

# Internship Report

On  
NCC BANK LTD.  
Foreign Exchange Branch, Dhaka.

Title: Overall Banking system of National  
Credit & Commerce Bank Ltd:An Evaluation.

***Prepared By***

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**Dated: 27.05.2014**

Professor Dr. Zakir Hossain  
Dean.  
Daffodil International University  
Dhanmondi, Dhaka.

**Sub: Submission of Internship Report**

Dear Sir,

I have the pleasure to inform you that I accomplished my internship program at the National Credit and Commerce Bank limited, Dhaka. I tried my best to know about the company by observing its activities. This report, which I would like to submit to you for your evaluation, is a discussion of my observation.

I sincerely believe and hope that you will find this study very interesting, informative and enlightening (gan dan kora) and will help future researchers for extended research in this field.

I beg your kind excuse for the unintentional error that may take place in the report in spite of my best efforts. I hope that you would be kind enough to receive this report and bless me heartily.

Thanking you  
Yours truly,

---

Wahida Shirin Zhimly  
ID No : 103-11-1657  
Department of Business Administration  
Daffodil International University, Dhaka.

## CERTIFICATE OF SUPERVISOR

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This is to certify that the report entitled “**Overall Banking System of National Credit & Commerce Bank Ltd : An Evaluation.**” Submitted by Wahida Shirin Zhimly a student of Business Administration having ID No. 103-11-1657, Daffodil International University, Dhaka is the candidate’s Own achievement and is not a conjoint work.

I also certify that, I have gone through the draft copy of the report thoroughly and found it satisfactory for submission to the Department of Business Administration, Daffodil International University, Dhaka as a part of partial fulfillment of Business Administration.

I hope every success and progress for her throughout of her life.

With very thanks.

.....  
Professor Dr. Zakir Hossain  
Dean.  
Daffodil International University  
Dhanmondi, Dhaka.

## **PREFACE**

Actually knowledge is not fruitful one unless it is a combination of both theoretical and practical knowledge. In other words practical and theoretical knowledge are equally important. Considering the above view point Department of Business Administration of Daffodil International University, arranged internship program in various organization under the supervision of various course teachers after completing final examination of Business Administration course to increase the practical knowledge of each and every student. As a practical fulfillment of Business Administration course Researcher prepare an internship report, the topic of which was **“Overall Banking System of National Credit & Commerce Bank Ltd : An Evaluation.”**

Researcher hopes this study will help to know the Overall Banking System of NCCBL. Finally Researcher’s effort will be meaningful if this report serves the purpose effectively. May Allah help everybody.

**Wahida Shirin Zhimly.**

## **ACKNOWLEDGEMENT**

All praise to be to Allah to whom all Dignity, Honor and Glory are due, the lord of the world, The Almighty Omnipotent for His favor to me in completing this Internship report.

Fore most it gives me immense pleasure to express my sincerest gratitude and sense of profound indebtedness to my most honorable Advisor Professor Dr. Zakir Hossain , Dean, Daffodil International University, Dhanmondi, Dhaka. For his kind approval of my work on the project along with his important direction.

Sincere thanks and appreciation are acknowledged to my organizational project supervisor Md. Maksumul Islam, Asstt. Vice President of NCCBL. who have provide me Annual report of this Bank and Whose professionalism made me strive to be the best under the most trying circumstances and who has provided his encouragement and guidance through out.

I express my personal grateful to all of my friends and colleagues of NCCBL who help me to prepare this report.

Also, I would like to express my best regards to my beloved parents, uncle, auntie, brother & sister for their unlimited love and encouragement.

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# Chapter-One

## 1.1. Introduction

Bank as the financial services industry is approaching full historical cycle. Originally the banking system operated as full service industry, performing directly or indirectly all financial services. Banks are direct agents to create opportunities for development in a country and also provide large scale of employment opportunities. Banks mobilize savings and make it advances to investors and by this process make profit. As they deal with public money, their form of business is different from others. Banks must refund public money when they demand & quality full services either it makes or not. So, overall operation system of bank should be evaluated carefully.

Banking sector is expanding its hand in different financial events every day. At the same time the banking system is becoming faster, easier and the banking area is becoming wider. As the demand for better service increases day by day, they are coming with different innovative ideas & products. In order to survive in the competitive field of the banking sector, all banking organizations are looking for better service opportunities to provide their fellow clients. As a result, it has become essential for every person to have some idea on the bank and banking system.

The evaluation of banking system is a complex process involving interactions between the environment, internal operations, and external activities. The ultimate objective of management is to maximize the value of bank's equity shares by attaining the optimal mix of returns and risks. In this respect bank management needs to develop a comprehensive plan in order to identify objectives, goals, budgets and strategies that will be consistent with the maximization of share values.

In researcher's thesis paper, researcher has selected one private commercial bank to evaluate the banking system in our banking industry. This is NCCBL. This bank has a great impact in our economy. NCCBL has been operating their services from 1985 as a leasing company and from 1993 as a Bank in our country through its 16 branches. To evaluate banking system of NCCBL, it will be helpful to have an insight into the generalized characteristics features of this bank.

## **1.2. OBJECTIVES OF THE STUDY**

**a). Primary Objective:** Primary objective of the report is fulfilling the course requirement for Completion of Business Administration of Daffodil International University, Dhaka.

**b). Secondary Objective:** Beside the primary objective there are some other objectives, which are equally important: The prime objective of the study is to examine the “**Over all banking system of National Credit & Commerce Bank Ltd : An Evaluation**”. This are follows:

1. To Indentify Overall Banking policies of NCCBL.
2. To evaluate the performance of NCCBL.
3. To find out the factors that affecting performance of the bank.

## **1.3. SCOPE OF THE STUDY**

The title overall banking operation system of NCCBL denotes the scope of the study. This report is strictly confined NCCBL’s operation in Bangladesh. The report is based on the observation and studies during researcher’s internship period. The study covers the bank’s functional areas such as general banking, loans & advances, foreign exchange system of NCCBL. This will indicate as to extent to which the servicing capacity of the customers and socio-economic development of the country by proper utilization of capital. This study conduct in head office from which various types of relevant data is collected that will focus the whole culture of the bank. The analysis of data covers 2008-2012 fiscal year. Moreover the problems in the operational system and overall idea about NCCBL. etc are also covered in the study.

## **1.4. METHODOLOGY OF THE STUDY**

The study is based on financial and non-financial data and opinions of concerned executives working at head office of NCCBL. There are various methods of conducting such studies. These are library method, interview method, observation method etc.

Two approaches have been mainly used in this report.

- a) *Conceptual Approach*: A theoretical section is given in this report (i.e. the organization part) to give an insight to the various information concerning the operational function. It is given in relevance with the organization in context i.e. NCCBL. A background of NCCBL is given to facilitate the understanding of this report. Every single portion is discussed in order to understand the empirical section.
- b) *Empirical Approach*: This refers to the information that has been directly collected and interpreted from the survey on NCCBL. The report is prepared by interviewing the officials of NCCBL. The reports of NCCBL and documents are also been studied to do the report.

### **1.5. SOURCES OF DATA**

In preparing this report, both primary and secondary sources of information have been used.

#### **(A) Primary Sources of Data**

When data are collected through direct searching in the field then it is called primary source of data. Data were collected from primary sources using the following techniques:

- a). Observation Method:** Observation method may be defined as the systematic watching of facts and events occurring in the field of study. The researcher has observed all the activities of general banking services. Through this method, he has collected some data about general banking services.
- b). Interview method:** Interview is a face-to-face situation where one person (the interviewer), asks a person being interviewed (the respondent), questions to obtain answer pertinent to research problems. To get the real information and data about general banking services, researcher asked some respondents and clients directly.

#### **Primary Sources are:**

- Asking the respective officers;
  - Direct communication with the clients;
  - Exposure on different desk of the bank;
- File study.

### **(B) Secondary Sources of Data**

The secondary data are collected from Internet, different article published in the journals and magazines.

#### **Secondary sources are:**

- Relevant books, Newspaper, Journals etc.
- Annual Reports of NCCBL.
- Periodicals published by the Bangladesh Bank;
- Different seminar papers on performance evaluation of service oriented business;
- Different publications regarding banking functions.

### **1.6. Methodology of the Report:**

Methodology can be termed as underlying principles and rules of organization or the philosophical systems that work at the backdrop of any study. It clarifies the problems involving the research in a very ordered and systematic fashion. Strategic are determined at this stage for future implementation. In this report decisions and calculations have been made basing on past experiences and the available data of past activities. These data can be collected in any one or more of the following ways.

Approaches and the methods that have been used to prepare the report arc as follows:

***Personal Interview:*** I interviewed some departmental officials especially those related to the financial operations of NCCBL.

***Briefing sessions:*** Departmental heads or their approved officials gave briefs about their respective departments. Information gathered from these sessions has been used in this report.

***Selection of the sample:*** The sample area of this report covers the Branch office of NCCBL since the central financial activities are done under the surveillance of the head office of NCCBL the selection of sample of this study is justifiable. Data collected from the different divisions of NCCBL are all equally important segments of sample used in this

study. NCCBL as a national Banking institution has added a huge tempo in developing the capital market of Bangladesh. As a result of this importance the selection of NCCBL as the sample area of this study is presumably (dhora naya jai amon) the demand of the time.

### **1.7. LIMITATIONS OF THE STUDY:**

Despite all out co-ordination from the bank officials, researcher faced some limitation. The notable some of these are as under:

- Learning all the banking functions within just 90 days was really tough.
- Another limitation of this report is Bank's policy of not disclosing some data and information for obvious reason, which could be very much useful.
- The Bank authority was very busy, so they could not give me enough time for discussion about various problems.
- In case of performance analysis secondary data are used.
- Only five years accounting data are considered for financial analysis
- This study completely depended on official records and annual reports.
- To prepare an analytical report need financial assistance. The financial assistance provided by the department is insufficient. In perspective of lack sufficient money, various types of analysis did not become possible.
- Another problem is that communication gap. The department should be conducted with the company at least one month ago
- Interpretation researcher had to collect some information from the head office.
- This is researcher's first experience on job, so there may arise some faults though I have tried my level best

## Chapter—Two

### 2.1 Background Of National Credit & Commerce Bank Ltd (NCCBL)

*National Credit and Commerce bank Limited* bears a unique history of its own. The organization started its journey in the financial sector of the country as an investment company back in 1985. The aim of the company was to mobilize resources from within and invest them in such way so as to develop country's Industrial and Trade Sector and playing a catalyst role in the formation of capital market as well. Its membership with the bourse helped the company to a great extent in this regard. The company operated up to 1992 with 16 branches and thereafter with the permission of the Central Bank converted in to a full-fledged scheduled private commercial bank in May **1993** with paid up capital **Tk. 39.00** core to serve the nation from a broader platform.

During last 12 years of its operation NCCBL has acquired commendable reputation by providing sincere personalized service to its customers in a technology-based environment.

The Bank has set up a new standard in financing in the Industrial, Trade and Foreign Exchange business. Its various deposit and credit products have also attracted the clients-both corporate and individuals who feel comfort in doing business with the Bank.

The initial authorized capital of the Bank was Tk. **75.00** core and, paid-up capital Tk. **19.50**, core at the time of conversion, which is now raised, to Tk. **39.00** core. The present authorized capital is Tk. **250.00** core and paid up capital is Tk. **60.78** core. The sponsors of the new bank consisted of 26 (Twenty six) Members, who comprised the first Board of Directors. The share price of the bank is currently being quoted at both Dhaka and Chittagong Bourses at an average price of Tk. 320/- against per value of Tk. 100/-.

### 2.2 Objectives of NCCBL

NCCBL has several objectives. These are:

- To encourage and broaden the base of investments.
- To develop the capital market
- To mobilize savings
- To provide for good profit and sound growth.
- To contribute towards the formation of national capital.
- To be most effective bank in terms of technology application.

- To value and respect the customer and maintain harmonious banker customer relationship.

### 2.3 Values of the NCC Bank limited:

- To have a strong customer focus and build relationship based on integrity , superior service and mutual benefit.
- To work as a team to serve the best interests of the group.
- To work for business innovation and improvements.
- To provide recognition and reward on performance
- To be responsible , trustworthy and law abiding in every sphere.

### 2.4 Vision of The NCC Bank limited:

- To become the best bank in respect of service, profitability and strength.
- Provide the greatest return to the shareholders by achieving sound profitable growth.
- Being perceived by customer and staff as the best whenever it operates.
- Have staff of the highest caliber
- Work together to make decisions, manage change and get things done.

### **2.5 Mission statement**

The mission of NCC Bank Ltd is to provide service to our clients with the help of a skilled and dedicated workforce whose creative talents, innovative actions and competitive edge make our position unique in giving quality service to all institutions and individuals that we care for.

We are committed to the welfare and economic prosperity to the people and the community, for we derive from them our inspiration and drive for onward progress towards prosperity.

We want to be the leader among banks in Bangladesh and make our indelible mark as an active partner in regional banking operating beyond the national boundary.

In an intensely competitive and complex financial and business environment, we particularly focus on growth and profitability of all concerned.

2.6.

**Organizational structure of the Bank****2.7 Performance Evaluation**

The following table shows highlights of Banks performance of the year 2008 to2012.

(Amount in Million Tk.)

Particulars	2008	2009	2010	2011	2012
Deposits	46,904.66	53,900.15	67,961.24	81,127.17	96,918.22
Loan and Advance	46,332.69	50,387.68	63,230.14	72,733.54	79,948.22
Retained Earnings	532.62	1,120.37	1,828.57	1,605.18	886.15
Investment	6,526.82	9,671.53	10,980.81	20,840.29	30,851.74
Export	12,522.04	11,903.72	16,125.52	20,981.00	13,346.66
Fixed Assets	775.31	849.10	1,191.49	1,506.77	1,743.59
Operating Profit	2,363.49	3,137.70	4,100.20	4,214.76	4,026.82



## *Chapter- Three*

### **General Banking**

#### **3.1 Introduction**

During my practical orientation I was placed in NCC Bank Limited. First I was placed in Foreign Exchange Branch. I have completed General Banking and some exposure in Advance in this branch. General Banking is the starting point and main function of all the banking operations it is the department which provides day-to-day service to the customers. Everyday it collects deposit from the customers by allowing broking interest rate, meets their demand for cash by honoring Cheques and lend it to the customers against ending interest rate. Lending interest rate in higher than borrowing interest rate, this is the profit for the bank.

#### **Functions of this department**

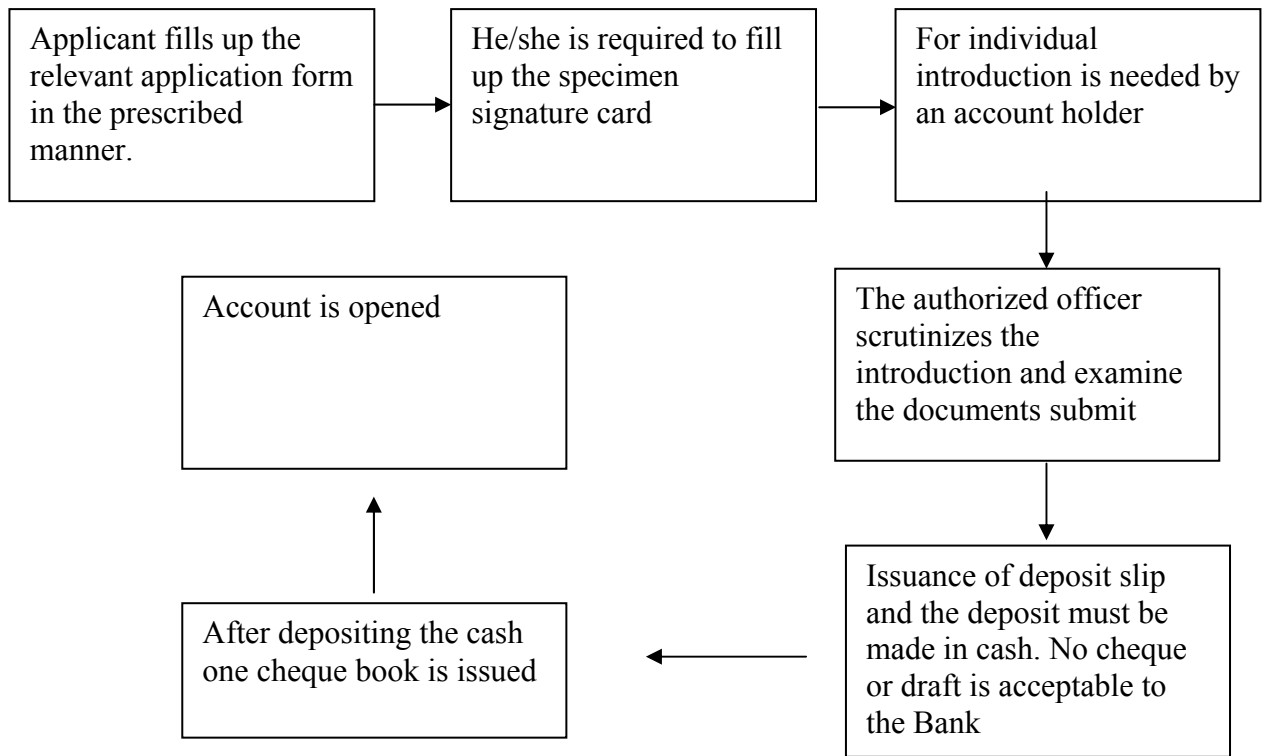
- ◆This department maintains following functions.
- ◆Accounts opening section.
- ◆Cash section Remittance section.
- ◆Clearing section.
- ◆Accounts section.
- ◆Establishment.

#### **Accounts Opening Section**

This section opens different types of account for their valued customers. Selection of customer is very important for the bank because bank's success and failure largely depends on their customers. If customers are bad they creates fraud and forgery by their account with bank and, this destroys the good will of the banks. So, this section takes extreme caution in selecting its valued customer.

If anyone wants to open a bank account at first a form (account opening form) including Nominal form, signature card and cheque requisition form is given to him from bank. The opener has to fill up the according to stated rules or the bank. In this form an introducer, who possess an account in this bank attest the two PP size photograph and put his signature and account number in an accepted place of the form. If everything is ok the banker will keep a number for the form and it will be noted as an account number and he will be given deposit slip to the customer.

### 3.2 Accounts Opening Procedure in a flow chart :



#### Issuing Cheque books to the customers

The bank issues 10 leaves cheque book for savings account and 20, 50 and 100 leaves cheque books for current account. To complete the issuing of cheque books a customer has to fill up the requisition form for cheque books. Then a new cheque book will be filled up by the account number of the customer. The requisition slips are maintained and recorded in a register as voucher.

#### Transfer of Account

Account holder may transfer his account from one branch to another branch. For this he must apply to the manager of the branch where he is maintaining his account. Then the manager sends a request to the manager of the branch where the account holder wants to transfer his account for opening the account.

### 3.3 Closing of Account

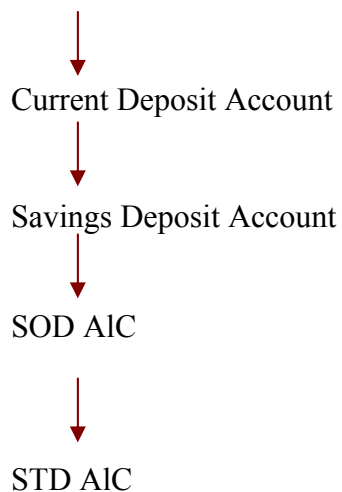
To close an account parties may be request to send an application along with the unused leaves of the cheque book. On receipt of the application the following steps are taken.

- i) The signature of the account holder is verified.
- ii) The number of the unused cheque leaves shall be noted therefore.
- iii) Debiting the incidental charges to the account.
- iv) The account holder is advised to draw the remaining balance

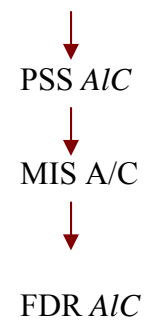
### 3.4 Types of Accounts

Accounts can be classified into two types:

#### Operative Account Accounts



#### Non-Operative



### **3.5 Operational Nature of Accounts**

#### ◆ Current Deposit Accounts (CD account)

- A current account may be opened by any individual, firm, company, club, associates, etc. Bank: may, however, refuse without assigning any reasons to open current account to any body.
- Minimum balance of Tk. 5000 while open.
- No current account will be opened with Cheques.
- Fund in the current deposit account shall be payable on demand.
- Minimum balance to be maintained of Tk. 1000.
- If minimum balance falls then incidental charges of Tk. 50 will be realized half is early.
- No interest is payable on the balance of CD.
- In case of closing of current account Tk. 100 is to be realized against incidental charges.

#### ◆ Saving Deposit Accounts (SB account)

- 6.00% interest is provided to depositors.
- The minimum amount of balance to be maintained with this type of account is Tk. 2000
- A depositor can withdraw two times in a week for more withdrawal depositors are not entitled for any interest.
- To withdraw above Tk. 20,000 the depositors has to notice.
- No savings account will be allowed to be overdrawn.

#### ◆ Short term deposit (STD A/C)

- Generally opened by big business firm.
- Interest depends on the amount deposited.
- Minimum amount of balance has to be maintained with STD account is Tk 2 lacs, while open
- Interest is given at a rate of 4.5%( for less than Tk. 1 crore, 5% for more than 1 crore, 5.5% for more than 5 crore, 6% for more than 10 crore and 2.5% for bank to bank)
- Minimum amount is Tk 5000 must be maintained.

#### ◆ Pension Savings Scheme (PSS)

- This is a scheme to make the customer introduced to the banking system under this schemes the customers are to pay a certain of money at monthly interval up to a period of 3 to 5 years and after the period they will get the returns along with the full interest earned during the period and the principal amount. Most of the clients under this scheme are middle class and lower middle class people
- Generally opened by small sever.
- Minimum Amount Tk 500 and maximum Tk 5000
- Interest rate 8% for 3 years maturity and 7.5% for 5 years maturity period.
- Maturity 3 to 5 years.

#### ◆ Fixed Deposit Reserve (FDR)

- FDR is neither transferable nor negotiable.
- It can be opened by all.
- Provided 6.50% - 11.50% interest.
- Interest rate very on principal amount.
- The deposited principal amounts have not fixed by the Bank.
- One can deposit any sum of amount under fixed deposit reserve.
- In case of with drawl before maturity the previous maturity period is considered to pa: interest according to savings interest rate 6.5% it is known as pre matured en-casement.

### 3.6 Interest Rate

as on 31.12.06

<b>Types of Deposits</b>	<b>Rate of Interest(% per annum)</b>
FDR for 3 Month	12.00 %
FDR for 6 Month	12.25%
FDR for 12 Month	12.50%
Short term Deposit	6.00%
Savings Deposit	6.00%
Special Deposits Scheme	9.00%
Special savings Scheme for 5 years	9.50%
Special Savings Scheme for 10 Years	10.00%

### 3.7 Cash Section

Cash department is the most vital and sensitive organ of a branch as it deals with all kinds of cash transactions. This department starts the day with cash in vault. Each day some cash i.e. opening cash balance are transferred to the cash officers from the cash vault. Net figure of this cash receipts and payments are added to the opening cash balance. The figure is called closing balance. This closing balance is then added to the vault. And this is the final cash balance figure for the bank at the end of any particular day.

#### **Functions of cash department**

- Cash payment
- Cheque cancellation process
- Cash receipt

#### ◆ Cash payment

Cash payment is made only against cheque.

This is the unique functions of the banking system which is known as "payment on demand" .

It makes payment only against its printed valid cheque.

#### ◆ Cheque cancellation process

Receiving cheque by the employee in the cash counter and verification of the following by the cash officer in the computer section:

- i) Date of the cheque. (it is presented within 6 month from issue date)
- ii) Issued from this branch.
- iii) An amount in figure and in word does not differ.
- iv) Cheque is not torn or mutilated. Then gives pay cash seal and sends to the payment counter and payment office makes payment.

#### ◆ Cash receipt

Another important function of this department is receipt of cash. Depositors deposit money in the account through this section by deposit slip.

- i) It receives deposit from depositors in the form of cash.
- ii) So it is the "mobilization unit" of the banking system.
- iii) It collects money only its receipts from.
- iv) It receives cash for issuing pay order TT, DD

### **Local Remittance**

Sending money from one place to another place for the customer is another important service of the bank. This service is an important part of transaction system. In this service system, people, especially businessman can transfer funds from one place to another place easily. There are three kinds of technique for remitting money from one place to another these are:

- Demand draft (DD)
- Pay order (PO)
- Telegraphic Transfer (TT)

### **3.8 Clearing Section**

This section receives all kinds of cheque in favor of the valued client for clearing on the part of their banking services. After receiving cheque it is necessary to endorse it and cross it specially. Clearing of cheque is done through the clearing house in Bangladesh Bank.

- 1 st clearing
- 2nd clearing

#### **Types of cheque for clearing**

There are four types of cheque for clearing:

- 1) Inward clearing cheque.
- 2) Outward clearing cheque.
- 3) Inward bills for collection.
- 4) Outward bills for collection.

#### ◆ *Inward clearing cheque*

It refers the instruments drawn on NCC bank received by other banks in the clearing house from the representative of other bank.

#### ◆ *Outward bills for collection*

When our branch sends Cheques to other branch of NCC bank is called OBC. Accounting treatment of this process:

NCC general (Sender's Branch)	Dr.
Depositor's A/C	Cr.

#### ◆ *Inward bills for collection (IEC)*

There are two types of clearing, firstly cheque collects from the other branch of NCC bank These Cheques are settled by sending mCA i.e. debiting depositors account and crediting sender's branch account.

Secondly cheque collects from another bank outside the clearing house. These cheque are settled debiting depositors account and sending DD or TT in favor of senders bank.

◆ *Outward Clearing Cheque*

Cheque drawn of another branch of NCC bank are called Outward Clearing Cheque. These types of cheque are directly sent to the respective branch and request them to send IBCA.

### 3.9 Accounts section

This is obviously an independent and unique department, which works as the composition of all the departments of the branch. This section is fully computerized. So the conventional large ledger and journal books are not kept like the some nationalized bank. It receives the vouchers from all departments and prepares the subsidiaries and maintains accounts.

#### Functions of Accounts Department:

- To prepare and maintain daily input journal, proof sheet and validation report
- To prepare flash report of daily liquidity position
- To maintain and prepare maturity balance sheet
- To maintain trial balance and financial account system
- To prepare clearing difference balance
- Daily posting of vouchers issued by other departments
- Daily statement of affairs
- Originating and responding
- Financial control of the bank is done through this department
- Test agreed is another arrangement maintained for control purpose. Test control agreed is most important for bank internal control.

#### Locker facilities :

Locker facility is available in this branch. Generally people keep their valuable ornaments in the locker. Lockers are three sizes one are small and other are middle and big. If any body want to open a locker s/he has to pay rent Tk. 1800 for big size, Tk. 2500 for large and Tk.1200 for small size annually. Any individual can open a locker.

## Chapter- Four

### Loans & Advances

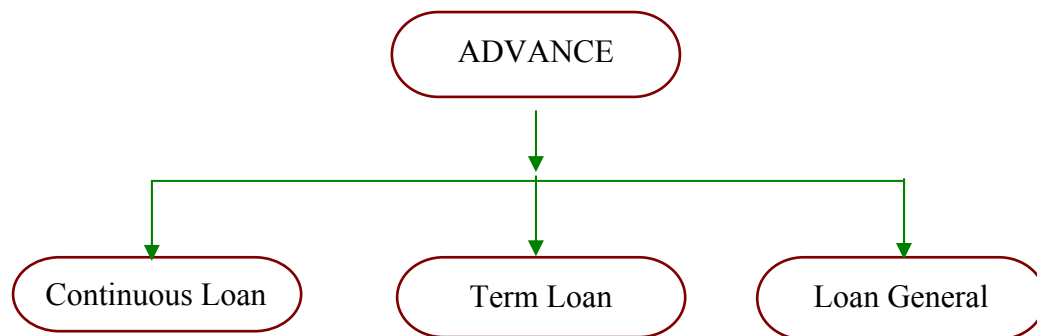
#### **4.1 Introduction**

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

We often use loans and advances as an alternative to one another. But academically this concept is incorrect. Advance is the combination of such items where loan is a part only for this credit section of the bank.

#### **4.2 Types of Advance**

All loan and advance that are provided by this bank can be categorized into there heads according to the nature and characteristics of each product:



*Figure shows the different types of advances*



### **4.3 Nature of Different Types of Advance**

#### **Cash Credit HYPOTHECATION (CC HYPO)**

- ◆ Cash credit is given through the cash credit account. Cash credit is an active and running account where deposit and withdrawals may be made frequently. The debit balance of the account on any day can not exceed the agreed limit.
- ◆ Instrument HYPOTHECATION DEED.
- ◆ 50% margin requires to open a CC account. (varies)
- ◆ Operation of cash credit is same as that of overdraft the purpose of cash credit is to meet working capital needs of traders, farmers, and industrialist.
- ◆ It is granted only the first class parties.
- ◆ It is charged against a property where neither the ownership nor the possession is passed to the bank.

#### **Cash Credit PLEDGE**

- ◆ The nature, operational work, and characteristics of CC- PLEDGE in as same as CCHYPO.
- ◆ CC.PLEDGE in different from CC-HYPO only from the securities or business goods against the loan amount.
- ◆ It is charged against properties where the ownership may remain to the borrower but the possession is passed to the bank.
- ◆ Instrument - Pledge Deed.

#### **Secured Overdraft (SOD)**

- ◆ Overdrafts are those drawings, which are allowed by the banks in excess of the balance in the current account up to a specified amount for definite period as arranged for.
- ◆ Generally it is given to the businessmen to increase their business activities.
- ◆ Usually provide against FDR, PSS, i.e. financial obligation or any primary securities. The interest charges from the date of first withdraw.
- ◆ Interest is calculated and charged only on the actual debit balance on daily product basis.
- ◆ Balance of OD account are fluctuates
- ◆ The interest rate of SOD is 3% above of FDR interest rate if the FDR is in our Bank.  
If the FDR is in other bank then the interest rate is 14.50%

#### **4.4 Securities against Advances**

The following securities are to be obtained by the branches depending on the nature of advances while allowing secured advances to the parties.

- Pratikshya Sanchay Patra, Bangladesh Sanchay Patra, ICB unit certificates, Wage Earner Development Bond
  - Fixed Deposit Receipt issued by any branch of IFIC Bank Limited.
  - Shares quoted in the Dhaka Stock Exchange Limited
  - Pledge of goods and produce
  - Hypothecation of goods, produce and machinery
  - Immovable property
  - Fixed assets of a manufacturing unit
- Cheques, Drafts, Pay Order, Railway Receipts, Steamer Receipts, Burge Receipts of the Govt. or Corporations  
Shipping document

#### **Which Advances Against Which Securities**

All securities are not suitable for all types of advances. Each security has its own suitability. Specific securities to be obtained by the branches while allowing advance are shown below against the types of advances:

<b>Types of advances</b>	<b>Securities</b>
Loans	Lien of various kinds of Sanchay Patras, Govt. Securities, and Shares quoted in the Stock Exchange, Debentures, Fixed Deposit Receipts, Pledge of gold/Gold ornaments, hypothecation of vehicles. Collateral of immovable properties.
Overdraft	Sanchay Patra, Non-resident for deposit (NFCD), shares, debt. Promissory notes, fixed deposit, insurance policies, gold etc.
Cash Credits	Pledge or hypothecation of stock, produced merchandise.
Inland bills purchase (IBP)	The bill itself.
PAD	Shipping document for imports.
IM	Pledge of imported merchandise.
TR	Trust receipt obtained in lieu of trustees.
ECC	Pledge or hypothecation of goods receipts.
Foreign Bills Purchase	Shipping document for exports.

#### 4.5 Process of Loan Sanction

##### **Step-1 : Sanctioning by the competent authority**

A secured advance may be grant to a party only after getting a limit sectioned from the competent authority.

##### **Step-2 : Loan/Advance Proposal**

For obtaining a loan/advance the party must make an application in standard form in writing to the branch where he maintains his operative account. After receiving the application from the party, the branch manager will take immediate steps to compile report regarding the party based on the following sources of information:

- Personal investigation
- Confidential supports from
- Other banks,
- Chamber of commerce
- CIB from Bangladesh bank as the earnable.
- Treading account P/C, B/S. M/A if any and other documents submitted by the party.
- The average balance and the present maintained in the account.
- The nature of operations during the last six months and the date of opening account.

##### **Step-3 : Preparation of limit proposals**

The branch, may prepare a limit proposal after being fully satisfied with the following points:

- ❖ The financial position of the party.
- ❖ Purpose for which advance is required.
- ❖ Nature of securities offered.
- ❖ The payment arrangement.

##### **Step-4 : Renewal Proposal.**

##### **Step-5 : Approval by Head Office and Branch responsible.**

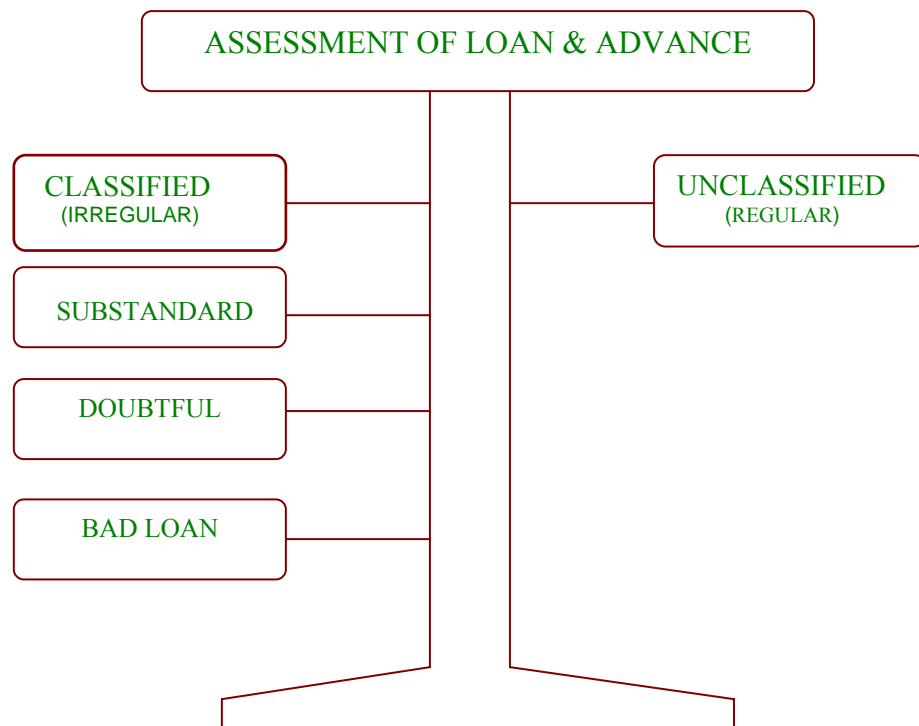
- ❖ Limit proposal sent to HO.
- ❖ Sanction/reject
- ❖ Receive the limit section advice.

##### **Step-6 : Disbursement of loan.**

##### **Step-7 : Loan monitoring and administration**

#### 4.6 Classification of Loan (CL)

Advance may classified or unclassified are determine on the basis of regularity of loan recovery.



**Figure: Shows the Classification or loan**

**Unclassified Loan:** the repayment of advance which have regularity are called unclassified advance. This is a clean loan that is there is no overdue installment or not the expire due date.

**Classified:** The repayments of advance which have no regularity are classified. That means which are irregular in nature, overdue installment of payment, and expire the due date. There are three standards of classification:

- Sub Standard
- Doubtful
- Bad Loan

#### Eligible security

- For land and building 50%.
- Financial obligation 100%.

#### Interest suspense

- Total balance of interest against classified loan.

#### Base for provision

- Formula: Outstanding - Interest surpasses - Eligible security
- In case of unclassified advance the base for provision should kept 1 % of the total outstanding amount.
- In case of bad loan the base for provision should kept 100% of the total outstanding amount
- In case of doubtful loan the base for provision should kept 50% of the total outstanding amount.
- In case of sub standards loan the base for provision should kept 20% the total outstanding amount.

Basically this standards of classification are depends on the expansion of time. There are separate systems of classification for each type of loan. Each banking institution have develop there own system of loan classification.

### **Credit Risk Analysis (CRG)**

CRG is the combination of analysis of various types of risks that may occur while a loan have sanctioned. This is an analysis of the measurement of performance of a company or individuals. When a loan have been provided by the bank then all types of risks have to calculate. This is not easy to express all the pros and corns of CRG are not possible in this report. Before sanctioning a loan it is necessary to analyze the CRG. NCC Bank has formatted this analysis which contains several sheets of analysis to identify the strength and weakness and the repayment probability of the lending.

## Chapter - Five

### Foreign-exchange Banking

#### **5.1 Introduction**

A person living in Dhaka city can make payment to another in Chittagong with money or by Cheques on any bank of the country. Such payments do not present any problems. But things are different when the debtor and the creditor live in different country. When a trader from Dhaka city imports goods from New York, the payment involves certain complication. The Dhaka man can pay in taka but taka is of no use to New York exporter. There must be some means of changing taka into dollar. Obviously the intervention of a third party is required. So there is a need for a foreign exchange mechanism.

*Foreign exchange refers to the process or mechanism by which the currency of one country is converted into the currency of another country. Foreign exchange is the means and methods by which rights to wealth in a country's currency are converted into rights to wealth in another country's currency.*

-L.R. CHOWDHURY

*In terms of foreign exchange regulation Act 1947, as adapted in Bangladesh, foreign exchange means foreign currency and includes all deposits, credits and balances payable in foreign currency as well as all foreign currency instruments such as, drafts, travelers Cheques, and bills of exchange in any foreign country.*

#### **Administration of Foreign Exchange in Bangladesh**

The statute for administration of foreign currency in Bangladesh is the foreign exchange regulation Act, 1947 as adapted in Bangladesh. Under this Act, the responsibility and authority of administration of foreign exchange is vested by the government with the Bangladesh bank.

While the Bangladesh bank has full authority to administer foreign exchange in Bangladesh, it cannot do so by itself. This is not possible for Bangladesh bank to deal with a large number of exporters and importers individually. Therefore, provision has been made in the act, enabling the Bangladesh bank to delegate its powers of functions to authorized dealers.

#### **Authorized Dealers (AD)**

In administering exchange control and foreign trade, Central Bank of the country (Bangladesh Bank) authorizes few branches of commercial banks to deal in foreign exchange. These branches are known as “Authorized Dealers”. They act as an agent of the Central Bank and work under the “Foreign Exchange Regulations Act-1947” and “Guidelines for Foreign Exchange Transactions-Volume 1 & 2” prescribed by Bangladesh Bank.

### **Handling of Foreign Exchange at NCC Bank**

The NCC Bank deals with foreign exchange with goodwill for a long time. It is handling of foreign exchange closer to twenty (20) years. Nowadays 16 branches of this bank are authorized to deal foreign exchange by Bangladesh Bank.

NCC Bank offers two types of credit facilities to its customers. Such as-

- a) Funded Credit and
- b) Non Funded Credit

#### **a) Funded Credit :**

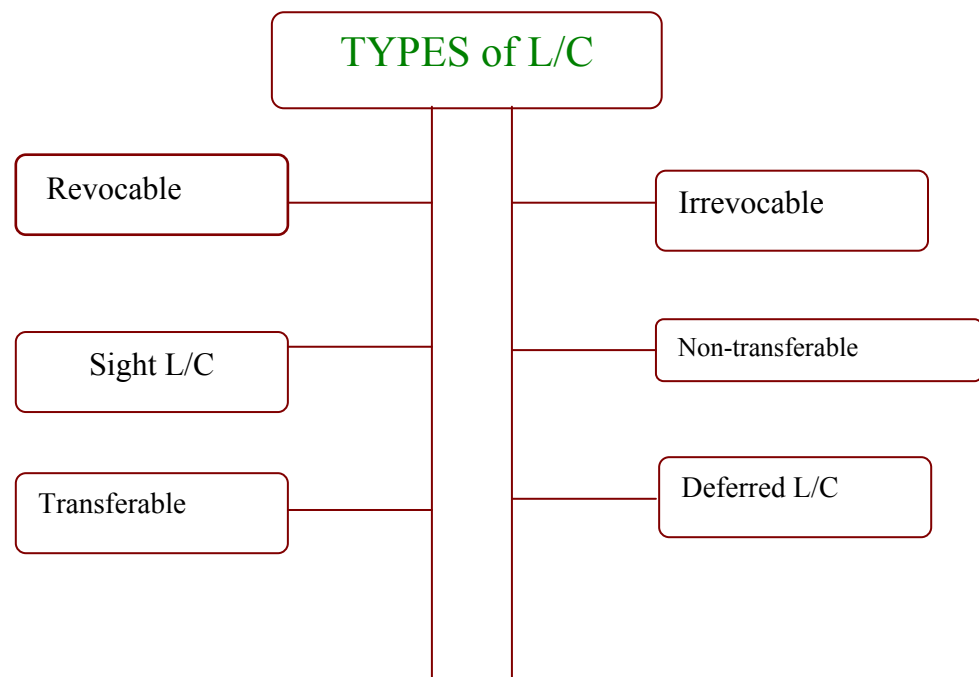
The credit facilities in which the fund of the bank is directly invested is known as funded credit. Such as-Cash Credit, Secured Overdraft act.

#### **b) Non Funded Credit:**

The credit facilities in which bank's funds are not directly invested are known as non-funded credit. Such as-Letter of Credit (L/C), Guarantee etc.

Letter of Credit / Documentary Credit ("L/Cs") is the key player in the foreign exchange business. With the globalization of economy. International trade has become quite competitive. Timely payment for exports and quicker delivery of goods is, therefore, a pre-requisite for successful international trade operation.

### **5.2 Types of Letter of Credit**



**The figure shows the different types of L/C**

### **5.3 Nature of Different types of L/C**

Revocable Credits	: A revocable credit is one which can be amended or cancelled by the issuing banker at any time without prior notice.
Irrevocable Credits	: An irrevocable letter of credit contains an absolute undertaking on the part of the issuing bank to accept.
Transferable Credit	: The main theme of this type of credit is transferable i.e. if the exporters can not able to supply the goods then. they can transfer it to others.
Non-transferable Credit	: These types of credit can not be transferable.
Sight L/C	: In international business this types of credit is most preferable. The main theme of this credit is the payment is properly secured.
Deferred L/C	: A maturity period specified there. The payment is made on between the maturity periods.

**The Foreign Exchange Department is mainly divided into three sections. Such as-**

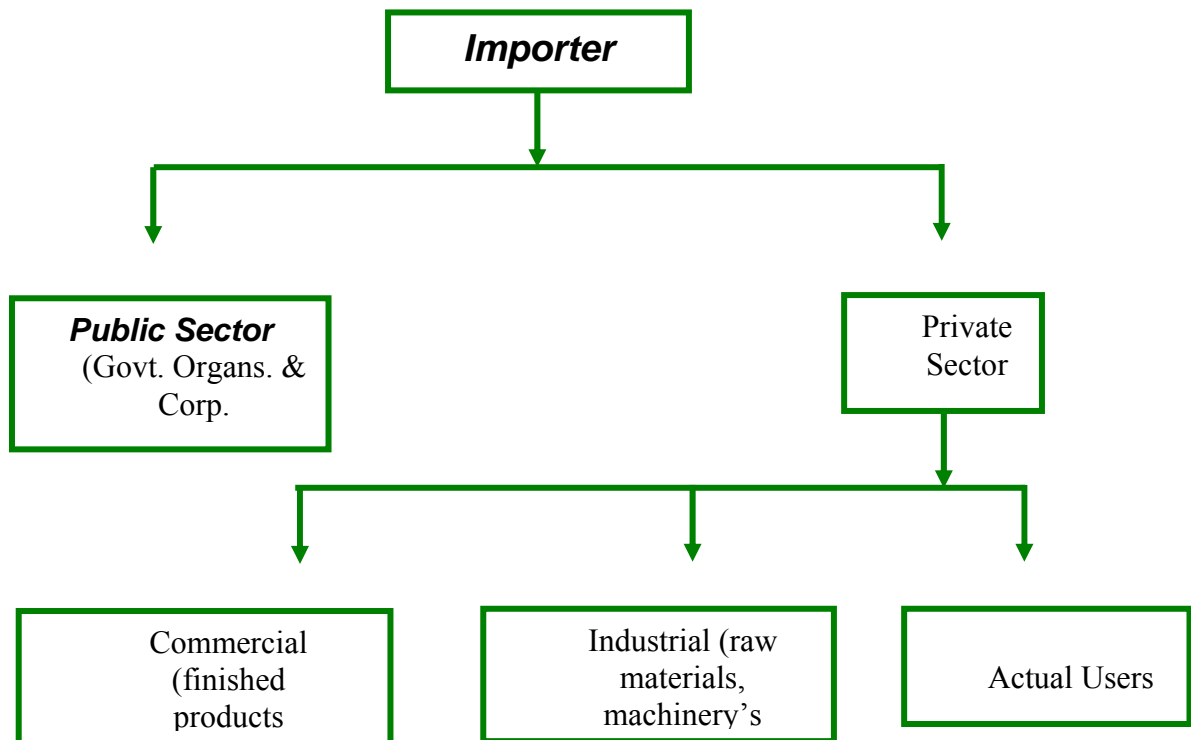
- 1. Import Section**
- 2. Export Section &**
- 3. Remittance Section**

The import Section deals with L/C in the perspective of the importers and the Export Section deals with L/C in the perspective of the exporters.

### **5.4 Import Section**

Import is the flow of goods and services purchased form one country to another. Hence, import of merchandise essentially involves two things: bringing of goods physically into the country and remittance of foreign exchange towards the cost of the merchandise and services connected with this to the importer. In case of import, the importers are asked by their exporters to open letters of credit so that their payment against goods is ensured.





**Fig : Types of Importers**

### **5.5 IMPORT PROCEDURES :**

An importer is required to submit the following documents in order to get a license to import through NCC Bank Br.

- ◆ A bank account with the branch
- ◆ Import Registration Certificate (IRC)
- ◆ Tax Payer's Identification Number (TIN)
- ◆ Performa Invoice / Indent
- ◆ Membership certificate from a recognized Chamber of Commerce & Industry or Town Association or registered Trade Association.
- ◆ Letter of Credit Authorization (LAC) Form properly filled in quintuplicate signed by the importer.
- ◆ L/C Application duly signed by the importer.
- ◆ One set of IMP Form.
- ◆ Insurance Cover Note with money receipt.
- ◆ VAT Registration Certificate (for Commercial Importers)
- ◆ In case of public Sector, attested photocopy of allocation letter issued by the allocation authority, Administrative Ministry or Division specifying the source, amount, purpose, validity and other terms and conditions against the imports.

- ◆ Any such documents as may be required as per instruction issued/to are issued by the Chief Controller of Imports & Exports (CCI&E) from time to time.
- ◆ On receipt of the LCA Form and the other documents, the branch officials carefully scrutinize the documents and lodge the same in their respective registration books and duly verify the signature of the importer put on the LCA Form.

To import, a person should be competent to be an ‘importer’. The office of the Chief Controller of Imports & Exports (CCI&E) provides the registration (IRC) to the importer. After obtaining the IRC, the person has to secure a “Letter of Credit Authorization” (LCA) registration from the Registration Unit of Bangladesh Bank. After getting the LCA registration, a person becomes a qualified importer. He is the person who requests or instructs the opening bank to open an L/C. He is also called the “Opener” or “Applicant” of the credit

#### **Requirements of L/C Opening**

- ◆ Applicant must hold a current deposit (CD) account in the Bank.
- ◆ He must have a trade license of import
- ◆ Tax Identification number (TIN)
- ◆ Vat certificate.
- ◆ Membership certificate.
- ◆ Import registration certificate (IRC) for industrial or commercial.

An importer must ensure the above requirements while he is going to issue a L/C with any bank to import some thing form another country.

Loan against Imported Merchandise of NCCBL (2008-2012)

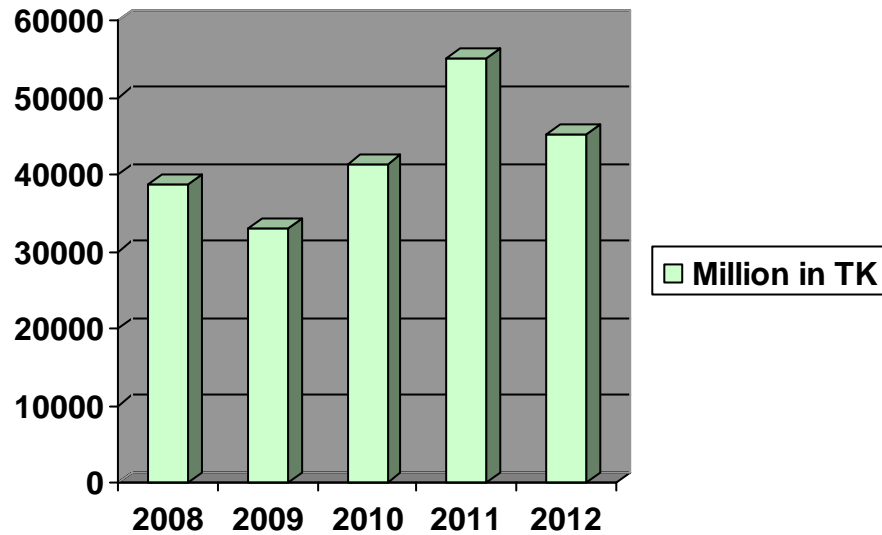
Amount in Million Tk.

2008	2009	2010	2011	2012
38,796.88	33,078.44	41,245.21	55,044.49	45,283.46

: Annual Report of NCCBL 2011-2012:

Normally any sort of loan & advance increased, but here in LIM is not increased. These figures indicate NCCBL is not encouraging the import financing. We know that, interest income is the major part of bank's income and the major part of interest income come from the import or export financing.

Graph



### **Export Section & Export Financing :**

In the Export Section, two (02) types of L/Cs are handled in this branch-

- 1) Back-to-Back L/C; and
- 2) Export L/C

Export financing can be done in two ways. These are:

- 1) Pre-shipment Financing;
- 2) Post-shipment Financing.

Pre-shipment financing can be done by opening of back-to-back L/C and Packing Cash Credit (PCC). In case of pre-shipment financing, about 90% is financed by the bank. Of that portion, about 75% is for back-to-back L/C and 10% is for packing cash credit. Financing in Back to Back L/C changes according to the products i.e. Normal fabric, Flannel fabric, Woven fabric etc. Example of post-shipment financing by bank is Foreign Documentary Bills for Purchase (FDBP).

### **5.6 Back to Back L/C:**

In case of a “Back-to-Back” letter of credit, a new L/C (an import L/C) is opened on the basis of an original L/C (an export L/C). Under the “Back-to-Back” concept, the seller as the beneficiary it as a ‘security’ to the Advising Bank. The beneficiary of the back-to-back L/C may be located inside or outside the original beneficiary’s country. In case of a back-to-back L/C, no cash security (no margin) is taken by the bank; bank liens the first L/C (the master L/C). In case of a back-to-back L/C, the drawn bill is usage/time bil

Papers/documents required for opening of back-to-back L/C are as follows –

- ◆ Master L/C
- ◆ Valid Import Registration Certificate (IRC) and Export Registration Certificate (ERC)
- ◆ L/C Application and LCAF duly filled in and signed
- ◆ Performa Invoice or Indent
- ◆ Insurance Cover Note with money receipt
- ◆ IMP Form duly signed
- ◆ In addition to the above documents, the following papers/documents are also required to export oriented garment industries while requesting for opening of back-to-back letter of credit -
- ◆ Textile Permission
- ◆ Valid Bonded Warehouse License
- ◆ Quota Allocation Letter issued by the Export Promotion Bureau (EPB) in favor of the applicant for quota items.
- ◆ A permission from Bangladesh Garments Manufacturer’s & Exporter’s Association (BGMEA).

### **5.7 Export L/C :**

The other type of L/C facility offered by this Branch is Export L/C. Bangladesh exports a large quantity of goods and services to other countries. Readymade garments (both knitted and woven), jute, jute-made products, frozen shrimps, tea are the main goods that Bangladeshi exporters export to foreign countries. Garments Sector is the largest sector that exports the lion share of the country’s export. Bangladesh exports most of its readymade garments products of USA and European Community (EC) countries. Bangladesh exports about 40% of its readymade garments products to USA. Most of the exporters who export through this Branch are readymade garment exporters.

### Formalities for export L/C

The export trade of the country is regulated by the Imports & Exports (Control) Act, 1950. There are a number of formalities that an exporter has to fulfill before and after shipment of goods. These formalities or procedures are enumerated as follows –

- ◆ **Export Registration Certificate (ERC)** : The exports from Bangladesh are subject to export trade control exercised by the Ministry of Commerce through Chief Controller of Imports & Exports (CCI&E). No exporter is allowed to export any commodity permissible for export from Bangladesh unless he is registered with CCI&E and holds valid ERC. The ERC is required to be renewed every year. The ERC number is to be incorporated on EXP Forms and others documents connected with exports.
- ◆ **The EXP Form**: After having the registration, the exporter applies to this Branch with the Trade License, ERC and the Certificate from the concerned Government Organization to get the EXP Form. If the branch is satisfied, an EXP Form is issued to the exporter.
- ◆ **Securing the Order** : Upon registration, the exporter may proceed to secure the export order. This can be done by contracting the buyers directly through correspondence.
- ◆ **Signing of the Contract** : While making a contract, the following points are to be mentioned: (a) description of the goods, (b) quantity of the commodity, (c) price of the commodity, (d) shipment, (e) insurance and marks, (f) inspection, and (g) arbitration.
- ◆ **Procuring the Materials** : After making the deal and on having the L/C opened in this favor, the next step for the exporter is set about the task of procuring or manufacturing the contracted merchandise.
- ◆ **Registration of Sale** : This is needed when the proposed items to be exported are raw jute and jute-made goods.
- ◆ **Shipment of Goods** : The following documents are normally involved at the stage of shipment: (a) EXP Form, (b) photocopy of registration certificate, (c) photocopy of contract, (d) photocopy of the L/C, (e) customs copy of ERF Form for shipment of jute-made goods and EPC Form for raw jute, (f) freight certificate from the bank in case of payment of the freight if the port of lading is involved, (g) railway receipt, berg receipt or truck receipt, (h) shipping instructions, and (i) insurance policy.

## **5.8 Foreign exchange :**

“Foreign remittance” means purchase and sale of freely convertible foreign currencies as admissible “Foreign Exchange Regulations Act-1947” and “Guidelines For Foreign Exchange Transaction-VOL. 1 & 2” of the country. Purchase of foreign currencies constitutes inward foreign remittance and sale of foreign currencies constitutes outward foreign remittance.

So we see that there are two types of Foreign Remittance:

- ◆ **Foreign Outward Remittance.**
- ◆ **Foreign Inward Remittance.**

### **Mode of Outwards Remittance :**

- ◆ Foreign Telegraphic Transfer (FTT).
- ◆ Foreign Mail Transfer (FMT).
- ◆ Foreign Demand Drafts (FDD).
- ◆ Travelers Cheque (TC).
- ◆ Foreign Currency Notes.
- ◆ **Mode of Inward Remittance**
- ◆ Telegraphic Transfer (TT).
- ◆ Mail Transfer (MT).
- ◆ Mail Transfer (MT).
- ◆ Foreign Demand Drafts (FDD).
- ◆ Payment Order (PO).

### **Telegraphic Transfer (TT)**

Telegraphic Transfer refers to the payment instruction by telex/cable or authenticated fax by bank in abroad on an inland bank (local/foreign bank). Normally foreign banks, with which corresponding banking relationship / drawing prevails, send T.T.

### **Foreign Demand Draft (FDD)**

The foreign bank/exchange company on local bank usually issues Foreign Demand Draft. It is an order to pay a certain sum to a certain person or as his instruction, issued by the bank on its overseas branch or on its correspondent bank. The demand draft is handed over to the purchaser who sends it to the beneficiary. The beneficiary obtains payment on presentation to the bank on which the draft is drawn.

Encashment of FDD may take place in two ways-

- ◆ Purchase,
- ◆ Sending for collection.

## 5.9 FOREIGN REMMITANCE

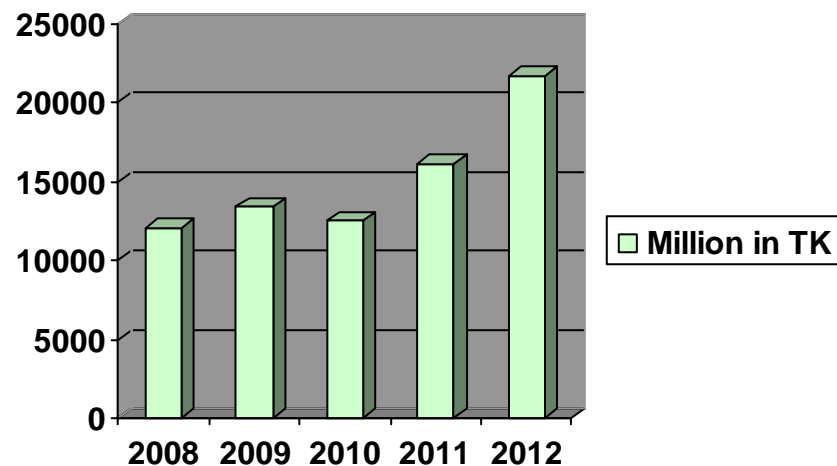
NCCBL is the members of Money Gram and SWIFT networks. Using the services of these global network, non resident Bangladesh nationals can send money from abroad to their home country within a few minutes without any risk, Besides Money Gram, NCCBL has also arrangement with foreign money exchange companies like U. S. E. Exchange Co. Redha-al-Ansari Co. etc. through which Bangladeshi expatriates can remit these money to their relatives in home country very easily and safely using SWIFT network.

Remittance of NCC Bank Limited for last five (5) years (2008-2012)

(Amount in Million )

2008	2009	2010	2011	2012
12,098.00	13,392.00	12,504.85	16,079.26	21,705.40

**Annual Report of NCCBL 2011-2012**



### **5.10 Society For Worldwide Inter bank Financial Telecommunication (SWIFT)**

NCC Bank is a member of the society of inter bank financial telecommunication s. c. r. 1 Through this fast, secure, global communication NCC bank has gained 24 hours connectivity with 7000 financial institution in 200 countries for transmission of L/Cs, Guarantees, funds transfers, payment e. t. c. SWIFT is a bank owned non-profit co-operative based in Belgium servicing the financial community worldwide. It ensures secure messaging having a global reach of 6,495 Banks and Financial Institutions in 178 countries, 24 hours a day. SWIFT global network carries an average 4 million message daily and estimated average value of payment messages is USD 2 trillion.

SWIFT is a highly secured messaging network enables Banks to send and receive Fund Transfer, L/C related and other free format messages to and from any banks active in the network.

Having SWIFT facility, Bank will be able to serve its customers more profitable by providing L/C, Payment and other messages efficiently and with utmost security. Especially it will be of great help for our clients dealing with Imports, Exports and Remittances etc.



## Chapter – Six

### Performance analysis of NCC Bank Ltd.

6.1 Authorized Capital is 10,000.00 (Million in Taka).

6.2 Paid – up Capital is 6,951.74 (Million in Taka).

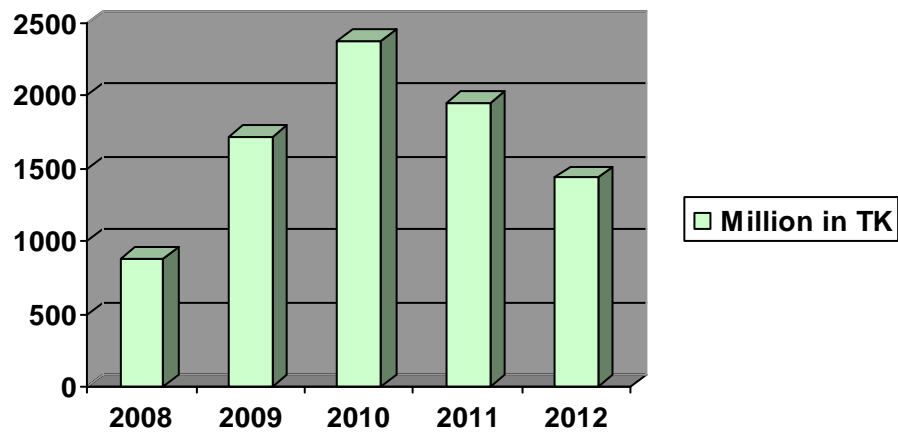
6.3 Profit after Tax of NCCBL for last ( 5 Years) from 2008 to 2012 :

Table

Year	Amount (Million in Taka)
2008	882.28
2009	1,719.50
2010	2,371.68
2011	1,946.11
2012	1,433.76

### **Annual Report of NCCBL 2011-2012**

Graph



From the table & graph showing , profit after Tax position of the NCC Bank Ltd.

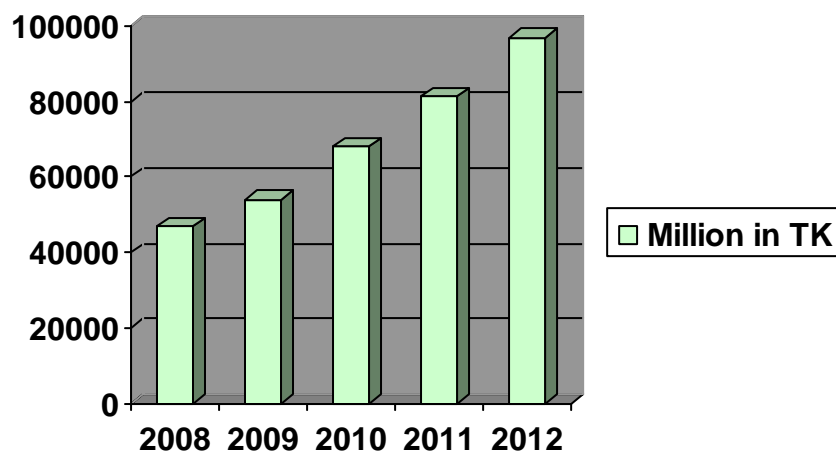
## 6.4. Deposit position of NCCBL for last ( 5 Years) from 2008 to 2012:

Table

Year	Amount(Million in taka)
2008	46,904.66
2009	53,900.15
2010	67,961.24
2011	81,127.17
2012	96,918.22

**Annual Report of NCCBL 2011-2012**

Graph showing the deposit position of NCC Bank Ltd.



From the graph we see that, deposit volume of NCC Bank Ltd. is continuously increasing.

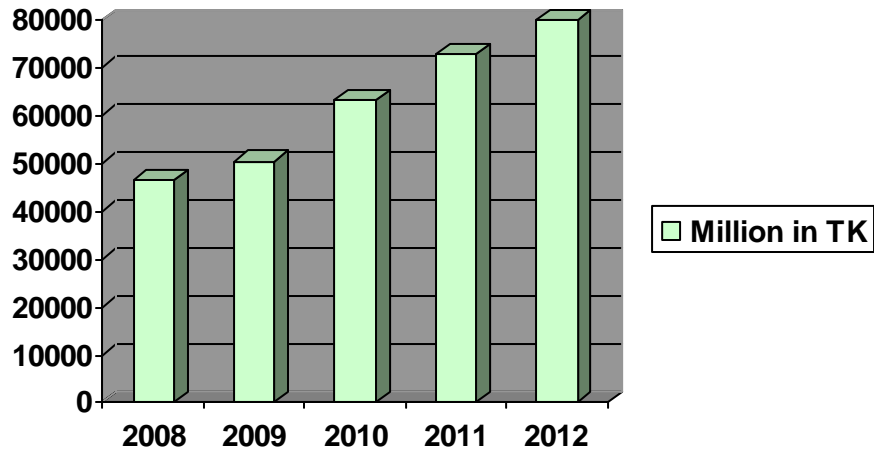
## 6.5. Loans and Advance of NCC Bank Ltd for last ( 5 Years ) from 2008 to 2012:

Table

Year	Amount( Million in taka)
2008	46,332.69
2009	50,387.68
2010	63,230.14
2011	72,733.54
2012	79,948.22

**Annual Report of NCCBL 2011-2012**

Graph



From the above graph, we have seen that, From 2008 to 2012 Loans and Advance amount is increased, as banking operation is increased credit amount also increased gradually.

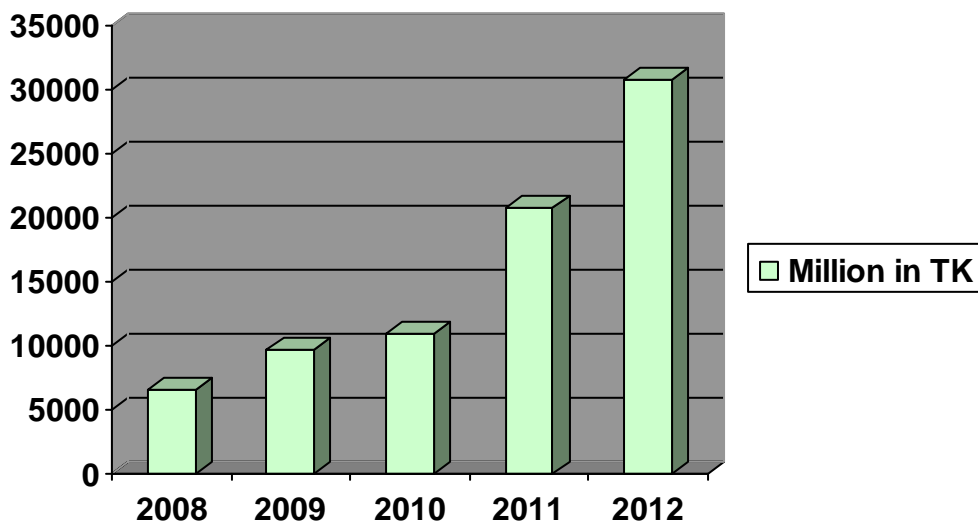
6.6. Investment of NCC Bank Ltd for last ( 5 Years ) from 2008 to 2012.

Table

Year	Amount( Million in taka)
2008	6,526.82
2009	9,671.53
2010	10,980.81
2011	20,840.29
2012	30,851.74

Annual Report of NCCBL 2011-2012

Graph



From the above graph, we have seen that, From 2008 to 2012 Investment amount is increased.

#### 6.7. Export of NCC Bank Ltd for last ( 5 Years ) from 2008 to 2012

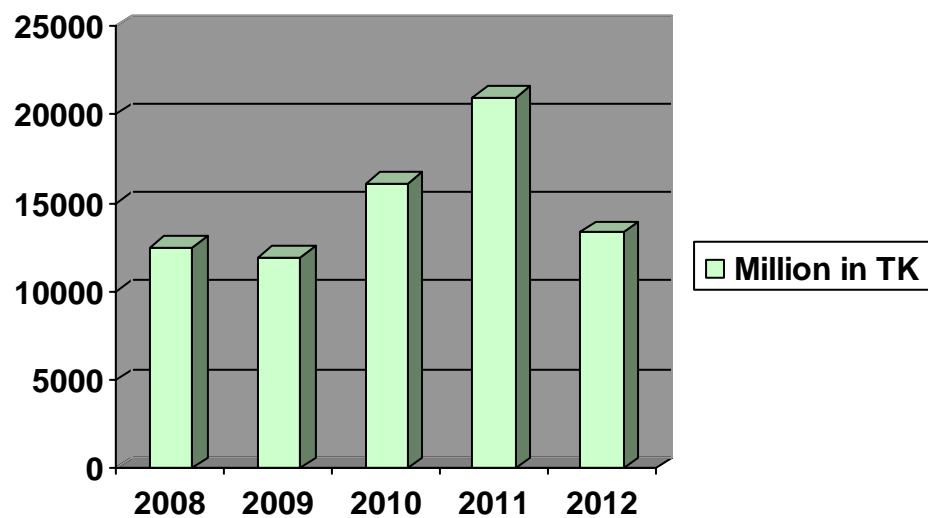
Table :

(Amount In MillionTK.)

Year	2008	2009	2010	2011	2012
Export	12,522.04	11,903.72	16,125.52	20,981.00	13,346.66

#### Annual Report of NCCBL 2011-2012

Graph showing the Export position:



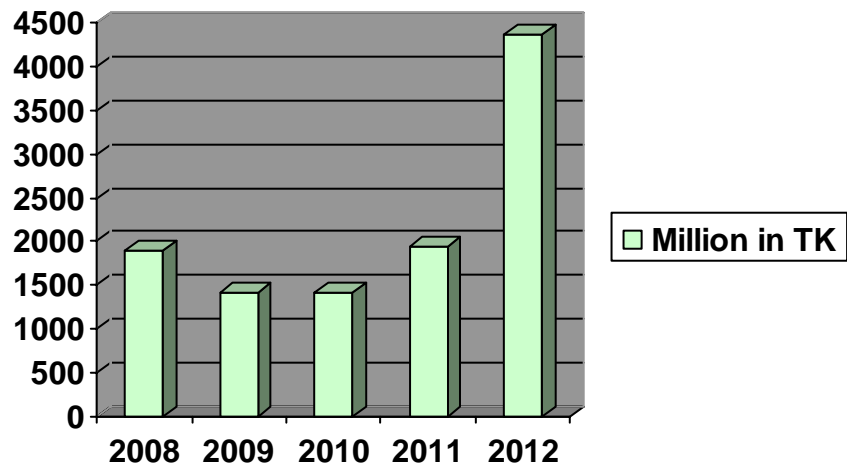
From the graph we see the export volume of NCC Bank Ltd.

6.8. Non- performing Loans & Advance of NCC Bank Ltd for last ( 5 Years )  
from 2008 to 2012

Table

Year	(Amount In Million Tk.)				
	2008	2009	2010	2011	2012
Non-performing Loan & Advance	1,902.58	1,420.57	1,425.28	1,938.30	4,369.02

Graph.



# *Chapter-Seven*

## SOWT ANALYSIS

### 7.1 Strength:

- Well trained and qualified manpower.
- Competent management and dynamic director
- Sound liquidity position
- More than required provisioning against the classified advances, plus 1% general provision on loans and advances.
- High commitment of customer & qualified & experience resource

### 7.2 Weakness:

- Too much classified loan being carried over
- Higher rate of interest
- Traditional banking in most suburban branches
- Dependence on unripe software in most urban branches
- Prevalent bureaucracy
- Lack of strong internet banking

### 7.3. Opportunity:

- The bank can always look forward to a bright future with its well trained manpower
- The experience, skill, compatibility of its management and the directors may always come to a great help to a bank
- Growing business in the south Asian region
- More business personal like MBAs are available in the country. They can be picked with due remuneration
- Provision against classified and unclassified loans being adequate, IFIC can concentrate its development.

### 7.4 Threats:

- Growing employee turnover may cause financial & image loss
- Unique software that runs on trial & error basis can seriously hamper the day to day processing of the branches
- Increased competition in the overall banking sector may cause profit to plummet.
- Lack of competitiveness in product & service innovation
- Lack of transparency and excessive bureaucracy may impede the future prospect

## **Chapter- Eight**

### *Factors That Affecting Performance of the Bank.*

There are many other important factors that affecting performance of the Bank:

#### **8.1). Customers Satisfaction:**

Customers satisfied with the price charged by NCC, but they have not too much awareness about the price charged. Customer's awareness should be build over pricing strategy. Evaluate customer's needs from their perspective and explain locally the shortcomings. Customers are the hearts of the organization. They should provide more space in the office and if possible, they should have some entertainment facility. For example: A television with some dynamic channels like discovery, animal planet, national geography etc. As a result they will be more patient while the service has been processed.

#### **8.2). Simplicity in account opening:**

Various complex requirements demanded by the Bank to open a new account. According to some clients opinion introducer is one of the problems to open an account. If a person who is new of the city wants to open account, it is a problem for him/her to arrange an introducer of SB or CD accounts holder. So Bank process should be easy to open a new bank account.

#### **8.3). Delegation of power:**

For the sanction of a loan, the branch has no power. All power in handed in the Head office. For this reason customer face difficulty sometimes. Advertisement about their present schemes and services are not reaching to the entire concern client because of they are not likely to encourage to peruse its marketing executives.

#### **8.4). Easy Loan sanction Process:**

All power in the head office for that case for sanctioning loans it takes more time. The credit proposal evaluation process is lengthy. Therefore sometimes valuable clients are lost and Bank becomes unable to meet targets. Bank and other employee of the bank should make the proper valuation of the asset that been mortgaged by client and the securities are taken. Bank should carefully justify the statement that is being provided by Bangladesh Bank as CIB form.

#### **8.5). Bank guarantee power:**

No branch has any bank guarantee power. It is harmful to banking sector.

**8.6). Progressive mind setting in working:**

NCCBL working structure is very much conservative and for that case its growth is slow than other bank. No substantive use of Annual confidential Report to reward or to punish employees. Hence, the employees become inefficient. Progressive mind settings in working develop Banking work day by day.

**8.7). Strong and attractive promotional activities:**

It is a Commercial perspective bank, so it spends less money for promotional activities. It is not so good for banking sector in Bangladesh.

**8.8). Management decision:**

Management of NCCBL is very efficient and they always take correct decision for give better service to the customer. Delegation of authority is centralized which makes the employee to realize less responsibility. Thus the employee morale is deteriorated. NCCBL never invest all types of business area, for that case their portfolio is very good. Banking has changed enormously in the last decade. Management of bank is becoming complex because of fast growing needs of the economy in the context of changing business scenario in the increasing competitive environment of today in which the banks are functioning. There are a number of private Commercial banks, Nationalized Commercial Banks and Foreign banks operating in Bangladesh.

**8.9). Skill manpower:**

Skill manpower is a important subject to develop banking sector But the skill manpower is shortage than any other bank in Bangladesh. Though it is local non-government bank, it has on-line banking system. But most of the employees are not expert to run online system.

**8.10). Number of branch:**

The NCCBL is showing their growth by increasing the number of branch. In 2000, it had 27 branches. The management of the bank is able to find of the need of the client mainly the middle class business owner. Though the strategy of bank is conservation, by selecting the right target group the bank has increase growth of their market. Currently they have 101 branches all over the country. NCC should think about opening more branches internationally, mostly where they have enough operations. It will facilitate the foreign trade. As a result, efficacy at the foreign trade will be increased.

**8.11). Bank Liquidity :**

NCCBL is newly 3rd generation bank of our country. The liquidity level of the Bank is fluctuating year to year and always below the standard limit. But recently the Bank's liquidity level has started to rise, which is a good sign for the Bank.



**8.12). Micro Banker :**

The software MICRO-BANKER is not well protected. Such as it shows the debit balance incase of current or savings deposit account. It never gives notice of insufficient fund when more funds are debited in current or savings account. Also the same problem incase of any contra treatment Use appropriate techniques in evaluating customer need professionally. Only a few officers know, entirely, how to operate the MICROBANK (online banking software of NCCBL).

**8.13). ATM Facility :**

The bank had introduced its ATM card to the market and it has only a few ATM Booths right now. Inefficiency of the management decision makes the scope of the ATM services limited. Improve ATM facility to every branch. Compared to its competitors the bank does traditional activities.

**8.14). On Line Banking :**

The NCCBL has online banking system for providing better service to the customers. But, the online bank is not implied in all the branch of NCCBL. Mainly, busy cities' branches (Area like Foreign exchange branch in Motijheel, Dhaka, Chittagong) have that kind of facilities. Having manual and online banking at the same time, the bank sometime find some problem to do their inter branch activities. Currently, one of the most profitable products for NCCBL is Money Gram which is used to send foreign remittance. Money Gram is less charge and time than the Union Money Transfer and other money transfer agent which normally attract the growing market of foreign remittance. At the sometime, the bank is providing the service Money Express, UK money speed. Lack of variety of services is also a drawback of the general banking area of the NCC BANK Bangladesh Limited. The Bank provides only some traditional limited services to its client. As a result the bank is falling behind in competition. Each branch should be decorated with Electronic Display Board, which will show that which table is performing what function and now that is serving. The branches should be decorated with proper Sound System facility, which will be helpful to communicate with the customer more easily.

**8.15). Interest Rate :**

A large number of private Banks coming into the market in the recent time. In this competitive environment National Credit and Commerce Bank must expand its product line to enhance its sustainable competitive advantage. Interest rate is high than any other Bank in Bangladesh.

## **Chapter- Nine**

### *9.1 Findings & Recommendation*

### *9.2 Conclusion*

### *9.3 Bibliography*

#### **9.1. FINDINGS**

- a). Hopefully the management decided to provide fully computerized services that will booster services of the bank.
- b). When a joint stock company comes to open an account if the company happens to be an existing one, the banker should demand copies of the balance sheet and profit & loss account, which will reflect the financial growth of the company and its soundness, But in practice companies and the bankers as well don't even bother.
- c). Few officers of the bank are competent. Even though many of them simply know the working procedure of what they are doing but don't know the philosophy behind doing those and some are inefficient to serve the customer.
- d). Project loan requires testing of feasibility of project and judging the marketability of the product. It requires infusion of knowledge of both the fields-marketing and banking. But the bank has hardly any person with this kind of ability.
- e). Officers of the desk, where workload is very high, hardly get the chance to go out for development purpose and always feel that their duties for the organization would not be evaluated unless they can show a good amount of deposit collection against their name.
- f). Banks administration cost is too high than other banks in the market
- g). All the branches are not linked on online banking system. Only 5 branches linked on on-line banking
- h). Traditional banking system followed in some cases
- i). Recently management committee is changed so new management board take some development strategy to develop the overall NCC Bank.

## 9.2 RECOMMENDATION

In order to get competitive advantage and to deliver quality service, top management should try to modify the services.

◆ The synergy of dedicated manpower, technology, market opportunity can lead the organization to achieve the goal, a bank must establish and adhere to adequate of loan provision and reserve.

◆ NCC Bank should train up their branch personnel about all sort of information regarding SWIFT and its service.

◆ Due to lack of proper knowledge about the operation procedures and services provided to the customers by SWIFT, certain customers are facing problem, as they have to wait for certain time to get service. and sometimes personnel are not being able to operate SWIFT without any confusion. Official training is the solution to this problem.

◆ NCC Bank should always monitor the performance of its competitors in the field of Foreign Trade.

◆ Mercantile Bank Ltd. Standard Bank Ltd. Mutual Trust Bank Ltd. Premier Bank Ltd. First Security Bank Ltd. Eastern Bank Ltd. Bank Asia Ltd. and Dhaka Bank Ltd. and all other private banks are emerging competitors of NCC Bank. They should continuously strive and try to introduce new products and services as access card.

◆ For customer's convenience in Foreign Exchange Department of NCC Bank Ltd. should provide more personnel to deliver faster services to their honorable customer.

◆ It seems to me that day-by-day customers operation is increasing, individual employee has to handle different types of job. But that is pocking a back for an employee. As a result it might be happen any big mistake by the employee and service is also timed consuming and customer has to suffer for this situation. May be it would be the reason for employee's de-motivation as well as the customer's dissatisfaction.

◆ NCC Bank Ltd. should focus on their promotional activities.

◆NCC Bank Ltd. must develop electronic banking system to moderate the service. Technological advantage of a bank ensuring its competitive edge in the market place can only be achieved by efficient manpower. It is market share to reduce its operating cost and to generate new revenue. Electronic banking system also allows increased access to the financial system by its customers.

## **FEW SUGGESTATIONS**

I. The bank can offer to its customer better service if all of its departments are computerized and incorporated under Local Area Network (LAN)

II. At the entry position the bank should enroll more expertise people to augment quality services.

III. Nowadays-conventional banking concept is outmoded. Now banks are offering more ancillary services like credit card, on line services and many others. NCC Bank Ltd. should differentiate its services adopting the modern facilities.

\_IV. Bank is providing both internal and external training for the officers but bank should be scrupulous about the training facilities so that official can implicate this in their job.

V. People are very choosy about environment now a day\_ so bank premises should be well decorated and NCC Bank Ltd. should look into the matter very seriously.

VI. Bank should provide advances towards the true entrepreneur with reconsidering conventional system of security and collateral, moreover, the whole process should be completed within an acceptable time.

### 9.3

## CONCLUSION

Form the learning and experience point of view I can say that I really enjoyed my internship period in NCC Bank Ltd. at Foreign Exchange Br. from the very first day. I am confident that this 3 (three) months internship program will definitely help me to realize my carrier in the job market.

Performance analysis of a bank is not so sufficient to measure and express perfectly within this short time of my internship period. But it is a great opportunity for me to get used to with the operational environment of commercial banking of NCC Bank. I have tried by soul to incorporate the necessary relevant information in my report.

Top management of NCC should conduct a comprehensive study or survey on the branches' performance, its managements performance and the employees' performance and their motivation as well. Few loyal committed customer base, lack of modern and effective technology or facilities, not enough skilled employee in some sector, considering all of these very important factors. NCC Bank should always try to improve their service level in every terms.

The marketing department should think freshly about their marketing objectives and practices. Rapid changes can quickly make yesterday's wining strategies out of date. As a developing private bank in Bangladesh, NCC Bank shouldn't allow their client to get dissatisfied with their service. They have their competitors who actively striving to take the advantages in every side.

During the course of my practical orientation I have tried to learn the practical banking to relate it with my theoretical knowledge, what I have gathered and going to acquire from various courses.

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