Internship report on Banking system in practice of Southeast Bank Limited

Ferdous, Jannatul

Daffodil International University

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PART – ONE
PREPARATORY PART

DAFFODIL
INTERNATIONAL
UNIVERSITY
Internship Report
On
“Banking System in Practice of Southeast Bank Limited”

Topics Covered
➤ General Banking,
➤ Credit Risk Management
➤ Social Responsibility

Daffodil International University
102, Sukrabad, Mirpur Road, Dhanmondi, Dhaka-

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“Banking System in Practice of Southeast Bank Limited”
Motijihel Branch

Submitted to

M. Mokarrom Hossain
Professor
Department of Business Administration
Faculty of Business & Economics
Daffodil International University

Submitted by

Jannatul Ferdous
ID: 111-11-1987
Department of Business Administration
Faculty of Business & Economics
Daffodil International University

Date of submission

Daffodil International University
102, Sukrabad, Mirpur Road, Dhanmondi, Dhaka-120
Daffodil International University

Letter of Acceptance

This is to certify that the internship report on “Banking System in Practice of Southeast Bank Limited” for partial fulfillment the degree of Bachelor of Business Administration (BBA) major in Finance from the Daffodil International University carried out by Jannatul Ferdous ID NO # 111-11-1987 under my supervision. Under my guidance and supervision this report is being carried out successfully. No part of the internship report has been submitted for any degree diploma, title, or recognition before.

I wish her every success in life.

 Supervisor,

-----------------------------------
M. Mokarrom Hossain
Professor
Department of Business Administration
Faculty of Business & Economics
Preface

As a student of business administration, I have completed my internship report in **Southeast Bank Limited** at **Motijhel branch** on general banking, credit risk management and social responsibility. I have tried my best to collect the information related to study topic and prepared the report within a very short time. That is why there may be some unexpected mistakes in the report. I regret for my mistake in the report.

I worked in **Southeast Bank Limited** at **Motijhel branch**. The best opportunity of my internship program was the access to motivate the hard working team of highly knowledgeable banking professionals.

In this report I am extremely grateful to my supervisor **Professor M. Mokarrom Hossain**, Department of Business Administration, Faculty of Business and Economics, Daffodil International University.

During my internship period I tried to follow supervisor’s guideline. My practical experience has been upgraded through performing banking institution duties. The internship report has made me perfect and fit to be a good bank services performance.
ACKNOWLEDGEMENTS:

At first, I would like to express my gratitude to almighty Allah for enabling me the strength and opportunity to complete the report within the schedule time successfully.

I like thank from the core of my heart to the internship supervisor, and honorable teacher Mr. M. Mokarrom Hossain, Professor, Department of Business Administration, Faculty of Business & Economics, Daffodil International University, who helped me in every steps of my internship.

I am very much grateful to Mr. Nuruddin Mohammad Sadeque Hossain, V.P. and Head of Branch of the SEBL, Motijheel Branch and Mr. Salah Uddin Ahmed, S.A.V.P. and Manager Operation of SEBL, Motijheel Branch for giving me the opportunity to complete my internship in this Branch.

I practically worked with them, and in this report tried to share their perceptions and feelings on the basis of my realization, from my own point of view.

-----------------------------

Jannatul Ferdous
ID No.: 111-11-1987
Student of 28th Batch,
Department of Business Administration
Faculty of VI Business & Economics
Daffodil International University
DEDICATED TO MY PARENTS &
My SUPERVISOR
November 19, 2014

M. Mokarrom Hossain  
Professor  
Department of Business Administration  
Faculty of Business & Economics  
Daffodil International University

Sub: Submission of Internship Report.

Dear Sir,

Here is my internship report on “Banking System in Practice of Southeast Bank Limited” While preparing this report, I tried my best to follow the instructions that you have given to me. This report is prepared for the fulfillment of the requirement of the BBA program. I firmly believe that this report will meet your approval. I would genuinely appreciate and keen enough to make further corrections where you think it is necessary.

Complains, suggestions, and explanations regarding the report can be shared either verbally or written without hesitation. It will be highly appreciated.

I shall be highly encouraged if you are kind enough to receive this report.

Thanking You.

Sincerely Yours,

Jannatul Ferdous  
ID No.: 111-11-1987  
Major in Finance  
Department of Business Administration  
Faculty of Business and Economics  
Daffodil International University
DECLARATION:

First of all, I would like to declare that this internship report is not a copy of another persons report. The study is original in nature. I have tried my best to make this report informative as well as descriptive. I also ensure that, this report has not been submitted to any other person earlier and will not be submitted to anybody in future.

------------------------

Jannatul Ferdous
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Student of 28th Batch,(BBA)
Department of Business Administration
Faculty of Business & Economics
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<td>ATM</td>
<td>Automated Tailor Machine</td>
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<td>AVP</td>
<td>Assistant Vice President</td>
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<td>Branch Anti Money laundering Compliance Officer</td>
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<td>BIBM</td>
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<td>BL</td>
<td>Bill of lading</td>
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<td>BM</td>
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<td>BOE</td>
<td>Bill of exchange</td>
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<td>CC</td>
<td>Cash Credit</td>
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<td>CCI &amp; E</td>
<td>Chief Controller of Import &amp; Export</td>
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<tr>
<td>CCTV</td>
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<td>CD</td>
<td>Current Deposit</td>
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<td>Double benefit Scheme</td>
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<td>Demand Draft</td>
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<td>DPS</td>
<td>Deposit Pension Scheme</td>
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<td>ECC</td>
<td>Export Cash Credit</td>
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<td>EDF</td>
<td>Export Development Fund</td>
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<td>EPZ</td>
<td>Export Promotion Bureau</td>
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<tr>
<td>EVP</td>
<td>Executive Vice President</td>
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<td>EXP</td>
<td>Export From</td>
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<td>FC</td>
<td>Foreign Currency</td>
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<td>First Assistance Vice President</td>
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<td>Inter Branch Credit Advice</td>
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<tr>
<td>IBDA</td>
<td>Inter Branch Debit Advice</td>
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<tr>
<td>IPO</td>
<td>Initial Public Offering</td>
</tr>
<tr>
<td>IRC</td>
<td>Import Registration From</td>
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<tr>
<td>IT</td>
<td>Information Technology</td>
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<tr>
<td>KYC</td>
<td>Know Your Customer</td>
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<tr>
<td>L/C</td>
<td>Letter of Credit</td>
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<tr>
<td>MIS</td>
<td>Monthly Income Scheme</td>
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<td>MMS</td>
<td>Monthly Savings Scheme</td>
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<td>MO</td>
<td>Manager Operation</td>
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<tr>
<td>NGO</td>
<td>Non Government Organization</td>
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<tr>
<td>NCB</td>
<td>Nationalized commercial bank</td>
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<td>OBC</td>
<td>Outward Bills of Collection</td>
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<tr>
<td>OD</td>
<td>Overdraft</td>
</tr>
<tr>
<td>PAD</td>
<td>Payment Against Document</td>
</tr>
<tr>
<td>PO</td>
<td>Payment Order</td>
</tr>
<tr>
<td>RM</td>
<td>Relationship Manager</td>
</tr>
<tr>
<td>SB</td>
<td>Savings Bank</td>
</tr>
<tr>
<td>SD</td>
<td>Savings Deposit</td>
</tr>
<tr>
<td>SEVP</td>
<td>Senior Executive Vice President</td>
</tr>
<tr>
<td>SLR</td>
<td>Statutory Liquidity Reserve</td>
</tr>
<tr>
<td>SME</td>
<td>Small and Medium Scale Enterprise</td>
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<tr>
<td>SSI</td>
<td>Small Scale Industries</td>
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<td>STD</td>
<td>Short Term Deposit</td>
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<td>STR</td>
<td>Suspicious Transaction Reporting</td>
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<td>SVP</td>
<td>Senior Vice President</td>
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<td>TC</td>
<td>Traveler Cheque</td>
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<td>TP</td>
<td>Transaction Profile</td>
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<td>TT</td>
<td>Telegraphic Transfer</td>
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<tr>
<td>VAT</td>
<td>Value Added Tax</td>
</tr>
<tr>
<td>VP</td>
<td>Vice President</td>
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Executive Summary

Bank is a depository financial institution that accepts deposits and channels the money into lending activities. In the modern world, banking sector plays a vital role in the economic development of a country. Over the past ten years banking system becomes accustomed to accepting the rapid pace of changes in terms of products and services.

Southeast Bank Limited has a long and relishing heritage. It is a second generation Bank which was established in 1995 with a vision to stand out as a pioneer banking institution in Bangladesh and contribute significantly to the national economy. It was established under Companies Act, 1994 on March 12, 1995. The Bank and its first branch at the busiest commercial hub of the country at 1 Dilkusha C/A, Dhaka and now at Eunoos Trade Centre (Level 1-3, 16), 52-53,Dilkusha Commercial Area, Dhaka was opened on May 25, 1995. The 53 branches of SEBL are operating in Bangladesh.

Bank performs basically two functions i.e. General Banking function and Loans & advances function including foreign exchange.

The General banking services of SEBL includes taking of deposits in the form of Current Deposit Account, Savings Bank A/C, Special Savings Deposit Account, Short Term Deposit A/C, Fixed Deposit Receipt. In the inland remittance section it issues TT, P0, DD, etc. It provides any branch online banking facility. It also includes cash section, IT section, Clearing section, dispatch section.

Lending is by far the most significant function of modern banks. The profitability of a bank always depends on the proficient manner and the avenues in which its resources are employed to yield the maximum income. Lending to the customers helps for development of trade, commerce, industry and agriculture.

The financial statements for 2009 bear testimony of the Bank’s excellent performance and sound health. The dedication of a visionary management team along with its highly professional and experienced workforce operating under the guidance of a learned and prudent Board have made 2009 a successful year for the Bank. The Bank generated an operating profit of Tk.4,614.66 million in 2009 against Tk.3,012.58 million in 2008 showing a remarkable annual growth of 53.18%. In 2009, the Bank mobilized deposits of Tk.96,669.05 million, and loans and advances of Tk.77,497.57 million which posted an annual growth of 41% and 29% respectively over 2008. Imports grew by 20% to Tk.69,582.92 million, export by 11% to Tk.46,724.47 million and foreign remittance by 56 % to Tk.23,800.00 million. During the period of last 5 years (2005-2009) the Ban...
Southeast Bank Limited

A bank with vision

achieved an average annual growth of 28% in deposits, 29% in loans and advances, 52% in exports, 29% in imports and 110% in foreign remittances. This year the Bank’s profit per branch and profit per employee was the highest among our peer banks.

In 2009, total assets reached Tk.112,676.98 million from Tk.81,181.53 million of 2008 reflecting 38.80% growth. Earning per Share (EPS) stood Tk.54.64 in 2009 as against Tk.31.11 in 2008 depicting 75.63% growth. Return on Asset (ROA) and Return on Equity (ROE) are 1.66% and 16.51% showing annual growth of 52.29% and 36.90% respectively.

Southeast bank has some shortcoming. They should have try to come out from the traditional thinking like-fewer advertising actions, a small number of commercial locations of ATM Card, scarcity of human resources, staff dissatisfaction regarding bonus, motivation & promotion. In addition of all these shortcomings the operating surroundings of the bank is improving every day.

However, Southeast Bank limited is unique in its objectives. The bank is concentrating activities in its area of specialization has achieved good market reputation with efficient customer service. Southeast bank limited pledges to maximize customer satisfaction through services and build a trusting relationship with customer, which has stood the test of time for the last couple of year.
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CHAPTER-1
INTRODUCTION
INTRODUCTION:

I have prepared this report as requirement of Internship program which contains 06 credits for completing BBA program. During my internship period I learned many things that will be presented through this report.

I was sent to Southeast Bank Limited (Motijheel Branch) to take the real life exposure of the activities of banking institution for three months.

ORIGIN OF THE REPORT:

Internship is a part of the BBA program of the department of Business Administration of Daffodil International University. Here, one report is necessary to justify our work in internship. The department assigned the report. The topic of the report is “.”

Banking Sector is expanding its hand in different financial event every day. At the same time the banking process is becoming faster, easier and the banking arena is becoming wider. As the demand for better service increases day by day, they are coming with different innovative ideas & product. In order to survive in the competitive field of the banking sector, all banking organizations are looking for better services opportunities to provide their following clients. As general banking includes all the deposits, cash, clearing, & transfer so it is most important department of every bank.

OBJECTIVE OF THE REPORT:

The main objectives of the report are -

i. To study the General Banking Activities of SEBL ltd.
ii. To evaluate the credit risk management of SEBL ltd.
iii. To explain the social responsibilities provided by SEBL ltd.
iv. To make some suggestions based on findings.

SCOPE OF THE REPORT:

I have assigned to write a report on Financial Performance Evaluation of Southeast Bank Limited. As I have completed my Internship program in Southeast Bank Ltd. Motijheel Branch, Dhaka. So I have written the report based on Financial Position of Southeast Bank Ltd.
METHODOLOGY:

The “Primary sources” are as follows:

- Face-to-face conversation with the respective officers and staffs of the branch. Face-to-face conversation with the respective clients.
- Practical work experience in different desk of the department of the branch covered.

The “Secondary sources” are as follows:

- Annual report of the Southeast Bank Limited.
- Website of Southeast Bank Limited.
- Various book articles regarding general banking functions.
- Various brochures published by Southeast Bank Limited.

LIMITATIONS:

While preparing the report, always; there are some different difficulties and limitations have to face. Such as –

- **Limitation of time**: It was a major constraint for preparing the report. The duration was only twelve weeks. It was too limited to cover all the banking services area.
- **Limitation on data collection**: There are so confidential data, which I could not able to collect just because of the restriction policies of the bank. Those data could rich the report more.
CHAPTER-2
ORGANIZATIONAL PROFILE
Southeast Bank limited is a second generation bank that was established in 1995 with a dream and a vision to become a pioneer banking institution of the country and contribute significantly to the growth of the national economy. The bank's journey begun when it was incorporated as public Limited company on March 12, 1995. The Registrar of Joint Stock companies and firms issued the certificate of commencement of the business of the bank on the same date. The bank received its banking license from Bangladesh Bank on March 23, 1995. The bank's first branch was opened by Late Md. Saifur Rahman, the then honorable finance minister of the government of People's Republic of Bangladesh as the chief guest at the busiest commercial hub the country at 1, Dilkusha Commercial Area, Dhaka on May 25, 1995.

In its arduous journey since, Southeast Bank Limited has succeeded in realizing the dreams of those who established it. Today it is one of the country's leading banks in the private sector contributing significantly to the country's economy. The authorized capital of the bank today is 10000.00 million. Its paid up capital and reserve reached Tk. 9927.16 million as on December 31, 2010. The bank had 1402 staffs of which 113 were executives 1141 were officers and 148 were other staffs as on 31, December 2009.

The southeast bank limited was established by leading business personalities and eminent industrialists of the country with stakes in various segments of the national economy. They established the bank with a vision to bring efficient and professional banking services to the people and business community of Bangladesh to help the national economy to grow. The incumbent chairman of the bank is Mr. Alamgir Kabir, FCA, a profession chartered accountant.

Southeast Bank Limited has become a synonym of quality banking services and products. It has a diverse array of productions and services tailored carefully to cater to the needs of all segments of the customers. SEBL operational strategies are structured to address the special and often complex needs to the customers. In the growth graph, it has generated profit of Tk. 1870.19 million after provision and income tax in the year 2009. The curve keeps soaring upward everyday making it on the leading and most successful banking institution in Bangladesh with a total assets base of Tk. 112676.98 million as on December 2009.

Corporate profile of Southeast Bank Limited

Name of the Company : Southeast Bank Limited
Chairman : Alamgir Kabir, FCA
Vice Chairman : Ragib Ali
Managing Director : Mahbubul Alam
Company Secretary : Muhammad Shahjahan
Legal Status : Public Limited Company
Date of Incorporation : March 12, 1995
Registered Office : Eunoos Trade Centre 52-53, Dilkusha C/A (Level 2, 3 & 16), Dhaka-1000
**Line of Business**: Banking  
**Authorized Capital**: Tk.10,000.00 million  
**Paid Up Capital**: 3,422.64 million  
**Year of Initial Public Offer**: 1999  
**Stock Exchange Listing**: April 10, 2000 (DSE) & April 24, 2000 (CSE)

**VISION OF SEBL:**

To stand out as a pioneer banking institution in Bangladesh and contribute significantly to the national economy

**MISSION OF SEBL:**

- High quality financial services with the help of the latest technology. Fast and accurate customer service.
- Innovative banking at a competitive price.
- Attract and retain quality human resource.
- Firm commitment to the society and the growth of national economy.

**CORE VALUES OF SEBL:**

- Integrity
- Fairness
- Harmony
- Courtesy
- Commitment
- Insight and Spirit
- Enthusiasm for Work
- Business Ethics

**CORE STRENGTHS OF SEBL:**

- Transparent and swift decision making Professional team of performers Satisfied clients
- Internal control Experienced risk administration
- Diversification
COMMITMENTS TO CLIENTS:
Southeast Bank Limited is a customer friendly banking institution thriving fast in both earning and ability to stand out as a leading banking institution in Bangladesh. The Bank delivers unparalleled financial services with the touch of our heart to Retail, Small and Medium Scale Enterprises (SMEs), Corporate, Institutional, Governmental and individual clients through the outlets of branches across the Country. Bank's business initiatives center on the emerging needs of the clients. Bank’s commitments to the clients are the following:

Provide service with high degree of professionalism and use of most modern banking technology.
Create life-long relationship based on mutual trust and respect.
Respond to customer needs with speed and accuracy. Share their values and beliefs.
Grow as the Bank's customers grow.
Offer first-rated solutions of clients' banking problems and issues. Provide products and services at competitive pricing.
Ensure safety and security of customer's valuables in trust.

ORGANIZATIONAL DEVELOPMENT OF SEBL:

General objective of organizational development is to change all parts of the organization in order to make humanly responsive, more effective, and more capable of self-renewal.

The organizational development process does not preclude the use of conventional training method, which is useful for some purposes, the management of SEBL also concerned about the training for its development, and they believe that if the employees will be trained enough they would contribute more for the development of the banking business, that is why, they send some employees took training from different institutions such as, Bangladesh Institute of Bank Management.

ORGANIZATIONAL STRUCTURE OF SEBL:

The development of an organization depends on the management style of their organizations. Management of the SEBL is controlling all the resources of the organization. To achieve the ultimate objective of making SEBL the finest bank of the country, the workforce is futuristic in outlook, professional in attitude and honest in reputation.

The Chairman is the head of the Board of Directors. There is one Managing Director who is also the President mainly controls and supervises the major divisions of the bank. One Deputy Managing Director reports to MD & Four Senior Executive Vice Presidents (SEVP’s) and one Executive Vice President (EVP) Of ICCD Dept. report to the Deputy Managing Director. Senior
Executive Vice Presidents control the credit. Senior Executive Vice President controls the human resource and marketing divisions.

FIGURE 1: ORGANIZATION CHART
**Hierarchy Of The Bank:**

*Figure -2: Hierarchy of the Bank:*

<table>
<thead>
<tr>
<th>Position</th>
<th>Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>President &amp; Managing Director</td>
<td></td>
</tr>
<tr>
<td>Deputy Managing Director</td>
<td></td>
</tr>
<tr>
<td>Senior Executive Vice President</td>
<td></td>
</tr>
<tr>
<td>Executive Vice President</td>
<td></td>
</tr>
<tr>
<td>Senior Vice President</td>
<td></td>
</tr>
<tr>
<td>Vice President</td>
<td></td>
</tr>
<tr>
<td>First Vice President</td>
<td></td>
</tr>
<tr>
<td>Senior Asstt. Vice President</td>
<td></td>
</tr>
<tr>
<td>Asstt. Vice President</td>
<td></td>
</tr>
<tr>
<td>Senior Principal Officer</td>
<td></td>
</tr>
<tr>
<td>Principal Officer</td>
<td></td>
</tr>
<tr>
<td>Management Trainee</td>
<td>Entry Level</td>
</tr>
<tr>
<td>Probationary Officer</td>
<td>Entry Level</td>
</tr>
<tr>
<td>Trainee Officer</td>
<td>Entry Level</td>
</tr>
<tr>
<td>Trainee Junior Officer</td>
<td>Entry Level</td>
</tr>
<tr>
<td>Trainee Assistant Officer</td>
<td>Entry Level</td>
</tr>
<tr>
<td>Trainee Computer Officer</td>
<td>Entry Level</td>
</tr>
<tr>
<td>Trainee Cash Officer</td>
<td>Entry Level</td>
</tr>
<tr>
<td>Trainee Assistant</td>
<td></td>
</tr>
</tbody>
</table>
PRODUCT AND SERVICES OF SEBL:

*Figure -3: Product & Services of SEBL*

<table>
<thead>
<tr>
<th>Products:</th>
<th>Savings scheme:</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fixed Deposit</strong>:</td>
<td>Double Benefit Scheme</td>
</tr>
<tr>
<td>1 Month</td>
<td>Monthly Saving Scheme</td>
</tr>
<tr>
<td>2 Months</td>
<td>Hajj Saving Scheme</td>
</tr>
<tr>
<td>3 Months</td>
<td>Pension Savings Scheme</td>
</tr>
<tr>
<td>6 Months</td>
<td>Monthly/Mudarabah</td>
</tr>
<tr>
<td>1 year</td>
<td>Monthly Income Scheme</td>
</tr>
<tr>
<td><strong>Loan Scheme</strong>:</td>
<td>Project Loan</td>
</tr>
<tr>
<td><strong>Term Loan</strong></td>
<td>House Building Loan</td>
</tr>
<tr>
<td></td>
<td>Small Business Loan</td>
</tr>
<tr>
<td></td>
<td>Consumer Financing Scheme</td>
</tr>
<tr>
<td></td>
<td>Lease Finance</td>
</tr>
<tr>
<td></td>
<td>Personal Loan</td>
</tr>
<tr>
<td><strong>Demand Loan</strong>:</td>
<td>Loan General</td>
</tr>
<tr>
<td></td>
<td>Demand Loan against Ship Breaking</td>
</tr>
<tr>
<td></td>
<td>Payment against Document (PAD)</td>
</tr>
<tr>
<td></td>
<td>Loan against Import Merchandise (LIM)</td>
</tr>
<tr>
<td></td>
<td>Loan against Trust Receipt (LTR)</td>
</tr>
<tr>
<td></td>
<td>Forced Loan</td>
</tr>
<tr>
<td></td>
<td>Packing Loan</td>
</tr>
<tr>
<td></td>
<td>Secured Over Draft against Cash Incentive</td>
</tr>
<tr>
<td></td>
<td>Foreign Documentary Bills Purchased (FDBP)</td>
</tr>
<tr>
<td></td>
<td>Local Documentary Bills Purchased (LDBP / IDBP)</td>
</tr>
<tr>
<td><strong>Continuous Loan</strong>:</td>
<td>Secured Over Draft against Financial Obligation (SOD, FO)</td>
</tr>
<tr>
<td></td>
<td>Secured Over Draft Against Work Order / Real Estate etc. (SOD, GEN.)</td>
</tr>
<tr>
<td></td>
<td>Cash Credit (Hypothecation)</td>
</tr>
<tr>
<td></td>
<td>Cash Credit (Pledge)</td>
</tr>
<tr>
<td><strong>CARD</strong>:</td>
<td>Credit Card &amp; ATM card</td>
</tr>
<tr>
<td><strong>VISA Card</strong></td>
<td></td>
</tr>
</tbody>
</table>
CHAPTER-3
GENERAL BANKING ACTIVITIES
GENERAL BANKING FUNCTIONS OF THE BRANCHES OF SEBL:

The general banking procedures are conducted under some sections. The functions of these sections are discussed briefly in the following:

**Account Opening Section:** The main task of this section is to opening different accounts, such as, different savings account, joint accounts, clubs, societies etc. Opening of different types of current accounts,-Individual, Firms, Partnership Firms, proprietorship firms, private & public limited companies, executors, trustee, administrators, issuance of cheque books, maintenance of A/C opening register, preparation of different bill statements and clearing cheques received for collection.

**Cash Section:** Opening of cash, maintenance of receive & payment register, cash remittance procedure between link & feeding branch, closing of cash, evening cash etc. Bangladesh banks instruction thereof payment of defective notes, forged notes, vault limit, selling-buying of prize bond & record keeping.

**Dispatch section:** Inward & out ward mails, recording in registers, maintenance of postage accounts, Telegram, courier, register etc. Advance charges, refund & passing of entries at month end. Acknowledgement of duplicate, ordinary post, registered post, hand delivery by special messenger, use of proper envelope, required postal stamp, Test Key confidentiality for telegraphic communication etc.

**Fixed deposit section:** Opening of FDR accounts for joint, single. Interest provision, payment on maturity, premature encashment, handling of deceases accounts, issuance of duplicate FDR. Indemnity-custody of indemnity bond-FDR block, specimen card, maintenance of FD registers, renewal of FDR, balancing & closing of FDR accounts.

**Remittance & Bills section:** Issue & payment of pay order (PO), Demand Draft (DD), Telegraphic Transfer (TT), issuance of duplicate DD and PO, issuance of IBDA & IBCA for online banking.

**Accounts Section:** Preparation of daily & weekly statement of affairs, extract, transfer scrolling & supplementary, voucher preparation, monthly salary preparation, SBS 1,2,3 preparation, ATM card maintenance, condensed statement etc. related to IT department.

**IT Section:** Daily voucher posting and IT statement printing.

**Clearing Section:** Outward & Inward cheques handling, keeping register, and issuance of IBCA to other branches.
TYPES OF DEPOSIT
The Bank offers the following types of accounts to its various types of customers:

a) Current Deposit (CD) Account.
b) Savings Bank (SB) Account.
c) Short Term Deposit (STD) Account.
d) Fixed Deposits Receipt (FDR) Account.
e) Special Purpose Deposit (Savings) Account
   1. Monthly Savings Scheme (MSS)
   2. Monthly Income Scheme (MIS)
   3. Double Benefit Scheme (DBS)
   4. Deposit Pension Scheme (DPS)

A. CURRENT DEPOSIT (CD) ACCOUNT:

A Current Account can be opened by individuals and business concerns including non-profit organizations.

A Current Account can be opened with a minimum balance of Tk. 5,000. Frequent transactions (both deposits and withdrawals) are allowed in this account. Client will get Cheque book having a minimum balance of Tk. 5000 in the account.

A Current Account holder can draw cheques on their accounts for any amount and any number of times in a day subject to the availability of balance.

Client will not get any interest on Current Accounts.

Statements of account dispatched to all Account Holders by the Bank on a monthly/quarterly/half yeary basis as per desire of the customers to be specified in the A/c opening form while opening an A/c.

A Current Account can be overdrawn subject to arrangement.

A client will realize charges for dishonored/bounced cheque drawn on Bank but returned for insufficient balance as per the rate approved by Head Office from time to time.

The Bank reserves the right to refuse or close any account without assigning any reason thereof.

Every change of address shall be intimated to the Bank.

"Notice" stopping payment of any cheque shall be made by account holder in writing, which shall be recorded.

The Bank will accept "Standing Instructions" from the account holder(s) to make periodical payment to Insurance Companies, Clubs, Societies, Landowners, Bills Payment to Shopkeepers/Firms etc. against payment of prescribed service charge.
Documents Required For Current Deposit Account:

The following documents duly completed shall be obtained from the customer at the time of opening of

a) Individual/joint A/c
b) Partnership A/c
c) Proprietorship A/c
d) Societies, Clubs, Associations A/c

The documents required for current deposit account are as follows:

- Current Deposit Account Opening Form. Specimen Signature Card.
- Two copies of passport size photograph duly authenticated by the introducer. Photocopy of the Trade License duly attested.
- Mandate or authority form for operating on an Individual, Proprietorship is to be obtained if a customer wants to authorize another person to operate an account on his behalf.
- Certified true copy of bye-laws/rules and regulations/constitutions in case of Societies, Clubs, Associations and Limited Companies etc. and in case of Corporations and Autonomous Bodies, Act/Ordinance etc.
- Certified true copy of the Resolution authorizing opening and operating of account with the Bank passed by the Executive Committee/Managing Committee of the Society/Club or Association, Limited Companies etc. In case of Corporations and Autonomous Bodies copies of the Act or Ordinance showing authority to open account and letter from the authorized person in the absence of any Board.
- List of Members of the Executive Committee/List of Directors. Partnership Deed or in lieu thereof partnership letter in case of Partnership firms.
- Copy of Passport/Nationality Certificate/Voter ID of the persons operating the account. KYC, Transaction Profiles.

Documents Required For Limited Companies, Corporations, Autonomous Bodies

Same as general Current deposit account in addition to:

- Memorandum of Articles and Articles of Association.
- Resolution of the Board of Directors authorizing opening of the account with the Bank. Certificate of Incorporation in case of both public and private limited companies. Certificate of Commencement of Business in case of Public Limited Companies only List of Directors.
Documents Required For Accounts Opened By Constituted Attorneys

Same as general Current deposit account in addition to:

- Power of Attorney (A Copy of the Power of Attorney is taken and shall be entered in the Power of Attorney Register serially).
- A stamp bearing the words: SOUTHEAST BANK LIMITED. Registered Number & Branch shall be affixed on the original and the copy and the serial number noted on them.

B. SAVINGS BANK (SB) ACCOUNT:

- Savings Bank Account can be opened by the name of adult individual or jointly in the names of two or more persons payable either or both or all of them or to the survivor or survivors.
- Any Clubs, Associations and similar Institutions can open this account by the names.
- A client need to an initial cash deposit.
- No person is allowed to open more than one account in his/her name. But this is not applicable in case of any parent opening more than one account in his/her name in respect of each minor child.
- An account holder will get cheque book having a minimum balance of Tk. 5000/- in the account.
- A Savings A/c depositor shall deposit money as often as he wishes.
- The minimum balance required to be maintained at all times is Tk. 5,000/- and the Bank reserves the right to change the minimum balance requirement and/or to close such accounts without prior notice if the balance falls below this amount.
- A depositor can withdraw from his Savings Bank Account twice in a week.
- Interest is applied on half yearly basis.
- Interest is allowed only on accounts bearing a minimum balance of Tk. 5,000/- per calendar month. Subject to the foregoing, calculations shall be made for each calendar month on the lowest credit balance/monthly minimum balance in an account for that month.
- Statements of account dispatched to all Account Holders by the Bank on a quarterly/half yearly basis as per desire of the customers to be specified in the A/c opening form while opening an A/c.

It is in the interest of the account holder to inform the Bank of every change of address immediately for regularity of records.

The Bank reserves the right to refuse or close any account without assigning any reason thereof.

The Bank reserves the right to stop issuance of new cheque book to any customer. The Bank reserves the right to alter or introduce new rules at any time.

A saving account holder is not allowed being overdrawn.

"Notice" stopping payment of any cheque shall be made by account holder in writing, which
shall be recorded.

The Bank will accept "Standing Instructions" from the account holder(s) to make periodical payment to Insurance Companies, Clubs, Societies, Land owner, bills Payment to Shopkeepers/Firms etc. against payment of prescribed service charge.

The interest rate on SB account is 6.00%.

Documents Required for Savings Accounts:

- Account Opening Form
- Specimen Signature Card
- Mandate or authority shall be obtained in case the customer wants to authorize another person to operate the account.
- Two copies of recent photograph of the A/c holder and Mandate duly attested by the Account Holder Copy of Passport/Nationality Certificate /Voter ID of the persons operating the account.
- KYC, Transaction Profile.

C. **SHORT TERM DEPOSIT (STD) ACCOUNT:**

- Short Term Deposit A/c (STD)/Special notice deposit accounts are opened usually by Corporations, Banks, Financial Institutions, Public Limited Companies etc.
- The deposits held in these accounts shall be payable on 7 to 30 days prior notice. If otherwise, interest for the month shall not be allowed.
- Interest shall be paid in the client's account on daily product basis to be calculated at the end of each calendar year.
- Statements of account shall be dispatched to all account holders by the Bank on a monthly/quarterly/half yearly basis as per desire of the customers to be specified in the A/c opening form.

Documents Required For Short Term Deposit Account:

Short Term Deposit Account shall be opened in the Account Opening Forms used for Current Deposit Account and the documents required for current A/c shall be equally applicable for STD A/c. In case of a STD A/c on the top of current deposit A/c opening form the word - "SHORT TERM DEPOSIT ACCOUNT" shall be written in block letters and the notice period shall be noted on the Special Instructions column.

**D. FIXED DEPOSITS RECEIPT (FDR) ACCOUNT:**

- Fixed Deposits are neither transferable nor negotiable. It can be opened singly or jointly.
It can be opened in the name of a minor jointly with the guardian. It can be opened for a period of one month and above.

Interest accruing on FDRs shall be paid only on maturity of the instrument.

In case of pre-mature encashment of FDR, interest shall be paid as per the circular to be issued by Head Office from time to time.

Different amounts of FDR purchased on different dates by any depositor shall be considered as separate deposits and rate of interest shall be applied as per the prescribed rate sheet for those deposits.

Payment of FDR shall be made on demand after the expiry of the maturity period on presentation of FDR duly discharged by the depositor(s).

If an FDR is issued to one individual, additional name(s) shall be added/ included in the FDR, at his request.

If FDR is in joint names and request for adding additional name(s) comes from one of the depositors, such change cannot be made without the consent of all other depositors.

Each time FDR is opened it shall be considered as a separate contract.

Various deposits in the name of the same depositor or in the names of the members of the same family shall not be treated as one deposit.

The interest rates of different deposits are the following:

Table 1: Types & rates of interest on different deposit account

<table>
<thead>
<tr>
<th>Types of Deposits</th>
<th>Rate of Interest (With Effect From May 04, 2014)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Current (CD)</td>
<td>0.00%</td>
</tr>
<tr>
<td>2. Savings (SB)</td>
<td>5.00%</td>
</tr>
<tr>
<td>3. Short Term Deposits (STD)</td>
<td>Bank: 3.5%</td>
</tr>
<tr>
<td></td>
<td>Customer: 6.00%</td>
</tr>
<tr>
<td></td>
<td>Mother Account (IPO): 7.00%-8.00%</td>
</tr>
<tr>
<td>4. Fixed Deposit</td>
<td>For any Amount</td>
</tr>
<tr>
<td>a. 1 (One) Month</td>
<td>6.0%</td>
</tr>
<tr>
<td>b. 3 (Three) Months</td>
<td>8.75%</td>
</tr>
<tr>
<td>c. 6 (Six) Months</td>
<td>8.50%</td>
</tr>
<tr>
<td>d. 1 (One) Year</td>
<td>8.75%</td>
</tr>
<tr>
<td></td>
<td>9.00%</td>
</tr>
<tr>
<td></td>
<td>Fund of Institutions, Private parties, govt. A/C: 7.00%-9.50% (Tk. 5 Crore &amp; Above)</td>
</tr>
</tbody>
</table>

E. SPECIAL SAVINGS SCHEMES:

The types of Special Purpose Deposits/Savings Schemes along with their operational procedure.
MONTHLY SAVINGS SCHEME (MSS):

With this scheme one can save on a monthly basis and this shall ultimately grow into a large amount of money within the duration of 3 years or 5 years.

Monthly installment size to be deposited Tk.500 or multiple up to Tk. 50,000. A person of 18 years of age and above can open the account.

A person can open more than one MSS account for different amount at any branch of the Bank and in such case separate form shall be filled.

The applicant can open a CD/SB Account with the branch from where monthly installment shall be realized automatically.

Separate photograph and introduction shall not be required for MSS account as this is covered in his/her SB/CD account.

MSS account can be opened any time of the month. But if the account is opened after 10th of any month in that case 1st installment shall be due from the following month and shall be realized in the following month.

The account holder shall give a standing instruction to the branch and installments shall be realized to the MSS account by debiting designated CD/SB Account within the first 5 (five) working days of the month.

An account holder requires nominating one or more person(s) as his/her nominee(s).

The A/C holder can avail loan maximum 80% against the lien of MSS account to meet emergency expenses.

One can close the account before maturity.

If the monthly installment remains unrealized due to insufficient balance for 4(four) consecutive months, the account shall be automatically closed.

The Total Income of client against monthly installment has shown below:

Table 2: Monthly installment & total income on MSS

<table>
<thead>
<tr>
<th>MONTHLY INSTALLATION</th>
<th>TOTAL INCOME</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Tk 500 or multiple up to Tk. 50,000)</td>
<td>3 Years</td>
</tr>
<tr>
<td>Tk. 500/-</td>
<td>Tk.21,405/-</td>
</tr>
<tr>
<td>Tk. 1,000/-</td>
<td>Tk.42,810/-</td>
</tr>
<tr>
<td>Tk. 5,000/-</td>
<td>Tk.2,14,050/-</td>
</tr>
<tr>
<td>Tk. 10,000/-</td>
<td>Tk.4,28,100/-</td>
</tr>
<tr>
<td>Tk. 50,000/-</td>
<td>Tk.21,40,500/-</td>
</tr>
</tbody>
</table>
MONTHLY INCOME SCHEME (MIS):

The Bank introduced "Monthly Income Scheme (MIS)" which shall generate a regular fixed monthly income to meet individuals' various needs.

Duration of the Account 3 (three) Years & 5 (five) Years. Amount to be Deposited Tk. 100,000/- or its multiple. Deposited amount will be returned on maturity.

An account holder may close the account at any time by a written application by giving reasonable notice in writing to the branch concerned.

In case, the account is closed within 6 months, no benefit including interest shall be paid to the account holder.

In case, the account is closed after 6 months but within 1 year, the client shall be paid back principal amount with interest at the Bank's prevailing Savings rate.

In case, the account is closed after 1 year but within 3 years, the client will be paid back principal amount with simple interest which would be 0.5% above the Bank's then prevailing Savings rate.

In case, the account is closed after 3 year but within 5 years, the client shall be paid back principal amount with simple interest which would be 1% above the Bank's then prevailing Savings rate.

If the amount of monthly interest already paid to the account holder exceeds the amount payable under above-mentioned circumstances, the difference shall be realized from the principal deposit amount.

What are the benefits?

- An attractive monthly fixed income.
- The scheme helps in the family budgetary process.
- It is flexible and will suit people in various income brackets.
- Will help parents with monthly education & other expenses.
- Will help trusts and Foundation which award monthly scholarships/stipends to students.
- Retirement benefit of service holders will yield regular monthly income.
- Wage earners can invest their money with comfort.
Deposit & monthly Income:

You can invest Tk. 1, 00,000 or its multiple for 3 years or 5 years term and monthly benefit:

Table 3:- Monthly income on MIS

<table>
<thead>
<tr>
<th>Particulars</th>
<th>3 Years</th>
<th>5 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposited Amount</td>
<td>Tk. 975/-</td>
<td>Tk.1000/-</td>
</tr>
<tr>
<td>Tk.1,00,000</td>
<td>Tk. 975/-</td>
<td>Tk.1000/-</td>
</tr>
</tbody>
</table>

DOUBLE BENEFIT SCHEME (DBS):

 Sailor Attractive savings plan under 'Double Benefit Scheme' shall make doubling of individual's money within 6 years period.
 Sailor The Scheme is covered by Insurance and the Insurance Premium shall be borne by the respective branches.
 Sailor Amount to be Deposited Tk. 10,000/- or it"s multiple.
 Sailor A person of 18 years and below 60 years at the time of application can open the account. A person can open more than one DBS account at any branch of the Bank and in such case separate form shall be filled.
 Sailor A passport size Photograph of each account holder is required to open the account. DBS account can be opened at any working day of the month.
 Sailor DBS account can be opened in joint names or in the name of any institution.
 Sailor DBS account can be opened in the name of a minor. In that case, existing account opening formalities for opening accounts for minor shall be followed.
 Sailor An account holder requires nominating one or more person(s) as his/her nominee(s).
 Sailor If any depositor intends to withdraw his deposit before maturity, the following rules shall apply:

- No benefit including interest/profit shall be allowed for pre-mature encashment within one year.
- If the account/deposit is closed /encashed after one year of its opening, benefit shall be allowed on the deposit at normal Savings Deposit rate.
- The account holder can avail credit card facility of maximum 80% against the lien of the deposited amount to meet emergency expenses.

Some Attractive Features of DBS:

- Account can be opened at any time of the month.
- The scheme is admissible for any individual (singly or jointly) or institution.
Your deposit of Tk. 10,000/- or its multiple will be double in 6 years.

Multiple Accounts can be opened in single name and

Flexibility allows to people and institutions of different income bracket to get advantage of the scheme.

**DEPOSIT PENSION SCHEMES (DPS):**

The operational guidelines are to be followed for the Deposit Pension Schemes like Pension Savings Schemes (PSS) or any other deposit accounts as shall be advised by Head Office from time to time.

**INLAND REMITTANCE:**

**ISSUANCE AND PAYMENT OF DEMAND DRAFT:**

Demand Draft is an instrument containing an order of the issuing branch upon another branch known as drawee branch, for payment of a certain sum of money to the payee or to his order on demand by the beneficiary presenting the draft itself (N.I. Act 1981, section 85).

Thus, the following are the essential features of a Demand Draft issued by the Bank.

1. It is drawn by one Branch of the Bank upon some other Branch of the Bank.
2. It is payable on demand.
3. Its payment is to be made to the person whose name is mentioned therein or according to his order. In other words, it cannot be made payable to the bearer.

The person intending to remit the money through a Demand Draft shall deposit the money to be remitted together with the Bank's charges for its services. The three parties to the instrument are (i) Drawer Branch (ii) Drawee Branch and (iii) Payee.

**Issuance of Demand against Cash:**

a) The customer shall complete the form, which is treated as an application as well as voucher. The application form shall be checked on the following points:
   1. The place of payment shall be such where we have a branch of our Bank.
   2. Full name of the payee is mentioned
   3. The payee does not appear to be fictitious.
   4. The amount in words and figures is the same.
   5. The application is signed by the purchaser.
   6. If the purchaser is not an account holder he gives his address on the application form.
b) Commission charges shall be calculated as per the prevailing rates.

c) The following entry shall be passed when DD is issued against Cash:

<table>
<thead>
<tr>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Account</td>
<td>HO General Account (Concerned paying branch).</td>
</tr>
<tr>
<td></td>
<td>Income Account Commission (others)</td>
</tr>
</tbody>
</table>

d) The voucher is given to the customer to deposit the cash with the cashier.

e) The cashier receives the cash and delivers the voucher to Remittance department against initial in his book.

f) Draft shall be prepared and entered in DD Issue Register.

g) The draft number shall be written on the voucher.

h) Draft Block and the voucher along with the register shall be sent to the officer in charge for checking and signature. He shall signs the draft and voucher and initials the counterfoil of the draft and register.

i) The Draft and the voucher shall then be sent to another Authorized Officer for the second signature.

j) The Draft shall be crossed if the customer so desires and it shall be delivered to him against his acknowledgement on the voucher.

k) Telegraphic intimation under test shall be sent to the drawee branch for drafts of Tk. 50,000 and over.

l) An IBCA to be issued covering the Draft amount by the issuing branch on drawee branch for intimation and settlement.

**Issuance of Demand Draft against Cheque/Request Letter of the A/C Holder:**

Web  The cheque shall be sent for passing and cancellation before issuing the Draft. The following entry shall be passed, if the cheque does not include commission charges:

<table>
<thead>
<tr>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Party's Account (cheque)</td>
<td>HO General Account (Concerned paying branch).</td>
</tr>
<tr>
<td></td>
<td>Income Account Commission (others).</td>
</tr>
</tbody>
</table>

Except the above two point"s similar procedure as explained for drafts issued against cash shall be followed.
Payment of Drafts:

*The drawee branch shall exercise proper care while paying drafts.*

a) When the draft is presented the drawee branch for payment, the particulars of the draft are checked with the advice and signatures(s) therein verified.

b) Payment of the DD has not been stopped is to be ensured.

c) Verification of Test No (if any) is to be done.

d) In case the advice is not received when the draft is presented, the Bank will still pay the draft after satisfying itself that the instrument is in order.

e) However, on payment of draft in the absence of the relative advice the drawee branch shall inform the issuing branch and obtain confirmation about the payment.

f) The drawee branch shall ensure that the payment of the instrument is made in due course. *Payment in due course includes:*

   Apparent tenor (check everything)
   1) In good faith and without negligence.
   2) Payment to certain person.

As the demand draft is payable to order it is duty of the paying branch to obtain identification of the payee if payment is desired over counter.

g) If the DD is presented through a Bank, the endorsement(s) appearing on the instrument shall be prime-facie in order or certified by the collecting Banker.

h) Though there is no time limit for presentation, the paying branch shall put an enquiry if a draft is presented after a reasonable period say 6 months. Such a draft may be paid if the collecting Banker certifies that amount has been credited to the payees A/C in absence of such a certificate, it would be advisable to return the draft for revalidation before payment

**Accounting Entries for Demand Draft (DD):**

On receipt of IBCA from the issuing Branch:

<table>
<thead>
<tr>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Head Office General A/C (Branch)</td>
<td>DD Payable A/C</td>
</tr>
</tbody>
</table>

Every Branch shall maintain a prescribed DD Payable Register with separate folio for each
issuing Branch and enter the particulars of DD in the Register duly authenticated.

Payment of DD on receipt of Advice:
- Debit : DD Payable A/C.
- Credit : Client's A/C/H.O. General A/C.

Payment of DD without Advice:
- Debit : DD Paid Without Advice A/C.
- Credit : Client's A/C/H.O. General A/C

On subsequent receipt of the Credit Advice from the issuing Branch:
- Debit : Head Office General A/C - Branch
- Credit : DD Paid Without Advice A/C

Countermand Payment of the Draft (Stop Payment):

The Bank even on receiving instructions from the purchaser after delivery of the draft to its beneficiary/payee other than when reported lost cannot stop the payment of draft. This is because by issuing a Bank draft, the Bank has given definite commitment in favor of a third party (i.e. the payee) to pay a certain amount of money. A Bank draft is as good as promissory note issued by a Bank and all because of the goodwill and the reputation of the Bank the payee/beneficiary accepts it.

The Bank can stop payment of a draft in those cases where either the purchaser of the draft or the payee of the draft has reported about the draft being lost or stolen. However, in such cases the issuing branch shall maintain extreme caution. It shall immediately inform the drawee branch about the loss and enquire whether the draft still remains unpaid and also request the drawee branch to exercise caution, when the draft is presented for payment.

Issue of Duplicate Draft:

Duplicate DD shall not normally be issued unless full satisfactory evidence is produced regarding loss of a draft.

If a draft is reported lost/stolen and a Duplicate Draft is required to be issued, the Issuing branch will take the following steps:
1. It shall satisfy itself regarding genuineness of the party requesting for issuance of a duplicate draft i.e. verifies the purchaser's signature on the request letter from the signature appearing on the original application form along with copy of GD entry.
2. It shall obtain confirmation from the drawee branch that the relevant draft is still outstanding
with that branch and instruct the paying branch to Stop Payment of the Draft.

3. The Issuing Branch will thereafter write to Head Office for approval for issuance of a Duplicate Draft in lieu of the original.

4. The Head Office on receipt of request from the issuing branch will immediately issue a Caution Circular to all the branches regarding loss of the Draft and asking them to record / mark STOP PAYMENT against the Draft.

5. The Head Office will thereafter issue clearance to the Issuing Branch for issuing a Duplicate Draft in lieu of original lost.

6. An indemnity bond shall be obtained on Stamped Paper as per prescribed format from the purchaser of the Draft duly signed by him along with witness of two persons known to the Bank before issuing Duplicate Draft.

7. Charges to be realized as pre existing practice/circular of the Bank.

8. On receipt clearance from Head Office, the branch will issue a fresh draft marking clearly the words "DUPLICATE ISSUED IN LIEU OF ORIGINAL DRAFT NO............./DATED .................." in Bold letters on the top of the face of the draft. The Printed Serial Number on the Draft shall not be struck off. Record the Duplicate DD No in the DD issue register under the original DD issue entry and make a note against the serial number on which the duplicate draft is issued.

9. If draft is reported lost and presented subsequently for payment before issuing duplicate, the Bank shall exercise extra caution to ensure that the payment is in due course. If the original draft is subsequently presented after the issue and payment of a duplicate, the instrument shall be unpaid with the remark "Draft Reported Lost"

Cancellation of Demand Draft:
If the purchaser of the draft makes a request to the Issuing Bank for cancellation of the draft and refund the draft amount, the Bank will do the followings:

Bank will assure that the draft has not been delivered to the payee. The contract between the Bank and the Payee of the draft is incomplete and revocable till the draft is delivered to the Payee. Section 46 of the NI Act states that the making, accepting and endorsement of a negotiable instrument are complete only when it is delivered to the person concerned. Thus, the Bank shall refuse to cancel the draft, if finds that the draft has been delivered to the payee. As a matter of fact the purchaser losses the right of getting the draft cancelled as soon as he sends the drafts to the payee.

In case the purchaser wants to get the draft cancelled after it has been delivered to the payee he can do so only with the consent of the payee.

In case the draft is sent by post, the act of posting itself is tantamount to delivery of the draft to the payee. This is because the post office is taken as the agent of the payee of the draft.

Payment against Cancellation:

Receiving written application along with original draft by the Issuing Branch from the
purchaser and ensure genuineness of the applicant.

Confirmation to be obtained from the Drawee Branch regarding non-payment of the respective Demand Draft.

Taking two signatures with Revenue Stamp on the reverse side of the DD e.g. received payment by cancellation.

After completion of the necessary formalities the payment against the Cancelled Draft to be made by debit to Sundry Debtors Account.

The Drawee Branch to be requested to remit the DD amount to the Issuing Branch to offset the entries in the Sundry Debtors Account,

The Drawee branch shall also make a suitable note regarding cancellation of the draft in its records.

**ISSUANCE AND PAYMENT OF PAY ORDER:**

**Definition of Pay Order:**

A pay order is a written order, issued by a branch of the Bank, to pay a certain sum of money to a specific person or a Bank. It is also termed as a Banker's cheque as it is issued by the Bank drawn upon and payable by itself. A pay order is issued and paid by the same branch of the Bank and as such, the drawer and drawee are same. The person or the organization in whose favor it is issued is known as payee or the beneficiary. It is sometimes sold to an individual on payment of value who may or may not be a customer and is called the purchaser. A pay order is divided into three parts viz. the actual pay order, the second counterfoil to be retained by the payee and the first counterfoil to be retained by the issuing branch as record.

**Purpose of Pay Order:**

1. The purpose of a pay order is to effect transfer of fund from one hand to another. Such transfer of fund shall be for a specific purpose only. When the Bank intends to make payment on its own behalf or an individual desires to furnish a guarantee of payment by the Bank on his account to someone else who does not accept his cheque.

2. A pay order may be issued to affect payment on its own account by the Bank to another Bank in settlement of cheque returned after clearing house.

3. It may be issued by the Bank in payment of its other dues like income tax, house rent, etc.

4. A pay order may also be sold to any person who desires to offer the same in payment of earnest money and other dues to Government, Agencies, Autonomous Bodies, Companies, Local Authorities, etc. in the course of business and other dealings.

**Issuance of Pay Order:**

The Purchaser shall signs the standard application form giving detail particulars and request for issue of pay order. The payee or beneficiary shall not appear to be fictitious. His full name and
address shall be written on the application. Steps of issuance of pay order are:

- Purchaser applies through Bank's prescribed Payment Order Application Form. Purchaser deposit the money through the Application Form.
- Bank Official fills tip the columns of the instrument with the help of application form. Make necessary entry in the Payment Order Register.
- After joint signatures in the instrument the payment order is handed over to the purchaser and the purchaser puts his signature on the counter part of the instrument as acknowledgement of receipt.

**Accounting Procedure or Issuance of Pay Order:**

The following entries shall be passed when payment order is issued against cash receipt or at debit of client's A/C

- Debit: Cash A/C / Client's Account  
  Bills Payable A/C - Payment Order  
- Credit: Income A/C - Commission on Pay Order issued

**Payment of Pay Order:**

1. It shall be paid to the payee or beneficiary after proper identification or it may be credited to his account.
2. A pay order is transferable. As it is a Bankers cheque payable to order the payee / beneficiary may transfer it, by giving proper discharge on its back, to some one else who receives payment as the transferee.
3. It is not generally collected for a person other that the original payee except in cases where the depositor is a valued client known to the Bank.
4. If presented by some other branch or Bank, the pay order shall bear discharge of the payee and the collecting branch or Bank shall confirm the discharge and also certify, "payees account credited"
5. Before making payment the signature of issuing officers shall be verified and the date of payment shall be marked in the register.

**Accounting Procedure for payment of pay order:**

The following entries shall be passed when payment order is paid in Cash/transferred to the client's A/C

- Debit: Bills Payable Account - Payment Order  
  Cash Account/Client's A/C maintained with the branch.
Issuance of Duplicate Pay Order:

1. For issuance of duplicate pay order in lieu of original the purchaser shall give a letter to the effect that the original pay order has not been delivered to the payee or if delivered, it has been lost from his possession and that the original one shall be surrendered to the Bank if it is found out.

2. A confirmatory letter stating that the pay order has not been received or has been lost after receipt shall preferably be obtained from the payee.

3. After completion of the above formalities a duplicate pay order may be issued making cross-reference on the duplicate pay order and counterfoil of the original pay order.

4. A note shall be made in the register or on the relative counterfoil. The letters received from the purchaser and the payee shall be filed with the original application - cum - voucher. No voucher is required for the issue of duplicate pay order.

Issuance of Duplicate Pay Order thus, may be made after observing the following precautions/Steps:

- Written request from the purchaser, in case of loss from the custody of the purchaser along with a copy of GD entry.
- Written request from the purchaser, in case of loss from the custody of the payee supported by letter of the payee to the purchaser regarding loss of the instrument.
- HO approval for issuance of duplicate Pay Order.
- Indemnity Bond signed by the purchaser for the loss might incur by the issuing Branch in case of presentation of original instrument after making payment of duplicate instrument.

"Duplicate payment order must be marked with the words
Duplicate issued in lieu of original no............................"

Issuance of duplicate instrument must be noted in the Payment Order Register and a necessary charge for issuing duplicate payment order is to be realized).

Cancellation of Pay Order:

1) If the purchaser requests for cancellation of the pay order after its issue and before it is passed to the payee, the same can be done after obtaining a written request from him and verifying his signature on the letter of request.

2) But if the purchaser request for cancellation and refund the amount after lapse of some time,
the consent of the payee for cancellation of pay order shall be required to be produced by the purchaser. The payee shall discharge the pay order specifying "Refunded" or "Released" by putting his signature.

3) If the purchaser is a valued customer a pay order may be cancelled as very special case, in the absence of a written consent from the payee after obtaining sufficient indemnity from the purchaser.

TRANSFER OF FUNDS THROUGH ON-LINE BANKING:

The Southeast Bank Limited offers online banking services to its customers through WAN (Wide Area Network) connectivity between all its branches using VSAT technology. By using the system a customer can draw/deposit money and transfer fund from any branch at anywhere in Bangladesh if he/she maintains an account with the Bank in a particular Branch.

With the introduction of on-line banking use of TT has practically diminished as funds are now transferred from one city to another city through on-line. In cases TT is issued with the instruction "to advise and pay", the TT messages receiving Branch advise and pay the TT amount by issuing Pay Order in favor of the payee, which sent to the payee through special messenger.

Cash Withdrawals and Deposits, Electronic Fund Transfer:

With the introduction of Real-time-On-line Any Branch Banking Service, customers of one Branch shall make transactions (Cash withdrawals and deposits, Electronic Fund Transfer, balance inquiry, Account Statements etc.) from any other branches of the Bank using the most modern VSAT (Satellite Based Communication System) at all the Branches at the Bank.

Limits of cash withdrawal, cash deposit and fund transfer:

The following procedure shall be followed for Limits of cash withdrawal; cash deposit and fund transfer under On-line Banking, which however, shall be decided from time to time at the discretion of Head Office.

1. In case of cash withdraws there shall be a maximum limit of TK. 10.00 lac for the account holder if he/she places the cheque and in case of third party or bearer the maximum ceiling shall be Tk. 5.00 lac.

2. Cash Deposit/Fund transfer amount shall be unlimited. However all rules and regulations for TT & DD are to be followed.

Charges and Fees:

The Schedule of Charges for Any Branch Banking, Intra city/Intercity Transaction/ Fund Transfer along with A/C balance inquiry, A/C statement shall be followed as per the instructions of Head Office From time to time.
Sending photocopies of Deposit Slips and Cheques of Remote Transactions:

The following procedure shall be followed for deposits clips and cheques of remote transactions for smooth functioning and ensuring correctness of transactions in audit trial.

1. The paying / receiving Branch shall retain the original cheques / instruments/deposit slips of remote transactions and send the photocopies of the same at the end of the day duly attested by an authorized signatory with a forwarding letter enclosing computer generated Statements of transactions to the Branch maintaining the accounts.

2. The Branch which is maintaining the accounts shall invariably check the Audit Trial of all On-line transactions with the photocopies of cheques/ instruments/deposit slips so received from the paying/cash receiving Branches along with other transactions of the Branch on the following working day. In case, any anomaly is detected in the on-line transactions they shall instantly take up the matter with the concerned Branch for settlement/rectification of the anomaly.

Table 4:- Charges taken by the bank for inland remittance services

<table>
<thead>
<tr>
<th>Types of Services</th>
<th>Nature of charges</th>
<th>Charges</th>
</tr>
</thead>
<tbody>
<tr>
<td>Remittance (Inland)</td>
<td>Commission</td>
<td>@ 0.15% min. Tk. 30/-</td>
</tr>
<tr>
<td>DD/TT/MT Issuance</td>
<td>Additional charges for TT Postage</td>
<td>Tk. 30/-</td>
</tr>
<tr>
<td>Telegram:</td>
<td></td>
<td>At actual/ min. Tk. 30/-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>On-Line Services</th>
<th>Nature of charges</th>
<th>Charges</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Any branch Banking</td>
<td>Charges</td>
<td>Free</td>
<td></td>
</tr>
<tr>
<td><strong>Intra City</strong> (Cash</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Withdrawal &amp; Deposits)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Inter City</strong> (Cash</td>
<td></td>
<td></td>
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<tr>
<td>withdrawal &amp; Deposits)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Intercity</strong> (Fund Transfer)</td>
<td>Charges</td>
<td>Free</td>
<td></td>
</tr>
</tbody>
</table>
ATM CARD:

The acronyms ATM is Automatic Teller Machine. It is actually a debit card. If any customer has sufficient balance in his account then he can withdraw money from this machine any time any day. The procedure of this system is the customer has to fill the application form and then after it is sent the Head Office. From head office a card is issued with a very confidential pass ward that even the banker does not know. For this Tk.500 is debited from the customers account per year. The customer inserts the card to the machine and gives the pass ward then he can do his activities. It is a 24 hours service system.

CREDIT CARD:

Credit card is a card, which provides one kind of loan. Because whenever the customer uses the card he has to pay interest for that amount which he withdrawn. By the credit card a customer can by products at that shops that have the facility of using the card. There is another way to withdraw the money, which is to go to the credit card booth and withdraw the money. For this card the customer has to pay a service charge every year and to pay interest on that amount which the customer withdrawal. Keeping a credit card is very safe because the money can be reached by robbery but if the card is reached it is no use because to use this card customer’s signature and pass word is required. Southeast Bank Limited has this type of facility.

CLEARING AND TRANSFER DELIVERY:

INWARD CLEARING:

The representing branch of the Bank receives the instruments from others Banks drown on the Bank in the Clearing House.

The amount and number of instruments received are entered in the House Book/Statement (computer print out provided by BB) from the main schedules of respective Banks. The number/amount of instruments delivered, received and the difference of amount is written on Slip provided in the Clearing House.
The instruments with schedules are arranged branch wise.

The amount of each schedule received is entered in the House pages of the respective branches/Bank.

The respective House pages are totaled and the total of each is noted on a Slip and a grand total is taken out.

The grand total is agreed with the total of the House book/statement.

The instruments are sent to respective branches with the Slip showing total amount and number of instruments.

The instruments are sent to the branches concerned for clearance and branch wise IBDA is issued by the representative branch on the same day for the honored instruments.

The House Pages along with the duplicate schedules are filed.

Particulars of the instruments are compared with the schedule and the Slip and the schedules are detached.

The instruments are sent to the respective departments and the schedules are filed.

The main Schedule for each Bank is prepared and total amounts of the respective sub-main schedules are entered thereon.

The house page is prepared in duplicate, and total is balanced with that of the register. The dishonored instruments with schedules, house pages received from branches and the house book are sent to the Clearing House.

The dishonored instruments are delivered to the respective banks.

**OUTWARD CLEARING:**

The instruments drawn on other banks are received duly entered in the Deposit Slip or voucher.

The instruments are checked and compared with the particulars noted in the Deposit Slip and its counterfoil.

In case an order instrument is being deposited in second payee's account, endorsement is obtained from the second payee on the reverse of the instrument.

In case the payee's name on the specially crossed instrument differs slightly from that of the depositor, the instrument may be accepted but only from the customers well known to the Bank and after obtaining an indemnity which shall be attached to the Deposit Slip.

Proper stamp(s) is/are affixed on the instruments and Deposit Slip and counterfoil. The instrument is appropriately discharged / endorsed.

The instrument along with the Deposit slip is sent to the in-charge for checking and signing.

The instruments are posted in the computer / Nikash Program developed by BB. The instrument and the Deposit Slip arc detached from counterfoil, which is handed over to the customer.

The particulars of the instrument and the voucher are entered in the Outward Clearing Register.

Serial number is given on each voucher.
The Register is balanced; the vouchers are separated from the instruments and released after lodgment to the respective departments against acknowledgement in the Register. The instruments are arranged Bank and Branch-wise.

The instruments with the schedules are sent to the branch representative to the clearing house. The instruments with schedules are received from the branches.

The instruments with schedules are re-arranged Bank-wise and Branch-wise.

The amounts of the instruments received from the branches are entered in the Outwards Clearing Register from the respective house pages.

The main Schedule for each bank is prepared and total amounts of the respective sub main Schedules are entered thereon.

The house page is prepared in duplicate, and the total is balanced with that of the register.

The instruments with schedules, house pages received from branches are sent to the Clearing House.

The instruments are delivered to the respective Banks.

Before sending the instruments in the Clearing House Representative Branch will make the following entries:

Debit : HO General A/C.
Credit : Clearing house (for other Branches Clients)
Credit : Representative Branch Client's A/C

After Completion of Second Clearing House Representative Branch will make the following entries:

Debit : Clearing house (for other Branches Clients)
Debit : Representative Branch Client's A/C for (Dishonored Amount)
Credit : HO General A/C (Total Return Received Amount).
Credit : HO General A/C (For Issuance of IBCA for Other Branches Clients)

**BILLS FOR COLLECTION:**

**OUTWARD BILLS FOR COLLECTION (OBC):**
Steps to be followed while forwarding OBC:

- Verification of instrument and deposit slip shall be completed.
- Special crossing seal shall be given on the instrument.
- OBC seal shall be given on the instrument and the deposit slip marking the OBC number.
- Endorsement shall be given on the back of the instrument duly signed by the authorized officer.
- Details shall be entered in the OBC register. Instruments shall be attached with the forwarding schedule.
- Authorized officer shall sign the OBC register.
- Office copy of the schedule along with deposit slip shall be kept properly.
Lodgment voucher shall be prepared in the contra voucher as
under: **Debit**: Bills for Collection (Lodged amount)
**Credit**: Bills for collection

Forwarding schedule along with the instruments shall be handed over to dispatch department against acknowledgement on the office copy.

**INWARD BILLS FOR COLLECTION (IBC):**

The following steps to be followed:

Instrument shall be checked with apparent tenor and tallied with the
schedule. In case of cheque, Signature of the a/c holder shall be checked and
verified. IBC seal shall be marked on the instrument.
Details shall be entered in the IBC register.
An authorized officer shall sign the IBC register and
instrument. Voucher shall be posted in the system
IBCA shall be sent to the collecting branch

**REMITTANCE**

Remittances are defined as the “portion of international migrant workers’ earnings sent back from the country of employment to the country of origin”. They play a significant role in the sending countries economies. Apart from being a major source of income and foreign exchange, remittances also finance imports of capital goods and raw materials, and contribute to the balance of payments. Remittances enhance savings and investment, and thus help augment capital formation and overall economic development. There is a definite correlation between macro-economic policies operational in the remittance receiving state and its flow. Inflation and exchange rates affect flow of remittance. This is an important consideration for migrants with the ability and proclivity to save. Major fluctuations in inflation and exchange rates will tend to dissuade migrants who are likely to save in the home country. Like any other investor, fiscal policies are also other important considerations in the migrants' decision to engage in productive investment.

Foreign remittance refers to the transfer of fund one country to another through proper banking channel. Foreign remittance is an important sector where SBL earns a lot of foreign exchange every year. The transactions of authorized dealer in the foreign exchange involve either outward or inward remittances of foreign exchange from one country to another.
The authorized Dealer makes sales and purchase s of equivalent foreign currencies on spot or forward basis. The sales involves exchange of foreign currency of home currency i.e. conversion of home currency into foreign currency and the purchase involves exchange of home currency of foreign currency i.e. conversion of foreign currency into home currency.

Inward Remittance

The remittance which can be converted into foreign currencies that received from abroad against the authorized dealers making payment in local currency to the beneficiaries may be termed as Inward Remittance.

Purpose of Inward Remittance: Family

- Maintenance
- Realization of export
- Proceeds Donation
- Gift etc.

There is no restriction on inward remittances by Bangladesh Bank other than the prescribed formalities to be complied with by the exporters and other recipients. The authorized dealer can freely purchase foreign currencies.

Cancellation of inward remittances

In the event of any inward remittance which has already been reported to the Bangladesh Bank being subsequently cancelled, either in full or in part, because of non availability of beneficiary. Authorized dealers must report the cancellation of the inward remittance as an outward remittance on form T/M.

Other functions of foreign remittance dept:

- DD issuing
- Inter Branch Credit Advising (IBCA).

Pay order registering, etc.
CHAPTER 4
CREDIT RISK MANAGEMENT
LOANS & ADVANCES

Banks makes loans and advances to traders, businessman and industrialists against security of some assets or on the basis of personal security of the borrower. In either case, the banks bear the risk of default in repayment. Therefore the banks have to follow a cautious policy and sound lending principles in the matter of lending.

Types of Loan:
There are different types of loans are offered by the Southeast Bank Limited these are given below –

1. Term Loan
2. Overdraft
3. Time Loan
4. Industrial Loan
5. Consumer Credit Scheme
6. House Building Loan
7. Staff Loan

TERM LOAN:
The term loan is determined on the basis of gestation period of a project and generation of income by use of the loan. Such loans are provided for agricultural activities, farm machinery, dairy, poultry, transport facilities, extension of tea gardens and development of horticulture, fishing etc., mainly the loan has a time period of 3-5 years.

OVERDRAFT:
Advance in the form of overdraft is allowed on a current account. The customer may be sanctioned a certain limit within which he can withdraw his loan amount for several times within a stipulated period. Here interest will be charged on the withdrawal loan amount. Overdraft facility is normally given to the party for the expansion of business and this facility is given for maximum one year.

TIME LOAN:
It is a short-term loan. It is sanctioned for less than a year. Normally this type of loan is sanctioned for 3,6 or 9 months.

INDUSTRIAL LOAN:
The bank provides industrial loan to its client. It is sanctioned for 5 years or above. In order to get loan from the bank, clients are obliged to fulfill certain requirements provided by the bank.

CONSUMER CREDIT SCHEME (CCS):
This is a special credit scheme provided by Southeast Bank Limited to the service holders to buy furniture, car, computer, air-conditioner, TV, DVD etc., The interest rate is 14.00%. The customer must have an account in the bank. The customer needs a guarantor who is at least a 1st class government officer. The customer also needs a verification certificate from his employee.
HOUSE BUILDING LOAN:
It is a long-term loan. The loan is sanctioned for house building purpose. The following documents are required for this type of loan.

- Valuation certificate of the bank
- Estimated cost for building the house by the engineers
- A copy of the permission from DIT

STAFF LOAN:
This type of loan is only given to the employees or staffs of the bank. This type of loan gives some facilities to the staffs of the bank. The interest rate of the loan is 8.00%. The maturity period is 180 months or 15 years.

LOAN SYNDICATION:
A Syndication of loan is a loan given to a party by some banks. There is a leading bank and others are participants. Southeast Bank Limited is involved in this process with many parties. Recent two loan syndication of Southeast Bank Limited are given below:

[1] Meer Cement- Loan amount Tk.15.00 crores
   Lead arranger:
      □ Southeast Bank Limited
   Participants:
      □ Arab Bangladesh Bank Limited
      □ Exim Bank Limited

[2] H.P Chemicals- Loan amount Tk.33.00 crores
   Lead arranger:
      □ Prime Bank Limited
   Co-arranger:
      □ Southeast Bank Limited
   Participants:
      □ Exim Bank Limited
      □ Jamuna Bank Limited

CATEGORIES OF LOANS AND ADVANCES

Commercial banks make advances in different forms. All types of credit can be broadly classified into two groups:

A. Funded Credit
B. Non-funded Credit

A. Funded Credit:

Any type of credit facility, which involve direct out flow of Bank’s fund on account of borrower is termed as, funded credit facility. Funded credit facility may be classified into for major types:
i. Cash Credit (CC)
ii. Overdraft (OD)
iii. Loan
iv. Bill Purchase and Discounted

Other important funded advances/ facilities are:

- Consumer Loan
- Short –term Agriculture and Micro Credit
- Syndicate Loan
- Lease Financing
- Hire Purchase
- Import Financing (LIM, PAD)
- Export Financing (Packing credit, Trust receipt etc.)

The above mentioned other funded advances; all are not practiced in SEBL, Laldighirpar. Among them two i.e. Consumer Loan and Import Financing are practiced. So here these two will be explained broadly and except these two other will be discussed briefly:

B. Non-funded Credit:

This type of credit facility does not involve direct out flow of Bank’s fund on account of borrower. Though these types of credit facilities are primarily non-funded in nature but at times it may turn into funded facilities. As such, liabilities against these types of credit facilities are termed as “contingent liability”.

The major facilities are:

- Letter of Credit (L/C)
- Bid Bond
- Performance Bond

Cash Credit (CC):

Meaning: Cash credit is the favorite mode of borrowing by traders, industrialists, agriculturists etc. for meeting their working capital requirement. It is an elastics form of borrowing because the limits fluctuate according to the needs of the business.
Types: There are two types of Cash Credits (C.C.):

- Cash Credit-Pledge
- Cash Credit-Hypothecation

Cash Credit-Pledge:

Meaning: CC-Pledge is sanctioned against pledge of marketable commodities. Some characteristics features of Cash Credit (Pledge) are mentioned below:

Limit: There is no specific amount of sanctioned limit for a specific period of time. A limit by way of ceiling is fixed beyond which the customer can not go, but within which he can operate the account as and when required. The debit balance of any day, however, should not exceed the agreed limit. The limit is fixed for a party after considering a number of factors relating to the business of the borrower, such as, the production, sales, inventory levels and their turnover, and market demand of the goods pledged.

Renewal of Limit: Technically, a Cash Credit advance is repayable on demand, without any specific date of repayment. But in practice, it continues for a long period. For a trader the limit is renewed if so required by the borrower. But in case of manufacturing industry, it is a continuous limit and the renewal is more or less automatic. Moreover, since the price of raw materials and finished goods always tend to increase, the limits are often renewed for enhanced amounts.

Interest: The interest is charged on daily outstanding and not on limit granted. Borrower can save interest by reducing the debit balance through deposit of money whenever he is in a position to do so. Thus, Cash Credit is an active and running account in which overdraft limit has been sanctioned.

Maintenance of Account: Cash Credit is a separate account by itself and is maintained in a separate ledger and operated normally by cheques issued there against. In addition, goods ledger, godown register, goods key register, godown index card etc. are also maintained.

Cash Credit-Hypothecation:

Hypothecation is thus only an extended idea of pledge; in this case, ownership and possession of the goods remain with the borrower although by virtue of the hypothecation agreement, the bank can take possession of the goods if the borrower defaults.

Overdraft (OD):

When a current account holder is permitted by the banker to draw more than what stands to his credit, such advance is called an overdraft. In this case the customer is allowed on the basis of prior arrangements to overdraw his Current Account by drawing cheques for amount exceeding
the available balance up to agreed limit within a certain period of time not exceeding one year, against acceptable securities

Here, withdrawals or deposits can be made any number of times at the convenience of the borrower, provided the total amount overdrawn does not, at any time, exceed the agreed limit. Interest is calculated and charged only on the actual debit balances on daily product basis. Thus, the borrower in this case can save interest by reducing the debit balance.

These facilities are granted after the credit standing; financial ability and status of the customer as well as the purpose have been favorably established.

**Types:** There are two types of Cash Credits (C.C.):

A. Overdraft against Pledge of Goods (Stocks)

B. Overdraft against hypothecation of Goods (Stocks)

**Overdraft against Pledge of Goods (Stocks):**

Overdraft facility may be extended to the borrowers against pledge of raw materials/finished products as security subject to credit and margin restrictions imposed by Bangladesh Bank/Head Office from time to time. In this case the client by signing a duly stamped Letter of Pledge surrenders the physical possession of the goods under effective control of the bank. The ownership of the goods remains with the borrower and the outstanding liabilities are to be adjusted out of the sale proceeds. If there remains any shortfall between the drawing power and outstanding, the same may be recovered from the client.

**OD-Pledge advances are operated as follows:**

While allowing overdraft facility against pledge of goods/stocks the following points are taken into consideration:

a. The quality and quantity of the goods are ascertained;

b. The good are readily saleable and have a constant and effective demand in the market;

c. Goods are not perishable or subject rapid deterioration due to storage;

d. In case of Agricultural crops the same should pertain to the current season, and the credit is adjustable before the end of the season;

e. Goods are stored in Godown to save them from deterioration and also to protect against risk of pilferage;

f. The borrower has an absolute title of the goods;
g. The goods are not already encumbered;

h. Goods are stored in the godown in the presence of a responsible officer of the bank;

i. Valuation of the goods are made carefully with reference to invoice, Bill of Entry, Landed cost, Ex-factory price, Market price etc.;

j. The goods are insured with Bank Morgage clause for a sum of 10% above sanctioned limit. Godown keeper and Security Guards are posted in the godown;

k. Name plate of the Bank is displayed inside the pledge godown and also at a conspicuous place outside the godown;

l. Goods /stocks must be inspected regularly by an authorized representative of the Bank;

m. The locks of the godown are sealed and keys are deposited at the Branch under joint custody.

Fixation of Margin

The fixation of margin depends on the nature and type of security, and the financial stability of the customer and also keeping in view the restrictions imposed by the Bangladesh Bank/ Head Office from time to time. In case of goods and produce, reasonable margin should be retained for covering any shortage due to storage, shrinkage, fluctuation of rate, fall in prices and charging of Bank interest.

In case of advance allowed against merchandise imported through Bank, the amount of margin fixed should be deducted from the landed cost of the goods.

For allowing advances against goods in trade locally purchased, the amount of margin fixed should be deducted from the invoice value or ex-factory prices, as the case may be.

Drawing Power (D.P)

The drawing power of a borrower in the context of an advance allowed against securities pledged to the Bank indicates the ceiling upto which he can draw on his accounts. Dawning power is always calculated and the amount arrived at after deduction of the margin from the value of the securities either on cost price or market price whichever is lower. As for example, the Drawing Power of a client would be TK.70 if the value of his securities was TK.100 and the margin was fixed @ 30%. Under no circumstances advance shall be allowed in excess of the Drawing Power of the customer, calculated in the manner described above.

In case here the D.P. of the customer exceeds the limit sanctioned in his favor, advances shall be allowed upto the extent of his sanctioned limit only.
While reviewing the D.P. if it is noticed that the D.P f a customer has fallen short of the advance allowed to him, immediate steps should be taken to ensure that either the excess over D.P. is adjusted, or the stocks are replenished to the extent of the shortage in the account.

Valuation of Goods

Valuation of the goods to be pledged to the Bank shall in no case exceed:

a. The landed cost at the port of entry as assessed by the customs in the case of imported goods.

b. The factory price in the case of locally manufactured commodities.

c. The whole-sale price fixed by the Government, if any. When no such wholesale price is fixed by the Govt., valuation will be based on the competitive market price to be ascertained by the Bank.

Delivery of Goods

a. Goods are to be delivered to the parties against delivery orders, signed by two officers of the branch, one of whom must be Manager/Sub-Manager along with an officer in-charge responsible for handling Credit Portfolio.

b. Before signing the delivery orders, the signature of the customer must verified on the application form.

c. After delivery of the goods, the signature of the persons authorized to take delivery should be taken on the back of the delivery order.

d. While signing the delivery orders it should be ensured that the borrower has made payment to the Bank for the goods to be delivered.

Required Charge Documents

a. Demand Promissory Note

b. Letter of Pledge with Supplementary Agreement

c. Letter of Arrangement

d. Letter of Continuity

e. Letter of Revival

f. Letter of Disclaimer from the owner of the godown in case of rented godown, to be vetted by the Legal Retainer of the Bank.
g. Insurance policy covering risks with Bank Mortgage clause for a sum of 10% above the sanctioned limit.

h. Subordination Agreement (where necessary).

i. Notarized Power of Attorney to sell the pledged goods to be vetted by the Legal Retainer of the Bank.

**Overdraft against Hypothecation of Goods (Stocks):**

Under this arrangement credit facility is extended to the borrower subject to credit and margin restrictions imposed by Bangladesh Bank/Head Office, from time to time, on his signing a duly stamped Letter of Hypothecation creating a charge against the raw materials/finished products/plant and machineries etc. hypothecated to the Bank as primary security against the advance. In this case both the ownership as well as the physical possession of the goods hypothecated remains with the borrower who binds himself by an agreement to surrender physical possession of the goods to the Bank as and when called upon to do so. The Bank only acquires a right over the goods hypothecated.

**OD-Hypothecation advances are operated as follows:**

While allowing Overdraft facility against hypothecation of goods/stocks the following points are taken into consideration:

a. The facility is allowed only to the trustworthy and prudent clients;

b. The goods are readily saleable and have constant and effective demand in the market;

c. Goods are not perishable or subject rapid deterioration due to storage;

d. The borrower has an absolute title to goods;

e. The goods are not encumbered and or hypothecated to any other bank;

f. Valuation of the goods are made carefully with reference to invoice, Bill of Entry, Landed Cost, Ex-factory price, market price etc.;

g. The goods are insured with **Bank Mortgage** clause for a sum of 10% above the sanctioned limit;

h. Stock report duly signed by the borrower is to be obtained at least once in a month but whole releasing funds, up-to-date position of stocks should be obtained. In the event of default, the Bank would be free to stop further drawings;
i. Stocks/goods must be inspected periodically by the authorized bank representative;

j. A separate Stock Statement as on last day of the year duly certified by the external auditors of the company must be obtained in case of a limited company.

Fixation of Margin

Same procedure is followed as explained in OD-Pledge

Valuation of Goods

Same procedure is followed as explained in OD-Pledge

Drawing Power

Same procedure is followed as explained in OD-Pledge

Required Charge Documents

a. D.P. Note.

b. Letter of Hypothecation of stocks with supplementary agreement

c. Letter of Arrangement

d. Letter of Continuity

e. Letter of Revival

f. Letter of Disclaimer from the owner of the godown in case of rented godown, to be vetted by the Legal Retainer of the Bank

g. Insurance Policy covering risks with Bank Mortgage clause for a sum of 10% above the sanctioned limit

h. Subordination Agreement (where necessary)

i. Notarized Power of Attorney to sell the hypothecated goods to be vetted by the Legal Retainer of the Bank
Major Aspects in Term Loan/Project Finance:

Project:

The word ‘Project’ can be used in many sense. It can be narrowed down to a scheme of capital investment to develop facilities to provide goods and services. Project / Term Loan normally has fixed maturity and it relates to term investment. As such it requires appraisal of those proposals to have rational decision. Appraisal may be termed as assessment of validity over period of time.

Appraisal:

There can be no fixed or standardized approach to Project appraisal. Numerous and diverse elements come under the process of appraisal. In practice, project appraisal involves investigation on the following five different aspects of a project:

a. Technical
b. Commercial
c. Financial
d. Economic
e. Management

Appraisal Procedure:

Procedurally, the starting point of project appraisal is the receipt of well documented loan applications from the sponsors in the Bank’s standard questionnaire form. The information collected through primary and secondary sources are required to be verified by the analyst.

Before undertaking project appraisal, the analyst should have adequate knowledge of the economic environment in which the project is to thrive. This calls for information relating to Money and Banking, Foreign Exchange Reserves, Production, Price, National Income, Cost of Living Indices, Government Policies covering Wages, Taxation, Tariff, Import Control, Investment, and Marketability of the Product etc.

In order to cover all aspects, the appraisal function requires collaboration of professional staff of several disciplines. A good analysis of the project, therefore, requires the combined efforts of a team consisting of Engineers, Economists and Financial Analysts.

Technical Aspect:

The Technical aspects of a Industrial Project are appraised to determine whether the project is sound with regard to every engineering and technological consideration, including product specification, process, size, internal balance, suitability and availability of physical facilities, design and layouts of equipments and building etc. the following basic aspects are to be analyzed in the course of technical appraisal:

a. Primary Investigation of Product/Services
b. Selection of Production Process
c. Machinery and Equipment

d. Production Capabilities

e. Selection of Site

f. Building/Machinery Layout

g. Raw Materials

h. Estimate of Total Cost

Market Aspect:

The Market Aspect is concerned initially with the study of demand for the project’s output. An industrial project is to bring in some goods or services for a community. However the community’s demand for such goods services is limited and at a given price. The objective of market analysis is to see how much of these goods and services the community is disposed to acquire and at what prices. While appraising economic aspect of a project the following points are to be considered:

a. Product Current Demand Analysis

b. Unsatisfied Demand

c. Future Demand Analysis

d. Projection of Demand for Intermediate Goods

e. Supply Position

f. Demand Gap

g. Export Potentiality

h. Import Substitute Possibilities

i. Consumer Behavior

j. Elasticity of Demand

Financial Aspect:

The main purpose of Financial Appraisal is to assess if the proposed project is viable in terms of its operation in the future year and its financial soundness. The Bank has to satisfy itself not only about the current solvency of the sponsor but also about their continued solvency during the currency of loan to ensure timely re-payment of the loan. Financial Appraisal results down to concrete monetary terms for investment decision-making. The aspects looked into while conducting financial appraisal are:

a. Investment Outlay & Cost of the Project

b. Means of Financing

c. Cost of Capital
d. Project Profitability  

e. Break-even point Analysis  

f. Cash flow of the project  

g. Internal rate of Return  

h. Projected Financial Position & Balance Sheet  

i. Level of Risk  

j. Sensitivity Analysis and Ratio Analysis  

**Economic Aspect:**  

Economic appraisal /social cost benefit analysis is concerned with judging a project from the larger social point of view. In such an evaluation the focus is on the social cost & benefit of a project which may often be different from the monetary cost & benefit to the firm.  

**Management Aspect:**  

Management aspect of a project appraisal is very important. The man behind the machine is vital. An assessment of the promoters in respect of their integrity, experience and capabilities to implement and run the project is of prime importance before extending a credit of any amount. There are no set rules to find out if the borrowers are men of integrity. It has to be done by direct and indirect investigation.

- Credit risk evaluation should be done as provided in the Credit Policy Guide  

- Documentation be done as per Guide Lines  

**Bill Purchase and Discounted:**  

Purchase and Discounting of Bills of Exchange is another way of employing the bank funds. Such Bills of Exchange arise out of commercial transactions both in inland trade and foreign trade. These Bills of Exchange are classified into demand bills and usance bills. Where a bill is payable ‘at sight’ or ‘on demand’ or ‘on presentation’, it is called a demand bill. If a bill matures for payment after a certain period of time, say, 30, 60 or 90 days after the date, or after sight, it is called usance bill. Both these bills may be clean or documentary.
Consumer Loan

Objectives

The objective of this loan is to provide essential Household durables to the fixed income group (Service Holders) and other eligible borrowers under the scheme. The abbreviated name of the scheme will be “Consave”

Items of Investment:

i. Refrigerator/Deep Freeze
ii. Television/VCR/VCP/Dish Antenna
iii. Music Center
iv. Motor Car/Motor Cycle
v. Air-Cooler/Air-conditioner
vi. Personal Computer
vii. Washing Machine
viii. Household Furniture & Fixtures
ix. Sewing Machine
x. Kitchen appliances like Oven, Toaster, Pressure Cooker, Blender etc.
xi. Any other item not specified above but considered essential

Eligibility

The criteria to become eligible for availing the facility under the scheme are given below:

The borrower must be confirmed official of any of the following organizations:

a. Government Organizations
b. Semi-Government Organization/Autonomous body
c. Multinational Organizations
d. Bank & Insurance Companies
e. Reputed Commercial Organizations
f. Professionals

Entitlement:

i. Eligible borrower can avail the facility to purchase more than one article but the amount of total loan shall not exceed the maximum limit fixed by Head Office from time to time.

ii. Further loan may be allowed to the same borrower if 50% of the previous loan is recovered from him but the same shall not exceed the maximum limit.

iii. Amount of Bank’s investment will be fixed in such a manner that the monthly deduction from borrower salary/income against payment of
Ban’s dues shall not normally exceed 50% of his net income. Exceptional cases may be considered if the Bank is satisfied about the repayment capacity of the client.

**Period of investment:** Maximum three years.

**Client’s equity**

Prescribed margin as fixed by Head Office from time to time on the total value of the articles shall have to be deposited with the Bank by the client as equity before disbursement of loan.

**Mode of Disbursement**

i. Client will procure the specified articles from dealer/agent/shop(s) acceptable to the Bank

ii. All the papers / Cash Memos etc. related to the procurement of the goods will be in the name of the Bank ensuring ownership of the goods. Wherever applicable, the ownership shall be transferred in the name of the client after full adjustment of Bank’s dues.

iii. The client shall have to bear all the expenses of licenses, Registration, Insurance etc. of the articles wherever necessary. The insurance will be with the Bank mortgage clause. The premises shall be paid by the borrower by debit to his account.

iv. The client shall have to bear the cost of repair & Maintenance of the acquired articles.

**Mode of Recovery:**

i. Dues shall be recoverable in the following manners:

ii. In equal monthly installments

iii. The monthly installment shall be payable by the 7th of the subsequent month of disbursement.

iv. Through deduction from the monthly salary of the client wherever applicable, by his employer. In this regard the concerned employee shall authorize irrevocably his employer to deduct the said amount from his monthly salary. This authority can only be revoked by the client with the concurrence of the Bank.

**Documentation**

Allow the advance after obtaining the following documents duly stamped:

a. Demand Promissory Note
b. Letter of Arrangement  
c. Letter of Continuity  
d. Letter of Disbursement  
e. Letter of Revival  
f. Letter of Guarantee  
g. General letter of Hypothecation with Supplementary Agreement  
h. Trust Receipt  
i. Letter of Authority to the employer to deduct the installment from monthly salary  
j. Acceptance of Letter of Authority by the Employer  
k. Post dated cheques from the client mentioning the amount of each installment.

Loan against Trust Receipt (LTR)

Two different types of Trust Receipts will in use to cover the following area of credit lines:  
A) Letter of Trust Receipt (For Release of Shipping Documents).

This is executed by the borrower(s) to release shipping documents for taking delivery of merchandise which is hypothecated to the Bank.

The borrower(s) agree to take delivery of the merchandise as the Bank’s agent(s) and acknowledge(s) that the Bank remains owner of the goods and they will be holding the goods on behalf of the Bank, as Trustees until complete repayment of the debts to the Bank.

B) Letter of Trust Receipt (For Preshipment Financing)

This is executed by the borrower(s) for availing preshipment finance by creating lien on the original Letter of Credit. The borrower also undertakes that the credit facilities will be utilized to purchase /process the merchandise for shipment as per terms of the credit.

The Trust Receipt is a document which creates the Banker’s lien over the goods and practically amounts to hypothecation of the proceeds of sale in discharge of the lien.

1. Advance against Trust Receipt to the clients are allowed when the documents covering an import shipment are given without payment. However, for such advances prior permission from Head Office must be obtained.

2. The customer holds the goods or their sale proceeds in trust for the Bank, till such time, the loan allowed against the Trust Receipt is fully paid off.
3. The period of Trust Receipt may be 30, 45, 60, or 90 days, as allowed by the Head Office. The loan is adjustable within the period. It should be noted that the sale proceeds of goods held in Trust must be deposited in the Bank by the borrower irrespective of the period of the Trust Receipt.

4. Particulars of the transaction should be recorded while allowing advances against Trust Receipt.

5. The following charge documents to be obtained before allowing the advances:
   a. Demand Promissory Note
   b. Letter of Trust Receipt with supplementary arrangement.
   c. Letter of Arrangement
   d. Letter of Disbursement
   e. Comprehensive Insurance policy covering all risks along with Bank Mortgage clause to be obtained.

**Payment against Documents (PAD):**

The negotiating bank, on receipt of the shipping documents from the exporter, scrutinizes the documents to ensure that they are in strict conformity with the terms of L/C. If the documents are in order, the payments is effected by the negotiating bank to the beneficiary (exporter) and debit the opening bank’s account with it or claim reimbursement from the designated/reimbursing bank as instructed by the opening bank and, in fact, the amount so debited or lodging claim for reimbursement stands advanced on behalf of the importer. The shipping documents along with debit advice are thereafter forwarded to the opening bank by the reimbursing bank.

Under PAD, liability under the letter of credit is converted to bank’s advance. It is a practice to allow the importer to retire the documents till the ship carrying the goods arrives. Normally, outstanding under PAD should not take more than 21 days for adjustment. If the importer retires the import bill against payment, the transaction ends there and the outstanding under PAD stands liquidated.

**Letter of Credit (L/C):**

**Definition of L/C:**

Letter of credit (L/C) can be defined as a “credit contract” whereby the buyers bank is committed (on behalf of the buyer) to place as agreed amount of money at the seller’s disposal under some agreed conditions. Since the agreed conditions include, amongst other things, the presentation of
some specified documents, the letter of credit is called letter of credit is called documentary letter of credit. The uniform custom and practice for documentary credit (UCPDC) published by international chamber of commerce (1993) revision; ‘publication no. 500’ defines documentary credit.

**Types of L/C:**

Documentary credits may be either:

i) **Revocable**, or ii) **Irrevocable**

**Revocable credit:**
A revocable credit is credit, which can be amended or cancelled by the issuing bank at any time without prior notice to the seller.

**Irrevocable credit:**
An irrevocable credit constitutes a definite undertaking of the issuing bank (since it can not be amended or cancelled without the agreement o all parties thereto), provided that the stipulated documents are presented and the terms and conditions are satisfied by the seller. An irrevocable credit can be either confirmed or unconfirmed depending on the desire of the seller. This sort of credit is always preferred to revocable letter of credit.

**Parties Involved in a L/C**

There are a number of parties involved in a L/C and the obligations of the different involved parties also differ from each other. The involved parties can be name below:

i) **Importer/buyer**
ii) **Opening/issuing bank**
iii) **Exporter/seller/beneficiary**
iv) **Confirming bank**
v) **Negotiating bank**
vi) **Paying/reimbursing bank**
Importer/buyer is the Person who request/instructs the opening bank to open a L/C. He is also called opener or applicant of the credit.

Opening/issuing bank is the bank, which opens or issues a L/C on behalf of the importer. It is also called the importer or buyer’s bank.

Exporter/seller/Beneficiary is the party in whose favor the L/C is established.

Advising/notifying bank the bank through which the L/C is advised to the exporter. It is a bank situated in the exporting country or it may be a branch of the opening bank or a correspondent bank. It may also assume the role of confirming and/or negotiating bank depending upon the conditions of the credit.

Confirming bank is a bank, which adds its confirmation to the credit, and it is done at the request of the issuing bank. The confirming bank may or may not be the advising bank.

Negotiating bank is the bank, which negotiates the bill and pays the amount to the beneficiary. The advising bank and the negotiating bank may or may not be one and the same. Sometimes it can also be the confirming bank.

Paying/reimbursing bank is the bank or whom the bill will be drawn (as per the conditions of the credit). It is nominated in the credit to make payments against stipulated documents complying with the terms of the credit. It may or may not the issuing bank.

**Operations of Documentary Letter of Credit:**

The following five major steps are taken in the operations of documentary letter of credit:

1. Issuing
2. Advising
3. Amendment (if necessary)
4. Presentation
5. Settlement

Issuing a Letter of Credit: Before issuing a L/C, the buyer and seller located in different countries, conclude a ‘sales contracts’ providing for payment by documentary credit. As per requirement of the seller, the buyer then instructs the bank-the issuing bank- to issue a credit in favor of seller. Instruction/application for issuing a credit should be made by a buyer (importer) in the issuing bank’s standard form. The credit application that contains the full details of the proposed credit, also serves as an agreement between the bank and the buyer. After being convinced about the necessary conditions contained in the
application form and sufficient conditions to be fulfilled by the buyer for opening a credit, the opening bank then proceeds for opening the credit to be addressed to the beneficiary.

**Advising a Letter of Credit:**
Advising through a bank is a proof of apparent authenticity of the credit to the seller. The process of advising a credit consists of forwarding the original credit to the beneficiary to whom it is addressed. Before forwarding, the advising bank has to verify the signature(s) of the officer(s) of the opening bank and ensure that the terms and conditions of the credit are not in violation of the existing exchange control regulation and other regulations relating to export. In such act of advising, the advising bank does not undertake any liability.

**Amendment of Credit:**
Parties involved in a L/C, particularly the seller and the buyer, can not always satisfy the terms and conditions in full as expected due to some obvious and genuine reasons. In such a situation the credit should be amended. In case of revocable credit, it can be amended or cancelled by the issuing bank at any moment and without prior notice to the beneficiary. But in case of irrevocable credit, it can neither be amended nor canceled without the agreement of the issuing bank, the confirming bank (if any) and the beneficiary.

**Presentation of Documents:**
The seller being satisfied with the terms and conditions of the credit proceeds to dispatch the required goods to the buyer and after that, has to present the documents evidencing dispatching of goods to the negotiating bank on or before the stipulated expiry date of the credit. After receiving all the documents, the negotiating bank then cheeks the documents against the credit. If the documents are found in order, the bank will pay, accept or negotiate according to the terms of the credit and afterwards, sends the documents to the issuing bank. The issuing bank also check the documents and if they are found as per credit requirements,

- a) Effects payment, or
- b) Reimburse in the pre-agreed manner.
Settlement: Settlement means fulfilling the commitment of issuing bank in regard to effecting payment subject to satisfying the credit terms fully. This settlement may be done under three separate arrangements as stipulated in the credit. These are:

- **Settlement by Payment:** Here the seller presents the documents to the paying bank and the bank then scrutinizes the documents. If satisfied, the paying bank makes payment to the beneficiary and in case this bank is other than the issuing bank, then send the documents to the issuing bank. If the issuing bank is satisfied with the requirements, payment is obtained by the issuing bank.

- **Settlement by Acceptance:** Under this arrangement, the seller submits the documents evidencing the shipment to the accepting bank accompanied by a draft drawn on the bank (where credit is available) at the specified tenor. After being satisfied with the documents, the bank accepts the documents and the draft and if it is a bank other than the issuing bank, then sends the documents to the issuing bank stating that it has accepted the draft and at maturity the reimbursement will be obtained in the pre-agreed manner.

- **Settlement by Negotiation:** This settlement procedure starts with the submission of documents by the seller to the negotiating bank accompanied by a draft a drawn on the buyer or any other drawee, at sight or at a tenor, as specified in the credit. After scrutinizing that the documents meet the credit requirements, the bank may negotiate the draft. This bank, if other than the issuing bank, then sends the documents and the draft to the issuing bank.
CHAPTER R-5
SOCIAL RESPONSIBILITIES
**SOCIAL RESPONSIBILITY**

Our CSR activities follow transparent business practices that are based on ethical values, compliance with legal and regulatory requirement and respect for people, communities and the environment. We are responsible for the totality of our impact on people and the planet, beyond making profit. Southeast Bank’s banking practice is based on a network of relationship with its employees, customers, suppliers, business associates, shareholders, regulatory authorities and the community. The Bank’s corporate social responsibility is about addressing the needs of all the stakeholders in a way that advances its business and makes a positive and meaningful contribution to the society.

**Employees**

The Bank offers its employees very competitive pay package and bonus that are reviewed on a continuous basis in line with the market dynamics. It provides the employees a safe and congenial work environment. It also offers its employees handsome retirement benefits by way of Contributory Provident Fund, Gratuity etc. As a consequence, Southeast Bank has emerged as a Bank with a vision; workplace of choice of many.

**Customers**

Focusing on the need of customers is fundamental to banking business. Southeast bank discharges this vital responsibility by offering financial products and services that truly meet their needs. In discharging this vital responsibility, the Bank always strives to maintain the highest standard of ethics in the conduct of its business. The Bank feels proud that these efforts have earned it the trust of the customers. This trust in turn motivates the Bank to carry out every single transaction with the customers with the highest degree of commitment and transparency without any hidden cost.

**Shareholders**

The Southeast bank is fully committed to protect the interest of its shareholders. The Bank releases enough disclosures for the information of the shareholders in the Annual Reports, half yearly financial statements, the print and electronic media and in the Bank’s website. It always endeavors to enhance shareholders’ value by optimizing financial performance at least cost. Since inception, the Bank has paid good dividends to the shareholders.

**The Bank’s Business Associates**

The Bank continuously endeavors to create a long-lasting win-win relationship with its suppliers and business associates for mutual growth. Its relationship with them is based on mutual trust and respect. It deals with them in a fair and transparent way.
Environment
The Bank continuously strives to ensure that its operations are environment friendly and discourages financing projects contrary to it. It has extended its helping hands to initiatives of community leaders for environment protection and development. It is one of the leading participants in the beautification of Dhaka city.

Regulators
Southeast Bank firmly believes that it is imperative to comply with the relevant laws, rules and regulations of all regulatory authorities to be a responsible corporate citizen. The Bank’s business practices are transparent and are appreciated by the regulators. The Bank operates cautiously observing the anti-money laundering, practices and combats financing of terrorists.

Community
a) Corporate social responsibility (CSR) is the concept coined to describe how organizations now consider the welfare of the people by being responsible for the impact of their activities on all groups of people involved and affected by their business, e.g. their employees, customers, stakeholders. Many businesses have taken CSR very seriously that they have gone beyond “following laws”, and do more than being “responsible”. Southeast Bank Limited is one of those corporations. In 2013, Southeast Bank has spent total BDT 76.00 million as donations for education, sports, art, culture, healthcare, community development, relief and operations etc. in 2013.

b) Our credit policy has been redesigned to avoid concentration of Bank’s credit in major cities and to encourage distribution of credit in priority sectors particularly in Agriculture and SME

c) Following the tragic incident of brutal killing of valiant Army Officers at the then BDR Headquarters, Southeast Bank pioneered an idea to stand by the affected families. In accordance with our devised formula, the Bank, in collaboration with the Government of Bangladesh, selected the following 7 (seven) bereaved families of the Shaheed Army Officers who embraced martyrdom at the carnage at BDR Headquarters to stand by them. Each family is being given BDT40,000.00 (Forty Thousand) only per month totaling BDT4,80,000.00 (Four Lac Eighty Thousand) only in a year and the contribution will continue for 10 (Ten) years. The contribution for the year 2012 was made on February 29, 2012 through Prime Minister’s Office (PMO) amongst the following
National Economy
Southeast Bank has directly employed people in the service of the Bank. We have also generated employments for thousands of men and women in the projects and industrial ventures established with our finance. The credit policy of the Bank has also been so designed as to promote trade, commerce and industry which will ultimately contribute to the growth of national economy. It will also help creation of employment opportunities. By mobilizing deposits for the Bank, we have contributed to the formation of capital of the country. We have collected tax on interest/profit earning of the depositors for the public exchequer. Our Bank has been a conduit for bringing foreign remittance from Bangladeshi expatriates living abroad and thereby contributed to the overall foreign exchange reserve of the country. We contributed sizable amounts to the national exchequer in the preceding years as corporate tax.

Southeast Bank Foundation Scholarship Project

Since inception in 2002, Southeast Bank Foundation has been working consistently to foster social advancement and wellbeing of the common people. As in the preceding years, education remained at the top of the Foundation’s agenda in 2013. The ongoing scholarship program of SEBF, initiated in the year 2009, targets the meritorious students coming from low income families. It began with two tiers: one for school students and the other for HSC level students and later extended to higher education i.e. students belonging to graduation/university levels. At the school level the Foundation implements its scholarship program with the assistance of local SEBL branches. The amount of scholarship for class VII and VIII is BDT 600/- per month and a lump-sum amount of BDT 1,500/-. For students of class IX and X scholarship amount is BDT 1,000/- per month with a lump-sum amount of BDT 2,500/-. The scholarships are renewed for the higher classes on the basis of annual results and class performances. The number of beneficiaries at the school level during the reporting year (2013) was 209. Out of them, 28 students are expected to appear at the SSC exam in 2014. For the higher secondary level students, scholarships are advertised in the daily newspapers. The poor and meritorious students of all Boards, including Madrasah and Technical, are eligible to apply. For students of class XI and XII the amount of scholarship is BDT 1,500/- per month with a lump-sum amount of BDT 4,000/-. Students are required to open SEB Accounts to draw scholarship money. For the renewal of scholarships, students are required to send results of first year final examination to the Foundation duly attested by the concerned Heads of the institutions. It may be relevantly mentioned here that such satisfactory performance report is a pre-requisite for renewal of all categories of scholarships including that of graduation levels. This reporting system, in a way, works as an in-built monitoring mechanism which induces the awardees to be more attentive to their studies. In 2013, the number of beneficiaries under the scholarship program at the HSC level was 282. Out of these students, 161 are from Science group, 79 from commerce group, 25 from Arts group, 14 from Madrasah group and remaining 03 students are from Technical Board. It is worth mentioning here that the duration of HSC level scholarship for technical students has recently been extended to 4 years to enable the awardees to cover the cost of the entire course of study. The door of SEBF scholarship is also open to the graduation/university level students. The duration of scholarships is four years subject to satisfactory performance of concerned beneficiaries each year. The amount of scholarship is BDT 2500/- per
Southeast Bank Green School

The rising need of urban population in educating their children is to prepare them competently for the future. To cater for such need in a modest form, the Foundation has undertaken its next project as to establish quality English Medium Schools at strategic locations of Dhaka. So for areas identified for such schools are Mohammadpur, Mirpur, Rampura / Khilgaon and Uttara. The Foundation’s first school, The Southeast Bank Green School has been started in a six-storey rented building in 2012 at Pisciculture Housing Society, Mohammadpur. To extend its facilities up to “O” Level another building bordering to it has been rented in 2014. Recently a floor space of twenty thousand (20000) sft. has been procured to establish its permanent school in a location near to Dhaka Commerce College, Mirpur
The year 2013 was an eventful year witnessing major changes in the socio-political and financial sector of our country. In the backdrop of global financial crisis that persisted in 2013 and the ever changing competitive banking scenario, Southeast Bank marched ahead capitalizing on the opportunities and overcoming the adversity and challenges in 2013. The Bank successfully completed the 15th year of its operations registering a significant growth in all the performance indicators including deposits, loans, international trade, foreign remittance and profitability in 2013.

The financial statements for 2013 bear testimony of the Bank’s excellent performance and sound health. The dedication of a visionary management team along with its highly professional and experienced workforce operating under the guidance of a learned and prudent Board have made 2013 a successful year for the Bank.

The Bank generated an operating profit of Tk.4, 614.66 million in 2009 against Tk.3, 012.58 million in 2008 showing a remarkable annual growth of 53.18%. In 2009, the Bank mobilized deposits of Tk.96, 669.05 million, and loans and advances of Tk.77, 497.57 million which posted an annual growth of 41% and 29% respectively over 2008. Imports grew by 20% to Tk.69,582.92 million, export by 11% to Tk.46,724.47 million and foreign remittance by 56% to Tk.23,800.00 million. During the period of last 5 years (2005-2009) the Bank achieved an average annual growth of 28% in deposits, 29% in loans and advances, 52% in exports, 29% in imports and 110% in foreign remittances. This year the Bank’s profit per branch and profit per employee was the highest among our peer banks.

In 2009, total assets reached Tk.112, 676.98 million from Tk.81,181.53 million of 2008 reflecting 38.80% growth. Earning per Share (EPS) stood Tk.54.64 in 2009 as against Tk.31.11 in 2008 depicting 75.63% growth. Return on Asset (RoA) and Return on Equity (RoE) are 1.66% and 16.51% showing annual growth of 52.29% and 36.90% respectively. The sound company fundamentals led to the rise of investors’ confidence and placed Bank’s share trading among the top ten listings in both the Dhaka and Chittagong Stock Exchange. Merchant Banking operations have been introduced from August 2009 in a bid to promote country’s capital market and broaden the investment base for the bank.

Southeast Bank Limited, a second generation private Bank, emerged in 1995 amid liberalization of global economies. Currently, its Authorized Capital is Tk.10,000.00 million and its capital and reserve reached 9,927.16 million as of December 31, 2009. Its vision is to stand out as a premier banking institution in Bangladesh and contribute significantly to the national economy. The Bank, in the meantime, successfully completed 15th year of banking operations, recording significant growth in all the performance indicators. In 2009, the Bank earned an after tax profit of Tk.1870.19 million. The deposit of the bank grew by 41 percent to Tk.96,669.05 million and advance by 29 percent to Tk.77,497.57 million compared to those of 2008. During the last five years (2005-2009), the Bank achieved an average annual growth of 28 percent in deposit, 29 percent in advances, 52 percent in export and 29 percent in import and 110 percent in remittance. During the last five years, the export volume increased by three times to Tk.46,724.47 million and foreign remittance increased by seven times to Tk.23,800.00 million.

Operational excellence, coupled with qualitative improvements continued to be of Paramount importance to the Bank. At present, the Bank has 56 branches, 10 SME Centers and 1 off-Shore Banking unit across the country. Plans have been drawn to raise another 10 branches and at least
10 more SME Centers in 2010. Our journey towards greater operational success continues with increased energy, vigor and enthusiasm.

As we face the stiff challenges ahead on the way to further improving the probability of the Bank, we rely on our skilled and experienced workforce. Our strengths are our close and cordial partnership with customers, firmly anchored presence in the country's strategic places of commercial and business importance and global reach through correspondent Banks for expansion of foreign trade, foreign exchange and remittance business. Our product-basket encompasses Real Time Online Any Branch Banking, Islamic Banking, Merchant Banking, Dual Currency Visa Credit Card, Visa Travel Card, ATMs, Education Loan Scheme, Double Benefit Scheme, Consumer Loan, Millionaire Deposit Scheme, SME Banking, Corporate Banking, Syndicate Loan, Monthly Savings Scheme, Monthly Income Scheme, Pension Saving Scheme, Wage Earner Pension Scheme, SMS Banking etc. in addition to our traditional credit and foreign trade related products and services.

High quality customer services through the integration of the latest and state of the art banking technology and products is our tool to achieve success. Customers are the first priority. The Bank is trying hard to provide a system of one-stop banking for customers by providing a broad spectrum of services. SEBL employees have mastered new technology, enhanced their product knowledge and honed their skill to help customers meet their financial goals. The Bank wants to be the best helping customers become financially better off by providing free advice, innovative leading-edge financial solutions, choice and convenience. Whether the Bank’s customers are individuals, small businessmen, or commercial clients, the bank aim to deliver the best customer service by meeting their unique and different needs in a professional, ethical, friendly and knowledgeable manner.

The Bank is pledge-bound to turn Southeast Bank into a modern banking institution, dynamic in actions, progressive in programs, honest in dealings, just in judgement, futuristic in attitude, fair in approaches and devoted to high quality service to customers. The Bank charted plans are aimed at boosting modern management, advanced technology, good profitability, sound financial strength and fair corporate image of the Bank. The Bank is firmly committed to transparent, responsible and accountable corporate governance with the participation of strong and most capable team of professionals and under the prized policy directives and guidance of the Board of Directors of the Bank.

Southeast Bank Limited carries out business activities with due respect for existing value and norms and with an understanding of the importance a large financial institution has for the society and the environment. The bank wants to ensure its shareholders a competitive return in line with the best among peer institutions.
CHAPTER 6
SWOT Analysis
SWOT Analysis Of SEBL

STRENGTHS:

- It is a good profit making bank. It made a good level of profit every year, such as, in the previous year it made Tk. 1870.19 million.
- It is doing work with the experience of 12 years.
- It has very good reputation.
- It is facilitating most of the modern banking.
- Employees’ behavior towards Customer is very well.
- Employees are getting sufficient salary.
- Client loyalty is exceptionally high to this branch.
- Working method of this branch is more improved.
- Employees have a good personal relationship with customers.
- All the employees are well-trained.
- Southeast Bank is providing online banking facility to its customers.
- All the branches are computerized and Online.
- Good corporate image in the banking sector.
- All tasks are organized and divided to the employees individually.
- It has a huge level deposit.
- Most of employees are from good educational background.
- It has some big organizations account and it keeps clients in safe.
- It has good relation with other commercial banks including Bangladesh Bank.

WEAKNESS:

- Some employees are not efficient because of lacking in the education,
- Binding in rules and regulation.
- Lack of communication in between management.
- Service support product is not satisfactory, for example: Decoration.
- Numbers of employees are less.
- More up to date banking facilities are not available, such as, account checking by mobile.
- Only own ATM booth.
- For some service customer has to go two or more desks.
- Some employees are traditional banker minded.
- Some employees are not expert in handing computer.

OPPORTUNITIES:

- Increase in commercial privates bank itself suggests a huge market of banks in the local and foreign area.
As abroad going people are increasing, SEBL can collect home bound remittance by its quick service.

**THREATS:**

- Numbers of private bank are increasing.
- Private bank are giving efficient modern service and they continuously innovating new product.
- Current law and order situation is not positive for the investment part.
- Pessimistic representation to the government and Bangladesh Bank.
- Some Banks offering more attractable rate on deposits than Southeast Bank in some cases.
- Some foreign Banks are introducing many new, expensive and technological services for customers.
- Many foreign banks are occupying markets by various attractive advertising and promotional activities.
- Number of potential competitors both foreign and domestic private banks is increasing day by day.
CHAPTER 7

Findings, Recommendations and Conclusion
**MAJOR FINDING:**

**Employee Dissatisfaction:** Because of late promotion and longer probationary period there is dissatisfaction among the employees. Late increment in salary is another cause for employee dissatisfaction. Career Opportunity is less. Most of the bankers have no banking backgrounds.

**Double standard in banking:** Beside the general banking system, Islami banking system has been introduced in Southeast Bank Limited. This sort of double standard in banking may create confusion in the mind of customers.

**Advertising and promotion:** Advertising and promotion is one of the weak point of Southeast Bank Limited, Southeast Bank Limited does not have any effective promotional activities through advertisement, but other banks have better promotional strategy.

**Centralization:** The Bank is too much centralized. For each and every move, branch office has to go for permission from the Head Office. The Head Office tightly controls each and every branch office. This sort of dependency on Head Office slows down the activities of branch office.

**Lack of Rural Banking:** Though there are huge opportunities of Rural Banking in potential rural areas of 07 different Division, the bank is opening only urban branches in the different division.

**Lack of Employee:** Southeast Bank is facing shortage of employee in their branches.

**Few Merchant Locations:** There is a very few merchant location of ATM card.

**Lack of Computer Knowledge:** All the organizations including banks are now mostly depends on computer but employees do not have much knowledge on computer.

**Decoration:** Decoration of the SEBL has become old. So, young people are not attracted to this branch as well as employees are not getting the congenial environment. Customers are also facing the problem with decoration.

**RECOMMENDATIONS:**

The importance of sustaining and improving bank performance is increasing day by day particularly in an environment which is characterized by rapidly flourishing technology and its growing application to banking, tremendous competition, product development, shift in marketing strategy, deregulation & globalization on the one hand, and escalation in the number of bank failures accompanied by mergers and mega mergers on the contrary. In order to keep abreast with the prevailing market scenario Southeast Bank has already strengthen its position in the industry.
The Bank has grown well in its 15th year of business, expanded its coverage of financial products and customer segments and enhanced its service capabilities across multiple channels. The result achieved by the Bank reflects that it claimed to even higher operational height despite stiff competition.

From the profitability as well as productivity analysis and based on the findings, we can conclude with the following recommendations:

1. SEBL Head Office as well as all Branches should increase management efficiency.
2. Bank management should pay more attention to increase its non-funded businesses (off-balance sheet activities) that will have a positive impact on its profitability. The modern world of banking on gradual assumption of the universal banking character has adopted the off-balance sheet activities as one of the important strategies to improve profitability considering the risk less / less risky character of the same.
3. To keep cost structure in control, the Bank may outsource several utility services and non-core banking activities.
4. Successful business depends on how it can promote its products or services to the customers. So, to improve the business status, Southeast Bank should introduce more promotional programs.
5. For developing the asset utilization ratio, portfolio of asset structure should be rearranged by removing the non-earnings assets or transforming the non-earning assets into earning one.
6. Bank should put its attention to collect low cost deposit to reduce average cost of fund.
7. Diversification of loan portfolio in different sectors is required to reduce large loan risk.
8. To comply with the government Policy to reduce Lending Rate, bank should actively take Negative Fund Gap Management approach immediately.
9. To maintain Negative fund gap Southeast Bank should introduce different types of deposit schemes.
10. Management should pay more attention to reduce the Operating Expenses or to keep it at minimum level to increase profitability.
11. It should increase Consumer Banking activity as early as possible.
12. It should pursue advertisement campaign in order to build a strong image among the people. They should carry out aggressive marketing campaign to attract clients. They can give advertisements in newspaper and magazine, television.
13. It should maintain more cash and deposit balances with other banks. Because it is desirable that banks keep their cash and balance with other bank to such extent so that it can minimize the chance of liquidity crunch.
14. It should develop more strategic planning as to compete with its rival banks.
15. There is no reward system in the Southeast Bank Limited for its officers showing any outstanding performance. Therefore to motivate the employees of the bank, employees should be rewarded on the basis of their performance.
All the customers should get fair treatment or same priority regardless of their volume of amount they deal.

The rules and regulations regarding sanctioning the loan should be more favorable for the customers.

Default culture is very much familiar in our country. Southeast Bank Limited should carefully allocate the bank’s assets to the highest yielding loans while avoiding excessive risk. The bank should give more concentration to reduce the amount of Bad/Loss relative to classified loans.

The bank’s main obstacles are to regulatory burdens, new government regulations, increasing competition from non-traditional financial institution. So, the bank should take some proactive steps to handle unexpected situation.

Southeast Bank Limited should pursue advertisement campaign in order to build a strong image among the people. They should carry out aggressive marketing campaign to attract clients. They can give advertisements in newspaper and magazine, television and neon signs.

Bank should conduct regular market research to know the competitors’ offers toward customers.

They should introduce innovative type of deposit to attract more customers.

Southeast Bank Limited should develop more strategic planning as to compete with its rival banks.

It may introduce one stop service for its client.

It should recruit more employees.

Increase the merchant locations of ATM cards.

It needs to slightly modify their savings scheme to attain superior customer satisfaction. In this case, they should consider maximizing customer profitability alongside the banks.

As there is significant scope of improvement for employee knowledge of products, the bank could device training session every few months. This would also allow them to improve the employee to client relationship, in which they seem to be vulnerable at the present state.

It also needs to improve the service quality. In this case, they can start with service delivery which is a problem for them at the moment. To resolve this problem, they can divide the service delivery process into several parts and identify the bottlenecks. This will allow them to focus on the problem areas specifically and provide solution that will eventually improve service quality.

It has significant problem regarding the environment of the bank. In this case, they need to identify exactly which portion of the environment is bothering them the most and then resolve the problems in the best possible manner.

Most of the customers find the Monthly savings scheme as by far the most attractive comparing to the others. So, to make the other schemes as attractive as the Monthly savings scheme it can add some of the feature of that scheme to the other schemes. One very viable option that can be added would be the easy installment opportunity.

Expertise should be involved in the process of forecasting future prospect of the banks.
Opportunities of financing in the new sectors like Agriculture, Real Estate, IT etc. should be explored out.

Necessary training should be provided to upgrade the efficiency of the officers in measuring risk and in selecting the profitable projects.

It should be more cautious on operating expenses and establishment expenses.

Bank executives should try to mobilize more deposit schemes through better marketing and incentive measures.

The decision making process should be more fast.

One of the business strategies is promotion. Successful business depends how they can promote their products or services to the customer. To improve the business status, the bank should introduce more promotional programs.

CONCLUSION:

Since the banking service especially the private Banks are doing an outstanding business, so it is clear that the modern people are more concerned about securing their valuable assets and get high-quality and timely services. For this reason lot of new commercial bank has been established in last few years and these banks have made this banking sector very competitive. So, now banks have to organize their operation and do their operations according to the need of the market. Banking sectors no more depends on a traditional method of banking. In this competitive world this sector has trenched its wings wide enough to cover any kind of financial services anywhere in this world. The major task for banks, to survive in this competitive environment is by managing its assets and liabilities in an efficient way.

The Southeast Bank’s philosophy - "A Bank with Vision" has been precisely an essence of the legend of success in the Asian countries. The bank has proved to be successful by offering quality and timely services to its customers. The employees of Southeast Bank are very efficient, everyone knows their work very well and can perform efficiently to produce the best output. The bank has plans to open more branches to expand their network.

They are also playing a significant role in the import and export of Bangladesh. Especially Southeast Bank has more import business than its rivals.

Southeast Bank is the most promising private commercial bank in Bangladesh. Every day Southeast Bank endeavor to increase their product and services although they provide a wide range of product of services to their customers. Southeast Bank is helping the economy of Bangladesh by remitting of funds both local and foreign.

With the current performance of the Bank and with little improvement here and there will certainly make Southeast Bank the best Private Bank in Bangladesh in the near future.
It can be concluded from the analyses of the previous two years’ data that the financial performance of SEBL is well and good. Although some procedural disputes have been observed in general banking activities and credit facility, it will be overcome shortly because the management of SEBL has already taken steps for initiating developmental works. If general banking and loan disbursement activities can be more automated and updated procedurally, customer service will be more prompt and fast. As a result, it will not be difficult to retain the prevalent customers who are being always provoked by other banks. The data of previous ten years shows us that non-performing loans of SEBL have decreased significantly which has increased the images and the share price in the share market. At the time of credit appraisal and loan disbursement, the loan executive committee can be aware of those sectors which have a good number of classified clients so that the management will face little difficulty in loan recovery otherwise number defaulters will increase and will be liable to the depositors whose money has been disbursed by SEBL. It has been observed that some clients have the tendency to maintain overdue account if they are not insisted to pay. Hence, monitoring department should make consistent follow up through phone, letter and even giving visit to their home. However, the overall performance of SEBL is sound enough and has gained much reputation in banking business. I believe that Southeast Bank Limited has energetic Human Resources Team and will be able keep pace with the modern banking system by facing the forthcoming challenges. I wish every success of Southeast Bank Limited in times to come.
APPENDED PART
BIBLIOGRAPHY:

Annual Report of Southeast Bank Limited 2013
Brochures of Southeast Bank Limited.
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Daily Affairs and other Statement of SEBL
Website (www.sebankbd.com) of Southeast Bank Limited.
Fooster , Financial Statement Analysis , 3rd Edition
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Dr. R.R. Paul, Money Banking and International Trade, 3rd Edition, page # 6-B, 33-B.

Appendices

Appendix-1

Questionnaire:
[Here, 5=Strongly Agree, 4=Agree, 3=Neutral, 2=Disagree, 1=Strongly Disagree]

1. How often do you visit SEBL?
   a) Everyday
   b) 2-3 times in a week
   c) Once in a week
   d) More than once in a month
   e) Hardly ever

2. When you come to the branch, do you have to stand in a queue?
   a) Yes, most time
   b) Yes, sometimes
   c) Never
   d) No experience

1. Does the branch give any special attention to you?
   a) Yes, they do
   b) No, they do not

2. When you have a problem, bank show a sincere interest in solving it?
   a) 1
   b) 2
   c) 3
   d) 4
   e) 5
3. Do the employees feel embarrass while serving you?
   a) Yes they do
   b) No, they do not

4. Employees in bank are always willing to help you?
   a) 1
   b) 2
   c) 3
   d) 4
   e) 5

5. Do you feel safe your transaction with this bank?
   a) Yes
   b) No

6. Is the bank financial position is better?
   a) Yes
   b) No

7. Is the risk are high in the bank?
   a) Yes
   b) No

8. How do you feel about the customer service of SEBL?
   a) Best service
   b) Better than other private banks
   c) Good
   d) Bad
### Table 5: Balance Sheet of December 31, 2012 & 2013

<table>
<thead>
<tr>
<th>PROPERTY AND ASSETS</th>
<th>2013 (Taka)</th>
<th>2012 (Taka)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>In hand (including foreign currencies)</td>
<td>1,802,673,124</td>
<td>1,402,347,789</td>
</tr>
<tr>
<td>With Bangladesh Bank and Agent Bank (including foreign currencies)</td>
<td>10,955,385,255</td>
<td>9,432,422,117</td>
</tr>
<tr>
<td><strong>Total Cash</strong></td>
<td><strong>12,758,058,379</strong></td>
<td><strong>10,834,769,906</strong></td>
</tr>
<tr>
<td>Balance with other banks and financial institutions:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>In Bangladesh</td>
<td>2,706,540,365</td>
<td>2,517,874,755</td>
</tr>
<tr>
<td>Outside Bangladesh</td>
<td>695,263,596</td>
<td>757,063,528</td>
</tr>
<tr>
<td><strong>Total Balance with Other Banks</strong></td>
<td><strong>3,401,803,962</strong></td>
<td><strong>3,274,938,283</strong></td>
</tr>
<tr>
<td>Money at call and short notice</td>
<td>1,008,900,000</td>
<td>969,100,000</td>
</tr>
<tr>
<td>Investment:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government Securities</td>
<td>50,860,905,762</td>
<td>34,077,314,732</td>
</tr>
<tr>
<td>Others</td>
<td>4,974,783,578</td>
<td>3,585,327,406</td>
</tr>
<tr>
<td><strong>Total Investment</strong></td>
<td><strong>55,835,689,340</strong></td>
<td><strong>37,662,642,138</strong></td>
</tr>
<tr>
<td>Loans and advances:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans, cash credits, overdrafts, etc.</td>
<td>130,010,888,059</td>
<td>121,537,630,093</td>
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<tr>
<td>Bills discounted and purchased</td>
<td>5,679,201,782</td>
<td>5,729,525,873</td>
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<tr>
<td><strong>Total Loans</strong></td>
<td><strong>135,690,089,841</strong></td>
<td><strong>127,267,155,966</strong></td>
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<tr>
<td>Fixed assets</td>
<td>7,642,269,469</td>
<td>7,613,398,286</td>
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<td>Other assets</td>
<td>4,241,364,275</td>
<td>3,189,560,423</td>
</tr>
<tr>
<td>Non-banking assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>220,578,175,264</td>
<td>190,811,565,002</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES AND CAPITAL</th>
<th>2013 (Taka)</th>
<th>2012 (Taka)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Borrowing and other banks, financial institutions &amp; agents</td>
<td>7,921,435,000</td>
<td>6,853,946,225</td>
</tr>
<tr>
<td>Deposits and other accounts:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current deposits and other accounts</td>
<td>14,201,428,330</td>
<td>12,189,247,342</td>
</tr>
<tr>
<td>Bills payable</td>
<td>1,914,532,727</td>
<td>1,755,500,842</td>
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<tr>
<td>Savings bank deposits</td>
<td>14,118,813,852</td>
<td>8,515,191,081</td>
</tr>
<tr>
<td>Term deposits</td>
<td>147,273,208,331</td>
<td>130,490,017,945</td>
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<tr>
<td><strong>Total liabilities</strong></td>
<td>177,507,983,239</td>
<td>152,949,957,210</td>
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<tr>
<td>Other liabilities</td>
<td>13,232,712,161</td>
<td>11,204,449,678</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>198,662,130,399</td>
<td>171,008,353,114</td>
</tr>
<tr>
<td>Capital/shareholder's equity:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paid up capital</td>
<td>8,732,858,820</td>
<td>8,732,858,820</td>
</tr>
<tr>
<td>Premium on right share</td>
<td>--</td>
<td>(110,580)</td>
</tr>
<tr>
<td>General reserve</td>
<td>4,331,542,622</td>
<td>4,231,901,339</td>
</tr>
<tr>
<td>Statutory reserve</td>
<td>6,444,821,277</td>
<td>5,236,100,140</td>
</tr>
<tr>
<td>Other reserves</td>
<td>247,650,000</td>
<td>247,650,000</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>2,159,172,145</td>
<td>1,354,812,170</td>
</tr>
<tr>
<td><strong>Total shareholders' equity</strong></td>
<td>21,916,044,865</td>
<td>19,803,211,889</td>
</tr>
<tr>
<td><strong>Total liabilities and Shareholders' equity</strong></td>
<td>220,578,175,264</td>
<td>190,811,565,002</td>
</tr>
</tbody>
</table>

### OFF BALANCE SHEET ITEMS

| Contingent liabilities:                  | 2013 (Taka) | 2012 (Taka) |
| Acceptances and endorsements            | 32,847,491,207 | 25,416,703,879 |
| Irrevocable Letters of credit           | 19,925,642,403 | 18,908,743,015 |
| Letters of guarantee                    | 16,230,483,458 | 14,188,452,336 |
| Bills for collection:                   | 12,616,797,886 | 12,616,797,886 |
| Value of Bangladesh Sanchayapatra      | 822,339,000    | 732,879,000   |
| **Other contingent liabilities:**       | 82,126,388,243 | 71,863,576,116 |

| Others Commitments                     |             |             |
| Documentary credits and Short term trade related transaction | ---         |             |
| Forward assets purchased and forward deposits placed | --          | ---         |
| **Total off balance sheet items including contingent liabilities** | 82,126,388,243 | 71,863,576,116 |
DEDICATED TO MY PARENTS & SUPERVISOR