of the account holder (2 copies).
- Photograph of the Guardian/Parent (1 copy).
- Photograph of the nominee 1 copy (if applicable).
- National ID Card of the Guardian/Parent.
- Valid Student Identity Card
- Birth Certificate of the student.
- Declaration of the Guardian/Parent regarding opening of account and availing
- ATM card for cash withdrawal from the account.

### 4.3 Data Analysis

**Table 4.1: MBL offers attractive deposit scheme compare to other banks.**

Valid	No of respondents	Percent (%)
Strongly Agree	09	45%
Agree	08	40%
Neutral	0	0%
Disagree	02	10%
Strongly Disagree	01	05%
<b>Total</b>	<b>20</b>	<b>100%</b>



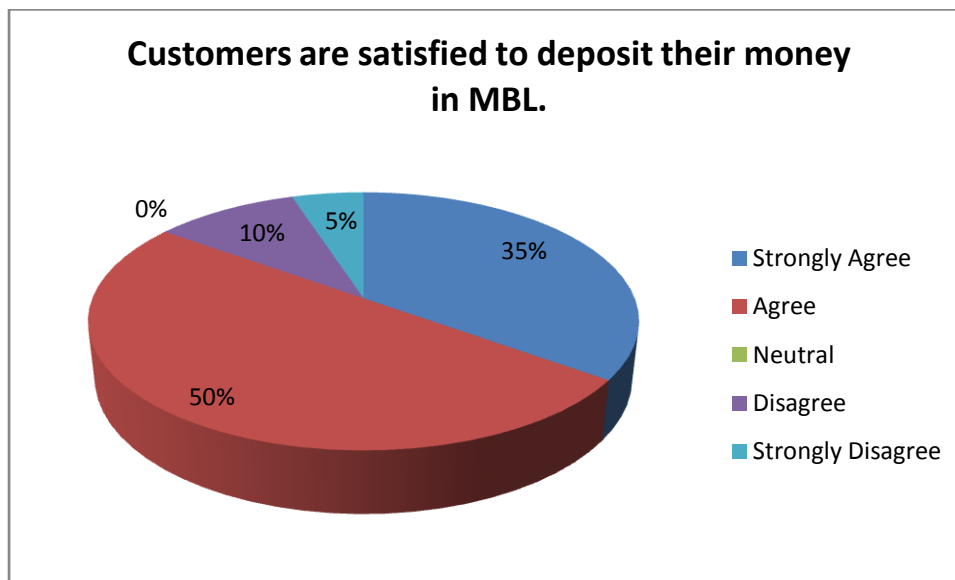
**Figure 4.1: MBL offers attractive deposit scheme compare to other banks**

#### Interpretation

From this figure we can see that the 45% respondents Strongly Agree, 40% respondents Agree, 10% respondents Disagree and 05% respondents Strongly Disagree had identified that MBL offers attractive deposit scheme compare to other banks.

**Table 4.2: Customers are satisfied to deposit their money in MBL.**

<b>Valid</b>	<b>No of respondents</b>	<b>Percent (%)</b>
Strongly Agree	07	35%
Agree	10	50%
Neutral	0	0%
Disagree	02	10%
Strongly Disagree	01	05%
<b>Total</b>	<b>20</b>	<b>100%</b>



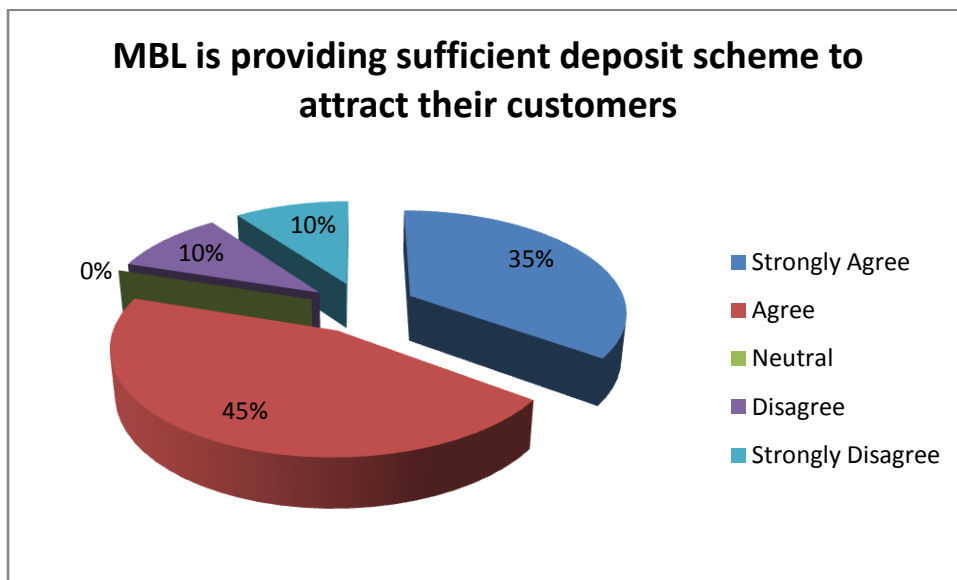
**Figure 4.2: Customers are satisfied to deposit their money in MBL.**

### **Interpretation**

From this figure we can see that the 35% respondents Strongly Agree, 50% respondents Agree, 10% respondents Disagree and 05% respondents Strongly Disagree had had identified that Customers are satisfied to deposit their money in MBL.

**Table 4.3: MBL is providing sufficient deposit scheme to attract their customers**

Valid	No of respondents	Percent (%)
Strongly Agree	07	35%
Agree	9	45%
Neutral	0	0%
Disagree	02	10%
Strongly Disagree	02	10%
<b>Total</b>	<b>20</b>	<b>100%</b>



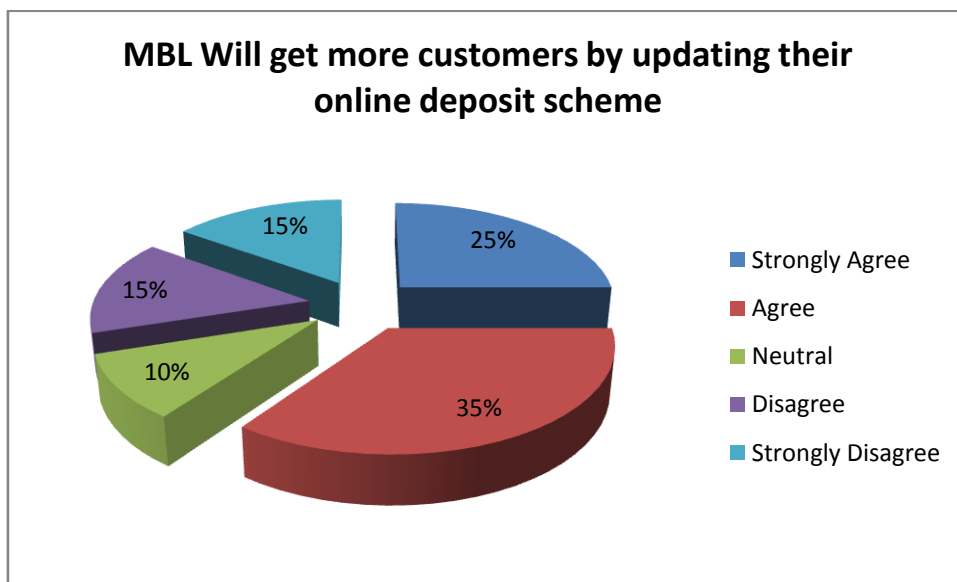
**Figure 4.3: MBL is providing sufficient deposit scheme to attract their customers**

**Interpretation**

From this figure we can see that the 35% respondents Strongly Agree, 45% respondents Agree, 10% respondents Disagree and 10% respondents Strongly Disagree had identified that MBL is providing sufficient deposit scheme to attract their customers.

**Table 4.4: MBL Will get more customers by updating their online deposit scheme**

<b>Valid</b>	<b>No of respondents</b>	<b>Percent (%)</b>
Strongly Agree	05	25%
Agree	07	35%
Neutral	02	10%
Disagree	03	15%
Strongly Disagree	03	15%
<b>Total</b>	<b>20</b>	<b>100%</b>



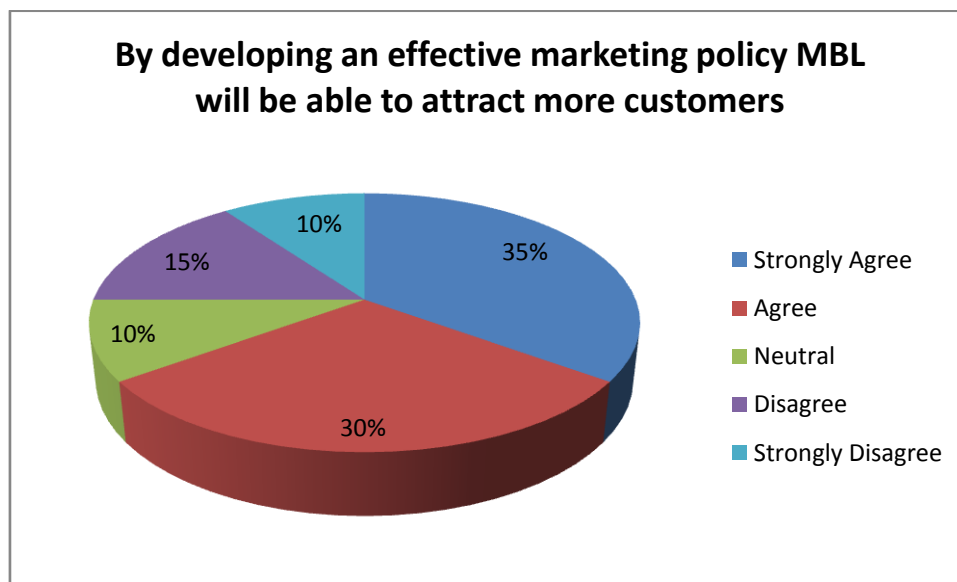
**Figure 4.4: MBL will get more customers by updating their online deposit scheme**

**Interpretation**

From this figure we can see that the 25% respondents Strongly Agree, 35% respondents Agree, 15% respondents Disagree and 15% respondents Strongly Disagree identified that MBL will get more customers by updating their online deposit scheme.

**Table 4.5: By developing an effective marketing policy MBL will be able to attract more customers**

<b>Valid</b>	<b>No of respondents</b>	<b>Percent (%)</b>
Strongly Agree	07	35%
Agree	06	30%
Neutral	02	10%
Disagree	03	15%
Strongly Disagree	02	10%
<b>Total</b>	<b>20</b>	<b>100%</b>



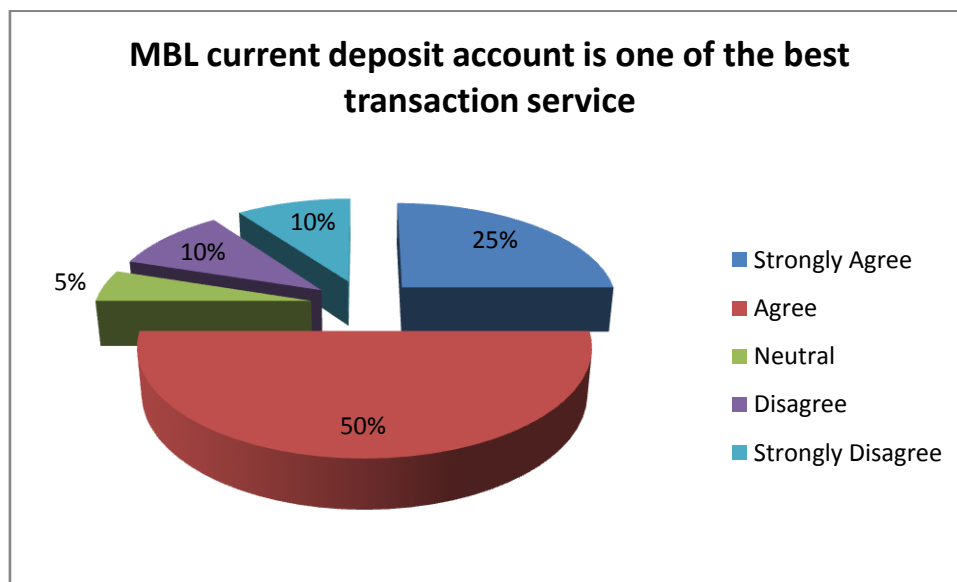
**Figure 4.5: By developing an effective marketing policy MBL will be able to attract more customers**

**Interpretation**

From this figure we can see that the 35% respondents Strongly Agree, 30% respondents Agree, 15% respondents Disagree and 10% respondents Strongly Disagree had identified that by developing an effective deposit policy MBL will be able to attract more new customers.

**Table 4.6: MBL current deposit account is one of the best transaction service**

<b>Valid</b>	<b>No of respondents</b>	<b>Percent (%)</b>
Strongly Agree	05	25%
Agree	10	50%
Neutral	01	05%
Disagree	02	10%
Strongly Disagree	02	10%
<b>Total</b>	<b>20</b>	<b>100%</b>



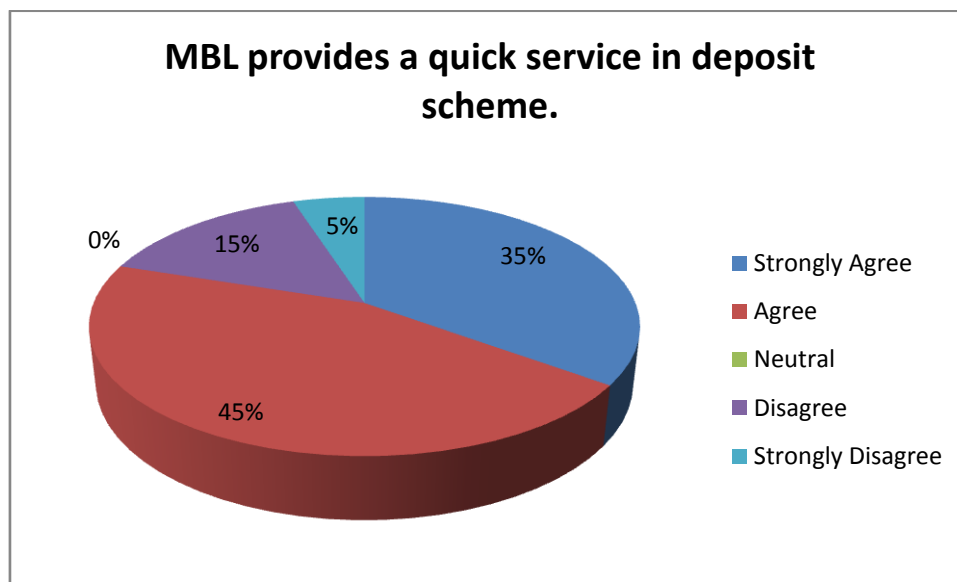
**Figure 4.6: MBL current deposit account is one of the best transaction service**

**Interpretation**

From this figure we can see that the 25% respondents Strongly Agree, 50% respondents Agree, 10% respondents Disagree and 10% respondents Strongly Disagree had identified current deposit account is one of the best transaction service.

**Table 4.7: MBL provides a quick service in deposit scheme.**

<b>Valid</b>	<b>No of respondents</b>	<b>Percent (%)</b>
Strongly Agree	07	35%
Agree	09	45%
Neutral	0	0%
Disagree	03	15%
Strongly Disagree	01	05%
<b>Total</b>	<b>20</b>	<b>100%</b>



**Figure 4.7: MBL provides a quick service in deposit scheme.**

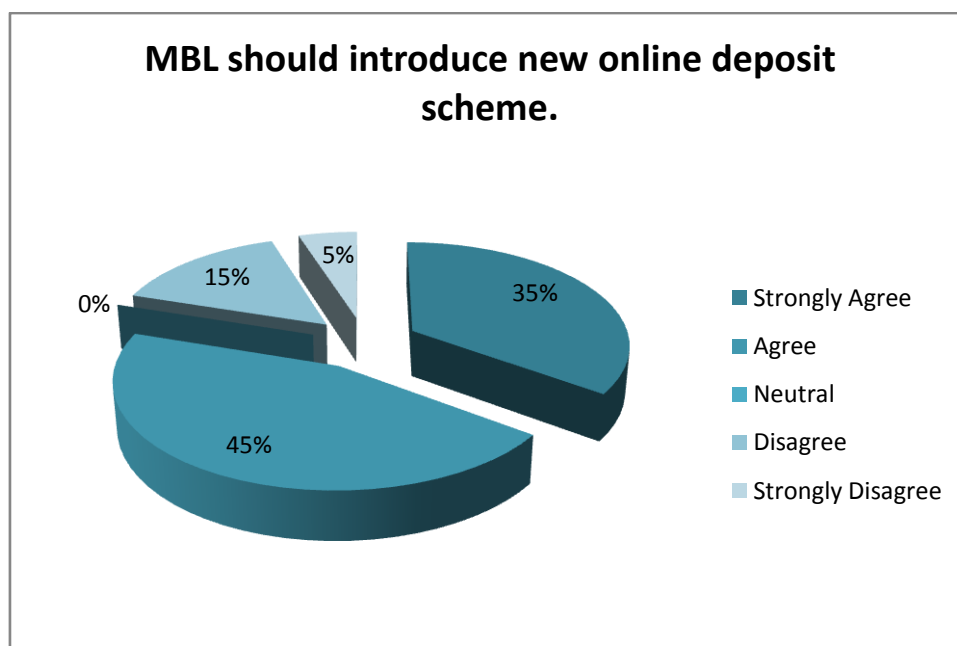
**Interpretation**

From this figure we can see that the 35% respondents Strongly Agree, 45% respondents Agree, 15% respondents Disagree and 05% respondents Strongly Disagree had identified MBL provides a quick service in deposit scheme.



**Table 4.8: MBL should introduce new online deposit scheme.**

Valid	No of respondents	Percent (%)
Strongly Agree	07	35%
Agree	09	45%
Neutral	0	0%
Disagree	03	15%
Strongly Disagree	01	05%
<b>Total</b>	<b>20</b>	<b>100%</b>



**Figure 4.8: MBL should introduce new online deposit scheme.**

### **Interpretation**

From this figure we can see that the 35% respondents Strongly Agree, 45% respondents Agree, 15% respondents Disagree and 05% respondents Strongly Disagree had identified MBL should introduce new online deposit scheme.

## 4.4 SWOT Analysis of MBL

SWOT analysis consists of organization's internal strengths and weaknesses and external opportunities and threats. Basically, this analysis is a conceptual framework for a systematic analysis that matches the external threats and opportunities with internal weaknesses and the power of the organization. SWOT analyzes give insight into what an organization can do in the future and how they can compete with their existing competitors. This tool is very important for identifying the current location of the organization, like playing the same game and just like the banks used in the organization's strategic analysis.

### **Strengths**

- One of the oldest local banks in the country
- The bank has a training institute to impart training to its fresh recruits and experienced ones as well
- Provide competitive quality and wide range of services
- Quality assets
- SME service
- Higher investment
- Experienced employees

### **Weakness**

- Lower number branches
- Higher loan charges
- Tight liquidity position
- Absence of strong marketing activities
- Less ATM Booths
- Lower recovery position

## **Opportunities**

- Bank can engage with worldwide remittance transfer network
- Planning to open number of SME / Agri Branches throughout the country
- Bank can lower interest bearing deposits to reduce the bank's cost of fund
- Scope to increase EPS
- Through proper supervision, bank will enable to secure its lending and ensure profit and service to the nation
- Try to collect huge amount of foreign exchange remittance
- Lower cost of fund

## **Threats**

- Dividend is not paid for long period
- Most competitive market
- Product differentiate by the competitor
- Customers can switch to other bank
- Country's political environment may affect the earnings of the ban
- Loan default culture of the country
- Central Bank's strict regulations

**CHAPTER-5**  
**Findings, Recommendations &**  
**Conclusion**

## 5.1 Findings

### Following are important findings or this study:

- Most respondents said that the Mercantile Bank Limited MBL offers attractive deposit scheme compare to other banks.
- The majority respondents said that the Mercantile Bank Limited (MBL) that Customers are satisfied to deposit their money in (MBL).
- 35% respondents Strongly Agree, 45% respondents Agree had identified that MBL is providing sufficient deposit scheme to attract their customers.
- The greater part respondents said that the Mercantile Bank Limited that MBL will get more customers by updating their online deposit scheme.
- 35% respondents Strongly Agree, 30% respondents Agree had identified that by developing an effective deposit policy Mercantile Bank Limited (MBL) will be able to attract more new customers.
- Most people are very satisfied that the current deposit account is one of the best transaction service.
- The largest part people are very satisfied that Mercantile Bank Limited (MBL) provides a quick service in deposit scheme.
- 35% respondents Strongly Agree, 45% respondents Agree, 15% respondents Disagree had identified MBL should introduce new online deposit scheme.
- MBL has more long term deposit than short term deposit, and due to competitive market MBL has to incur higher cost on their deposits.
- Bank is overloading the clients by charging so much documents and papers which seems to the clients being harassed by the relevant officer.

## 5.2 Recommendations

**Following Recommendations are given:**

- The bank has to improve their deposit policy. The deposit of the bank should be more diversified.
- Proper future forecasting is much more needed in case of credit or investment opportunities.
- New investment schemes should be introduced to meet customer demands to stay ahead in competition and better satisfy customer requirements.
- Large investment risk must be minimized and should be emphasis to its SME and consumer credit scheme so that recovery rate may increase and risk may decrease.

The employee especially credit department are deal with different dimension of risk, so they have to properly trained.

- In order to successfully implement the strategy, the in-house capacity development is important. This is to be done through continuous training of the employees.
- Extend the business to existing clients through more product range and penetrate new markets through expansion of network in rural areas.
- The bank has to ensure adequate and timely loan loss provisions are made based on actual and expected losses.
- MBL should concentrate on Smoothing service and reducing time consumption. Therefore, MBL should recruit more employees at their branches. Ensure the use of latest technology in banking operation to meet up the customers demand

### 5.3 Conclusion

The popularity of the banks is increasing day by day, which also increases competition. All commercial banks are offering nearly the same products and services and their operation systems around. But the way they supply them are different from each other. So public choose their bank according to their satisfaction and need. And they will like the services that are easily accessible and understandable banks. On the other hand, banks invent new products and services to attract their favorite customers. In short, the MBL is a commercial bank that provides all the commercial banking services to the customers and provides funds to millions of poor people of SME finance and investor policies in the country. They believe they are developing strong interpersonal relationships with each other. In this way, they are forced to provide high quality banking services with the latest technology to ensure the security of the money deposited by the Ethical Mortar and to make the best efforts to present their innovative products to their existing and potential customers.

Banks always contribute to the economic development of the country. Compared to other banks, MBLs are making more contribution by investing in fruitful projects, because of the increase in the production of their funds and the increase in production of import business.

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- [http://www.mblbd.com/home/fixed\\_deposit](http://www.mblbd.com/home/fixed_deposit)
- [http://www.mblbd.com/home/times\\_benefit](http://www.mblbd.com/home/times_benefit)



## Appendix Questionnaire



**Dear Respondents,**

I am student of BBA , Major in Marketing from Daffodil International University . I am conducting a report on topic, “An Evaluation of Deposit Scheme of Mercantile Bank Limited.” I need your valuable opinion. Let me assure you that all the information provided by you will be used only for academic purpose and kept under strict secrecy.

The following statements deal with Deposit analysis & performance of Mercantile Bank Ltd. Please circle (O) only one number that best reflects your opinion on the following five point scale:

<b>Strongly Agree -1</b>	<b>Agree -2</b>	<b>Neutral-3</b>	<b>Disagree-4</b>	<b>Strongly Disagree-5</b>
--------------------------	-----------------	------------------	-------------------	----------------------------

Sl. no	Please Tick	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
01	MBL offers attractive deposit scheme compare to other banks.					
02	Customers are satisfied to deposit their money in MBL.					
03	MBL is providing sufficient deposit scheme to attract their customers					
04	MBL Will get more customers by updating their online deposit scheme					
05	By developing an effective marketing policy MBL will be able to attract					
06	MBL current deposit account is one of the best transaction service					
07	MBL provides a quick service in deposit scheme.					
08	MBL should introduce new online deposit scheme.					