



**“Central Processing Center (CPC)”
The Back Office Processing Center For
BRAC Bank Limited**

**Prepared for
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Lecturer -
East West University**

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East West University



December 28, 2004

Mrs. Sarwat Amina
Lecturer
East West University

Dear Madam:

I was asked to prepare my report (for Internship) regarding Central Processing Center of BRAC Bank Ltd. This is a very important report for me. I hope this report will challenge me to apply and integrate my analytical skills in future professional life. And I've tried my best to provide all the relevant information about the topic.

I truly hope that my report work will fulfill your expectation because I've tried my best. The topic was really an important one for my future professional life. So I appreciate you.

Sincerely,

Mohammad Ali

Mohammad Ali

ID # 2001-2-10-0127

Executive Summary

This report is prepared as requirement of the internship of BBA program of East West University. This report focuses two months working experiences in BRAC Bank Limited Head Office. This report will give a clear idea about activities and operational strategies of BRAC Bank Limited; especially this report focuses on the Operating activities of the back office as well as ATM Card division.

BRAC Bank Limited, one of the latest generations of commercial banks, which started its journey on the 4th of July 2001 with a vision to be the absolute market leader. BRAC bank is a commercial scheduled bank extending full range of banking facilities as per the directives of Bangladesh bank. It intends to set standards as the absolute market leader by providing efficient, friendly and modern fully automated on-line service on a profitable basis. BRAC Bank is surviving in the large banking arena through its unique and competitive products and it is the only local bank providing 100% integrated on-line banking.

The Bank is mainly owned by the largest NGO in Bangladesh – BRAC. The Bank has positioned itself as a new generation Bank with a focus to meet diverse financial need a growing and developing economy.

Central Processing Center (CPC) is a new concept to the Banking industry where real time back offices functions have been processed within prescribed SOP. Mr. Kasier Tamiz Amin, EVP And COO, has implemented this modern idea to BRAC BANK since 13th March 2003. In the very beginning a two member team was formed with young and experienced professional to conduct day-to-day processes timely, accurately and efficiently. Central Processing Center (CPC) handled primarily only Clearing Cheques Process. Today Central Processing Center (CPC) consists of 11 (Eleven)-Member team.

Acknowledgement

It is my great privilege to express my gratitude to the creator Allah (SWT) for such great opportunity to be in touch with BRAC Bank Bangladesh Limited (BBL) for the following days. I also put my heartened feelings and gratitude to those who helped me to prepare this report. Without their kindness and assistance it was impossible for me to complete this report as on the topic “Central Processing Center (CPC)”The Back Office Processing Center For BRAC Bank Limited.” In preparing the proposed report I have taken great assistance support and guidance from my supervisor, persons of BRAC Bank Limited.

At first I would like to express my heart full thanks to Miss. Sarwat Amina, she is my supervisor. Without her help it was impossible for me to complete this report. I am very grateful to her because she gave her enough time, consultation and guidelines. Whenever I faced any problem I went to her and she showed me the right direction.

I also want to thank to all the officers BRAC Bank Limited especially to Mr. Mahabubul Alam, Shakhawat Hossain, Farhana Rashid, Mr. Suruzzaman (Manager IPD), Mr. Nasir Uddin Ahmed (Head of CPC & AVP), Mr. Zakir Hossain and all other officials who gave me necessary information and excellent guidance to prepare this internship report.

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1.1 Background of the study

Business world is becoming very much complex day by day. Without sufficient practical experience business becomes difficult and in some cases impossible. The whole world is moving because of business relation. Business plays a very important role in developing economy of a country. So, in the business world, practical experience is regarded as a media through whom we have an acquaintance with the real world.

The Bachelor of business Administration (BBA) was introduced by East West University with an objective to supply an adequate number of highly trained and educated graduates to the economy. As the BBA program is the integrated, theoretical and practical method of teaching students of this program are required to have practical exposure in own different major disciplines in the proceeding years of their courses.

I was authorized to prepare a report on central function of BRAC Bank Ltd. for partial fulfillment of my course requirement. I went to BRAC bank Limited, Head Office, where I worked as an intern from 1st June 2005 to 31st August 2004. This report has been prepared based on my practical experience on the day-to-day banking activities and under close supervision of my internal guide teacher as well as course teacher Sarwat Amina.

1.2 Objective of the Study

The basic objectives of this study are as follows:

- To fulfill the partial requirement of BBA program.
- To have an exposure on the banking environment of Bangladesh.
- To gain different functions of banks.
- To have some practical experience that will be helpful for my BBA program.
- To facilitate the students apply their theoretical knowledge in practical level of operation of a bank as well as find out the differences between theory and practice.

1.3 Methodology of the Study

I went to BRAC bank Limited, Head Office for my internee. The basic data both primary and secondary used in the preparation of this report are obtained from:

- Personal observation of different tasks.
- Face to face conversation with the bank officers.
Studying of different files and books.
- Annual report of BRAC Bank Ltd.
- Periodicals published by Bangladesh Bank.

1.4 Limitation of the Study

Observing and analyzing the broad performance of a bank and one of its branches are not that easy, particularly in such a short duration like ours (Only three months). Shortage of recent data as well as information of different activities of BRAC Bank was a great problem for me to depict the actual and up-to-date business position of the bank. Moreover, all the employees were always busy with heavy workload. Therefore, they were not able to extend their co-operation properly.

2.1 Background of the Bank

BRAC Bank Limited, one of the latest generations of commercial banks, which started its journey on the 4th of July 2001 with a vision to be the absolute market leader. BRAC bank is a commercial scheduled bank extending full range of banking facilities as per the directives of Bangladesh bank. It intends to set standards as the absolute market leader by providing efficient, friendly and modern fully automated on-line service on a profitable basis. BRAC Bank in surviving in the large banking arena through its unique and competitive products and it is the only local bank providing 100% integrated on-line banking.

The Bank is mainly owned by the largest NGO in Bangladesh - BRAC The Bank has positioned itself as a new generation Bank with a focus to meet diverse financial need a growing and developing economy.

The Bank has embarked with an avowed policy to promote broad based participation in the Banish economy through the provision of high quality banking service based on latest information technology. The Bank will ensure this by increasing access to economic opportunities for all individuals and businesses in Bangladesh with a special focus on currently under served enterprises and households across the rural urban spectrum. We believe that increasing the ability' of under served individuals and enterprises to build their asset base and access market opportunities will increase the economic well being for all Bangladeshis.

2.2 BRAC Bank @ a Glance

Objectives of the Bank:

- To provide wide range of financial services professionally, efficiently and competitively to achieve pre-eminent position in chosen market.
- Diversify revenue stream through product innovation.
- A Well-diversified credit portfolio, which produces a reliable and consistent return to investment.

Values of the Bank:

- Services to customers
- Quality in everything
- Competitiveness to win
- Growth and development of Bangladeshi people
- Continuous productivity improvement
- Professionalism and ethics in all actions
- Growing profit for stakeholders

Target Market:

- Pharmaceuticals, toiletries, chemicals and pesticides
- Power Generation, oil exploration, industrial and household gases (Liquid Petroleum Gases etc.)
- Edible Oil.
- Bulk Trading L- Essential Commodities, Industrial Raw Materials, Agricultural Inputs, Cement.
- Garments, Textiles and related backward linkages industries including spinning, knitting, yarn, garments accessories etc.
- Food Processing and Beverage Industries
- Cable and Cable wire
- Information Technology
- Leasing Companies / Non Banking Financial Institutions
- Health Service Industry

- Non Governmental Organization (N.G.O) and other International Development Organizations
- Importers/dealers of machinery, industrial, electrical equipment
- Educational Institutions
- Bone china, ceramics, melamine, plastic products
- Manufacturing and Trading of Consumer Durables.
- Telecommunication
- Contractor Finance
- Ship Breaking, Re-rolling, Corrugated Iron (CI) Sheet Mfg. and related business
- Air Lines, Shipping Lines, Freight Forwarders, Testing and Inspection agencies
- Footwear and Leather
- Tobacco Products
- Tea
- Importers, Whole seller, Retailer
- Individuals

Target Customer Group:

- Leading Domestic Organizations
- Corporate and Trading Houses
- Local medium and large Corporate
- MNCs'
- NGOs'
- Educational Institutions
- Individuals

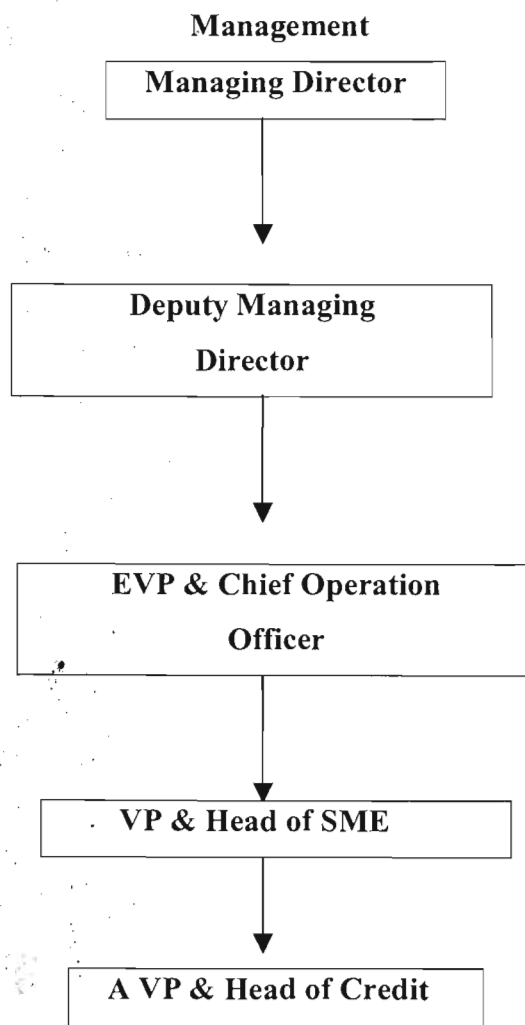
BRAC Bank Limited at A Glance

Corporate Office	1 Gulshan Avenue Gulshan- 1 Dhaka- 1212
Telex	632171 bblhobj
Fax	8813543
SWIFT	BRAKBDDH
E-mail	info@bracbank.com

2.3 Management of the BRAC Bank

The Board of Directors is the top management and policy- making body of BRAC Bank Limited. Presently the Board consists of a Chairman and four Directors. It is to be noted that the Managing Director, is also a member of the Board. The Directors are appointed from amongst those who have had experience and shown capacity in the field of finance and banking, trade, commerce, industry agriculture.

The Chief Operations Officer executes all the activities under the direction of the Board. The officers and the other line and staff personnel are appointed by the Bank's own Recruitment Committee.



3 Different Departments of BRAC Bank Limited

There are many concern departments, which are always taking care to give proper and adequate service to the clients. Different departments of BRAC Bank are as follows:

- Corporate Banking
- Retail Banking
- Trade Finance
- SME (Small & Medium Enterprise) Division
- GIS (General Infrastructure Service)
- Credit Division
- CPC (Central Processing Center)
- Remittance
- FAD (Financial Administration Department)
- Treasury
- CID (Channel Infrastructure Department)
- IT (Information Technology)
- HRD (Human Resource Department)
- Risk Management
- LA (Loan Administration)
- Marketing & Product Development

3.1 Corporate Banking:

The Corporate Banking Division provides full range of commercial banking products and services. Other Departments such as Foreign Trade, Treasury, Credit Administration etc. plays the support role for a comprehensive range of service to the' Corporate Banking Division.

□ **Business Concentration (Area wise):**

In line with the corporate strategy initially the Bank has concentrated their business focus to the following locations

Dhaka	Chittagong
Motijheel	Agrabad
Nawabpur and old parts of Dhaka City	Ahatungaj
Gulshan	
Dhanmondi	
Uttara	
Kawran	

BRAC Bank's Corporate Banking team exists to provide both banking services and a financial partnership with local large and medium corporate, trading houses and joint ventures. As the financial partner of choice for the corporate sector

□ **Corporate Banking Structure:**

The Corporate Banking Division has a centralized structure through on-line banking system. Any credit facility is processed at the Corporate Banking Division, Head Office. After sanctioning of the facility, the limit is put online and the customer can enjoy the facility from any of the BRAC Bank branches.

Strict adherence to internal control guidelines and other legal and statutory compliance are followed. The

Credit approval process involves separate Credit Division, the Managing Director and finally the Board.

Other Departments such as Foreign Trade, Treasury, Credit Administration etc. plays the support role for a comprehensive range of service to the Corporate Banking Division.

□ **Product/Service objective**

The Corporate Banking Group would try to serve the financial market of the country with the following objectives.

- To develop and sustain mutually beneficial customer relationships based on high quality service and innovative products.
- Maintaining a diverse and quality asset base and pursue a sustainable growth strategy.
- To pursue a management style that contributes to the well-being and development of a fully responsible and accountable workforce under a high Corporate standard and business ethics.
- To provide and deliver services in a cost-effective manner.

□ **Product/Services**

BRAC Bank provides a comprehensive range of innovative corporate financial solutions tailored to suit each company's needs. At the center of client's relationship with BRAC Bank is an experienced and professional Management team with extensive industry knowledge. The Relationship Management team works closely with the client to understand and solve the financial requirements of the company. Our knowledge about various industry sectors encompasses global issues, the dynamics of the economy's effect on the industry and business cycles and insight into market activity within this industry. Following are some of the products that we offer our corporate clients:

- Short term loans
- Mid term Loans
- Letter of Credit
- Loans
- Guarantee
- LTR
- LBP
- Overdraft, lease Financing, Working Financing, Floor Financing,
- Channel Financing.

□ **Security:**

For security against the various facilities, we usually take cross-corporate guarantee and personal guarantee of the Directors of the private companies. In case sufficient collateral is not available, we create floating charge on present and future assets of the company with Registrar of Joint Stock Companies, equitable/registered mortgage etc.

3.2 Retail Banking:

Most of the Bank In our country are operating locally basis. So most of their functions are concentrated on retail banking. BRAC Bank Limited is not exception of them. It has 14 Branches all over Bangladesh. The branches are as follows:

Branches of Dhaka

- Gulshan
- Nawabpur
- Moghbazar
- Keranigonj
- Motijheel
- Dhanmondi
- Banani
- Ganakbari
- Sat Masjid

Branches of Chittagong:

- Agrabad
- Momen Road

Branches of Sylhet:

- Sylhet
- Beani Bazar
- Zinda Bazar

There is One Sales Center in Badda, which sells A/C of all branches. BRAC Bank has planned to open more Branches Within this year all over the country. There are more than

300 *unit offices* under SME division to support retail banking. Retail banking offers every facility except Corporate Transaction.

3.3 Trade Finance:

Trade finance originally facilitates “International Business”. They handle L/C (Letter of Credit) and do necessary activities related to international trade.

Check validity & authentication of trade license; import Registration Certificate, TIN Certificate, Vat Registration Certificated, and Insurance Cover Note. Received L/C LIMIT from Corporate. Signature Verification of Import on L/C App. Form & Performa Invoice check importer’s Signature on L/C AF & IMP form, available balance of Importer’s A/C. L/C Liability Create, Margin & Income realized From Importer’s Account. Entry to L/C ledger & register book. LC Proposal sent through SWIFT after proper authentication.

Checking All Shipping Documents As Per LC Terms & Conditions. If the Documents are in order, Inions Customer to Take Delivery of Documents by paying the equivalent BDT of doc's value. Fund Requisition To Treasury. Create PAD / L TR in The System & Complete P AD/L TR. L TR to be Created under Corporate approved limit. Payment instruction to the reimbursing bank as per negotiating Bank's instruction. Adjust PAD by realizing PAD outstanding Amount item Importer's A/C. Handover the original documents to the Importer with due endorsement by Authorize Signatory. Handle submission of “Bill of Entry”. Maintain Letter of Credit Report. Check The Copy Documents as per Terms & Conditions of L/C 100% Margin build up in equivalent BDT of documents value by debiting importer's A/C. Check validity & authentication of Trade License, Export Registration certificate, and TIN certificate, VAT Registration Certificate & Insurance Cover Note. Trade Finance Check EXP certificate, C&F certificate Issue, NOC Certificate Issue, Intimate to Exporter After Receiving Remittance. Collect necessary documents from Exporter & Credit Export proceeds if documents found in order. They pass necessary voucher/ register Entry. Send Export documents for Collection to Foreign Bank (Bill Of Exchange, Invoice Packing List, Certificate: Of Origin, Bill Of Lading Or Airway Bill, GSP Certificate) with Bank Forwarding & document endorsement. Receives remittance credit proceeds to party A/C after realized

necessary charges. Pass necessary voucher & Entry in Export register. Receive Guarantee proposal from Corporate Division with their approval. Create Guarantee liability. Check balance of client A/C. Realizing margin and other necessary charges. Entry guarantee register & ledger. Issue Bank Guarantee as per approval and signed by Authorized Signatory.

3.4 SME (Small & Medium Enterprise) Division:

This department of BRAC Bank Limited works widely over the country. There are more than 300 unit offices of SME division all over the country sell different type of loan to different small and medium enterprise. They provide loan, which are to be paid in installment. This department also monitors the recovery of the loan and in case of inconsistency they take necessary action to recover the loan.

Product Features of SME:

There are 3 products of SME.

- ❑ Anonno Loan: Under Anonno Loan one can get loan from 2 lac taka to 8 lac taka with installment.
- ❑ Apurbo Loan and: Loan one can get loan from 8 lac taka to 30 lac taka with installment.
- ❑ Pathshala Loan: This loans are given to those persons who want to establish educational institutions like; school, college, kindergarten etc.

Interest rate varies for these loans according to their terms and condition.

Field Level:

CRO Customer Relations Officer (Unit Office -280 up to May'05 in 62 District)

ZO Zonal Officer (44 up to May'05)

TM Territory Manager (07 up to May'05)

They all have periodical Target of loan disbursement and realization

QAO Quality Assurance Officer- Main responsibility is to report to management regarding the quality of loan

3.5 GIS (General Infrastructure Services):

Present infrastructure:

- Senior Manager, GIS
- Manager, Procurement
- Manager, Operations
- Manager, Logistics
- Manager, Premises and Maintenance

Procurement:

- Need Assessment, Evaluation and Setting the target of procurement
- Procedural formalities in terms of approval for procurement
- Vendor management & negotiation
- Cost effectiveness
- Quality control
- Timely supply
- Supply chain management

Operation:

- Handle log and resolve all GIS related queries in 24 hour basis in the form help desk concept.
- Follow procedures for continuation of business and crisis management.
- First contact person to receive and record complaints including all types of requisitions and forward those to concern GIS units.
- Handle all security related issues.
- Manage and control dispatch.

Logistic:

- Arrange facilities and services for the key bank events.
- Maintain Petty cash to rent up sudden logistic needs.
- Manage vehicle fleet of the bank.
- Negotiate contracts for provision of outsourced services.
- Official Trail Arrangements.

Premises and Maintenance:

- Ensure comfortable and secure working environment.
- Asset management.
- Insurance coverage of all bank assets.
- Manage all related issue of Maintenance

3.6 Credit Department:

Basic Definition: A Contractual agreement in which borrower receives something of value now agrees to repay the lender at some later date. Loan-an arrangement in which a lender give or property to a borrower, and the borrower agrees to ruler the property or repay the money, usually along with interest, at some future point(s) in time. As Financial intermediaries, Lending is one of the main functions of a Bank.

Functions

At present, Credit Division performs following activities

Credit Approval/ Process:

1. Retail Credit
2. Corporate Credit
3. SME (From 15 to 30 lac)

Collection & Mentoring Activity

1. Central Collection Unit (CCU)

Objectives:

- Managing credit exposure
- Managing credit risk
- Compliance with the issue of Bangladesh Bank & BRAC Bank
- Support all businesses of the Bank
- Collection of Overdue loans
- Recovery of Bad debts

Delegation Authority

Approved by Board of Director
(Based on Secured & Unsecured Nature)

- | | |
|----------------------------|--------------------|
| ▪ Credit Analyst/ approver | 3.00-50.00 |
| ▪ Head of Credit | 10.00-100.00 |
| ▪ Deputy Managing Director | 50.00-
5000.000 |
| ▪ Managing Director | 100.00-
1000.00 |
| ▪ Credit Committee/Board | Above 1000.00 |

PRODUCTS:

Credit Division support the businesses products of the following Divisions:

- Retail
- Corporate
- SME

Category of Products on the basis of security:

- Secured Facility
- Partly Secured Unsecured Facility

Secured Facility:

Which is caked by 100% Cash *Covered* other security

- Secured Loan
- Secured Overdraft
- Premium Term Deposit (PTD)
- Car Loan
- Home Loan

Partly Secured Facility:

Which is partly secured by cash

- Life Style Loan
- Professional Loan

Products:(continued)

Unsecured Facility:

- Insta Cash
- Credit Card Loan
- Teachers' Loan
- High Flyer Loan
- Now Loan
- Salary Loan

Basic Elements for Judging a Borrower:

5 C's of Credit

- Character
- Capacity
- Capital
- Conditions
- Collateral

Source of Borrower Study:

- Loan application
- Financial statement
- Study of Account
- Market reputation
- Bangladesh Bank
- Different Banks
- Personal Interview
- Personal Visit
- Net-Worth Position

- Other source:

- Registration Office
- BRTA
- Press report

CREDIT PRINCIPLES FOR LENDING DECISIONS

- Assess the Alston's character for Integrity and willingness to repay
- Only lend 10 the séamier that belongs to a fixed Income group of a salable business income.
- Only lend 10 the stall of widely known and highly repulsed companies having an unquestionable business track record
- Only lend 10 the stall of such companies which have professional career advancement plafond for lies people
- Assess carafe the Integrity and loan repayment capacity of the guarantor.
- Plan for the possibility of default
- Use common sense and past experience in conjunction with thorough evaluation and credit analysis. Do not base decisions solely on customer(s) reputable, accepted practice, other lender(s) risk assessment or the recommendation of other officers
- Behave ethicality In all credit activities
- Be Proactive in all credit managing and communicating credit risk
- Be diligent in ensuring (hat credit exposures and activities comply with the requirement sell out In this Product Progrcllll,

STEPS To Recover Default loan

Actions to be taken

Letter to be dispatched

- 1st Demander letter
- Follow up over phone
- 2nd Reminder
- 3rd Reminder

- Single Visit
- Sl. No. 2 Follows
- 3rd Reminder letter with CC to guarantor
- Group visit by Recovery
- Letters to employer, reference & all above effort follows.
- Call up total loan
- Call up total loan from Guarantor
- Final reminder mentioning legal action to be followed after 15 days.
- Other collection afforest Continue
- Serve legal notice &
- Other collection efforts continue.

How CCU perform its job:

- Maintain daily note after making contact with them.
- Follow up on the date the cl'l8nts commitment to repay .
- Maintain individual file for 3 ATE & above defaulter
- Generating reminder letter system (in-bunt) & made them.

Provide various reports to the management

3.7 Central Processing Center

It is the processing Center for BRAC Bank. All the back office activities take place in this department. It performs the following activities:

- ❑ Ensure cheque requisition requests are attended.
- ❑ Ensure cheque Books are printed and checked as specified in the requisition request.
- ❑ Mailing of cheque books to the respective branch
- ❑ Ensure cheque leaves stock register are properly maintained
- ❑ Ensure A TM Card requisition requests are attended
- ❑ Ensure ATM Cards are checked as specified and delivered to the respective locations.
- ❑ Ensure Blank A TM Cards are balanced as per inventory register
- ❑ Ensure Cheque Books! ATM Cards are delivered to the respective branches at the specified timeline.
- ❑ Mailing welcome letter
- ❑ Mailing FDR renewal
- ❑ Dormant account activation
- ❑ Reactivation of Dormant/Closed Account
- ❑ Account opening data entry in system
- ❑ Maintain sufficient stock of Govt. Bonds
- ❑ Timely issuance and encashment of Govt. Bonds/Coupons
- ❑ Timely reporting of reimbursement/claiming statement of Govt. Bonds
- ❑ Statement of commission earning of Govt. Bonds on a monthly basis
- ❑ Welcome Account Opening
- ❑ Change of Address in software system
- ❑ Changing mode of operation of company account
- ❑ Opening of Inst Cash Account
- ❑ Printing and mailing of account statement month/quarterly/half yearly/yearly.
- ❑ Maintain sufficient of statement letter sheet/welcome letter/letter half paper/ ATM Card Holder/ATM Welcome letter/Terms and condition/Window envelope/ATM Blank Card / Cartridge.

3.8 Financial Administration Department (FAD):

Major Activities of Financial Administration Department (FAD):

- Custodian of the Overall Books of Accounts of the Bank.
- Preparation Financial Statements:
 - Financial Statements Includes:
 - Balance Sheet
 - Financial statement showing the assets, liabilities and owners equity of an enterprise on a specific date.
 - Profit & Loss Account
 - Financial statement showing revenues earned by a business, the expenses incurred in earning the revenues, and the resulting net income or net loss.
 - Cash Flow Statement & financial statement showing inflow and outflow of cash & cash equivalents during a specific period classified by operating, investing and financing activities.
 - Statement of Changes in Equity

Statement showing changes in shareholders equity

- During a specific period.
- Liquidity Statement
- A statement showing the assets & liabilities maturity Analysis.
- Notes to the Financial Statement
- Formation, Country of incorporation and Status of the organization.
- Nature of Business
- Significant accounting policies
- Notes related to Balance sheet & Profit & Loss Account.

Payment to Employees

- Salary, Bonus etc.
- Travel & Conveyance bills & local conveyance Bills
- Staff Provident Fund

Payment to Suppliers for:

- Fixed Assets
- Stationeries & Printing
- Repair & Maintenance
- Day to day other expenses of the bank.

Tax issues for the Bank

- Corporate Tax
- Personal (Staff) Tax
- Value Added Tax Payment

Inspection & Audit Management:

- Bangladesh Bank Inspection.
- BRAC Audit
- Internal Audit
- External Audit

Financial MIS

- Business at a Glance
- Branch wise Monthly Financial Position
- Division wise Monthly Financial Performance.
- Variable Cost Control
- Division wise Monthly Business Growth
- Monthly Yield on Assets & cost of Deposit.
- Monthly Trend Analysis
- SME Unit wise Monthly Financial performance.
- Yearly Competitor Analysis
- Budget Variance Analysis

Budgeting & Financial Planning

- Revenue & Capital Budgeting
- Short Term & Long Term Budgeting

3.9 Treasury:

Treasury is a place where all funds are kept and disbursed i.e. matches the inflow and outflow of sources and application of available funds in a way that maximizes the return and minimizes the risk level.

Objectives

- 1) Managing mandatory liquidity (16% as SLR of which 4.50% is CRR) and foreign exchange exposure of the bank
- 2) Maximizing return from fund management with minimizing risk
- 3) Minimizing the fund cost
- 4) Matching between Asset & Liability (Interest & Maturity)
- 5) Providing services to satisfy the customer's need
- 6) Generating profit from intermediary functions
- 7) Capital Management.

Business Segregation

Treasury is composed of two types of interrelated business.

Money Market:

The money market is a network of financial institutions, linked by a telecommunication network, which exist for the purpose of facilitating the lending and borrowing of short term money. Short term implies that the tenor of money market transaction does not stretch beyond a year. Money market transaction cover overnight deals to deals that mature in twelve month's time

Foreign Exchange Market:

It is the organizational framework within which individuals, firms and handles buy and sell foreign currencies of exchange one currency for another.

Function of Treasury

A. Money Market:

1. A) Maintenance of Statutory liquidity Reserve (SIR) in the form of approved Securities e.g. Government Treasury Bills/Bonds, Prize Bond, Cash In Vault etc
- b) Cash Reserve Ratio (CRR) through Cash or Cash like fund with DB Account
2. Meeting branch/Division Requirements
3. Meeting Daily Clearing Requirement
4. Call loan taking & placing
5. Term taking & Placing
6. Investment Portfolio Management
7. Market Analysis & Information gathering
8. Continuation & building of new relationship with counter parties

Functions of Treasury Foreign exchange Market

1. Foreign currency dealing
2. Calculation and determination of exchange rate & interest rate on Fd. deposits
3. Maintenance of daily exchange position within the limit.
4. NOSTRO Funding / Bangladesh Bank FC Account.
5. Forward. Quote.

Role of treasury Operations & Financial
Institutions Service in BRAC Bank

Mid Office Monitoring

Regulatory Limits –

- 50% Holding of FC balances with BBK against Bank's total FC assets.
- 3.5 Daily and 4.5% Fortnightly CRR maintenance.

- 16% SLR maintenance.
- Overnight FC open position maintenance.
- Daily Nostro reconciliation

4. My Daily Activities in BRAC Bank Limited

4.1 First day at office:

I have started my internship program in BRAC Bank Limited from 1st of June 2005. From the very beginning I've started working in Central Processing Center. I was introduced to Mr. Nasir Uddin Ahmed, Head of CPC & AVP of BRAC Bank Limited. I have worked there under the supervision of Mr. Suruzzaman, Manager IPD (Item processing Department). In the first day I worked there till 8:30 pm.

4.2 Working hours:

I worked there as like a permanent employee. Every one is suppose to be in the office within 8: 45 am. I have tried to maintain the time line. Though there is a sign out time but most of the employee worked in office till 7.00 pm.

4.3 First month:

In the first month I performed the following activities:

- Checking customer database
- Checking Cheque books
- Packing "Welcome to BRAC Bank " package
- Delivery of "Welcome to BRAC Bank " package
- Data entry for customer database in MBS system
- Disbursement of salary for different salary account

4.4 Second & third month:

The last two-month of my internship program was really based on ATM card production department. In the first month I performed the following activities:

- Confirming ATM & POS enabling
- Cutting charges for ATM cards
- Handling terms & conditions form
- Handling daily request
- Preparing database for returned cards
- Generating text file for production process
- Preparing card status database
- Delivery of existing client's card
- Card production

These are the works that I have done in BRAC Bank Limited. In this three months duration I have tried to learn the total process of Card production department. For this reason I have decided to concentrate my report on ATM Card division.

5.1 Central Processing Center (CPC)

Central Processing Center (CPC) is a new concept to the Banking industry where real time back office functions have been processed within prescribed SOP. Mr. Kasier Tamiz Amin, EVP And COO, has implemented this modern idea to BRAC BANK since 13th March 2003. In the very beginning a two member team was formed with young and experienced professional to conduct day-to-day processes timely, accurately and efficiently. Central Processing Center (CPC) handled primarily only Clearing Cheques Process.

Today Central Processing Center (CPC) consists of 11 (Eleven)-Member team, handling following processes.

- Bangladesh Bank General Check Clearing.
- Bangladesh Bank same Day Check Clearing.
- Account Opening.
- Check Book printing.
- Welcome Letter.
- Account Statement Printing and Delivery.
- Change of Address and Account Mandate.
- Corporate client Salary.
- Treasury Back office Functions.
- Account Dormant and Reactivation.
- Day close and Upload for all Branches within Dhaka.
- ATM Card production and delivery

5.2 Accepting Deposits

Accepting deposits is one of the most important functions of commercial banks. The deposits accepted by BRAC bank may be classified in to

- Demand Deposits
- Time Deposits

Demand deposits

Demand deposits are those, which are withdrawn able on demand by using check. The demand deposits accounts are

1. Saving Account
2. Current Account

Time Deposits

Time deposits are such deposits, which are not, withdrawn able on demand but can be drawn after a stipulated time. Banks pay higher interest rate against such type of deposit account. There are many time deposit accounts

- 1. Fixed Deposit Receipt Account (FDR)**
- 2. Abiram Account**
- 3. Short Term Deposit (STD)**
- 4. Deposit Premium Scheme (DPS)**
- 5. Premium Term Deposit**

5.2(a) Savings Account

Savings bank account is a demand deposit account. It can be withdrawn able by using check. It is a good means of accumulating the savings from the large section of the population with lower income. Bank pays some interest on saving account. Currently BRAC bank is 'paying interest of 5.50% per annum. The depositor can deposit sum of amount whenever he wants, with minimum balance restriction.

Benefits received from saving account

- Interest is paid on a daily balance method.

- Interest is given for each day for whatever balance is maintained in the account that day.
- Interest paid at 6% per annum on days when the balance is under TK 20,000.
- There is no restriction on the number of withdrawals.
- There is no restriction on the amount or size if a withdrawal.
- No forfeiture rules or hidden cuts.
- There is no requirement for notices to be given before making a withdrawal.

The account holders will receive some other benefits. Such as:

- He/she is eligible to apply for the personal loan packages and can also open other additional accounts and fixed deposit with the bank.
- He/she will receive preferential treatment at the time of processing of their loan applications.
- He/she will receive discounts on remittance commissions.

Opening of Savings Account

Any person who is of sound mind including a minor can open a savings account. The requirements to open an account is as follows:

1. Bank's Prescribed account Opening form to be signed by applicant in front of BM/RM/CSM.
2. Two copy of recent passport size photograph attested by the introducer.
3. Specimen Signature Card to be signed by the applicant in front of BM/RM/CSM.
4. Any of the following Identification document like current valid passport, proof of address, ID card, commissioner certificate etc. In this case Certifier should attest applicant's photograph along with signature.

5.2(b) Current Account

Current account is an account where the account holder -within the funds can make numerous transactions without any restriction. NO interest is paid on these deposits. Current account is mainly suitable for business transaction. However, it can be opened by any individuals aged 18 years and above.

Benefits received from Current Account

- There is no restriction on the number of withdrawals.
- There is no restriction on the amount or size if a withdrawal.
- No forfeiture rules or hidden cuts.
- No requirements for notice to be given before making a withdrawal.

Opening of Current Account

Current account is opened by Individual, Joint, partnership Firm, Sole Proprietorship, Club or Society, Public or Private Limited Companies for different purposes. There is also some difference as to open an account by different concerns.

The procedure for individual and Joint Account

The following documents duly completed shall be obtained from the customer at the time of opening of Current Deposit Account for Individual and Joint account.

1. Bank's Prescribed account Opening form to be signed by applicant in front of BM/RM/CSM.
2. Two copy of recent passport size photograph attested by the introducer.
3. Specimen Signature Card to be signed by the applicant in front of BM/RM/CSM.
4. Any of the following Identification documents.

Name of Identification document	Issuing Authority
Current valid passport	Passport office
Valid driving License	Bangladesh Road Transport Authority
Voter ID Card	Election Commissioner
Armed forces ID card	Employer or Their Delegate
A Bangladesh employer ID card bearing the Photograph and Signature of the applicant	Employer or their delegate
A certificate form any local government organs such as Union council chairman, ward commissioner etc. In this case certifier should attest applicants photograph along with signature	Up chairman or Ward Commissioner.
Trade License with photograph can be accepted for individual's	Local Government authority. Up chairman, Pourashava Chairman or Ward commissioner.

Procedure for Sole Proprietorship Account

The following documents are required for opening a sole proprietorship account:

1. Bank's Prescribed account Opening form to be signed by applicant in front of BM/RM/CSM.
2. Two copy of recent passport size photograph attested by the introducer.
3. Specimen Signature Card to be signed by the applicant in front of BM/RM/CSM.
4. Copy of valid Trade license issued by local Government authority such as City Corporation, Pourashava, Union Parishod etc.
5. Permission from Bangladesh Bank for Buying House, Indenting or other Specific Business.
6. TIN issued by Income Tax Authority.
7. The personal identity of the Proprietor of the firm has to be established by any of the documents as mentioned in individual or Joint Customer Category. If the Trade license carries the Photo and signature of the Proprietor this is not required.

Procedure for Limited Company Account

1. Bank's Prescribed account opening application form. 2. Certified copy of the Memorandum and Articles of Association of the Company.
3. Certificate of Incorporation. 4. Certificate of Commencement of Business (for Public Limited Company only).
5. Extract of Board resolution Sanctioning the account opening and signing authority.
6. List of the Directors with address in form.
7. Photograph of the Signatories.
8. Copy of valid Trade License.
9. Introducer's Signature in the Account Opening form and at the back of the photograph(s) of account holders(s).
10. List of names with appointment letter and Specimen Signature of the persons authorized to operate the account.

11. The personal Identity of all the directors or beneficial Owner(s)

Proprietor of the firm has to be established by any of the documents as mentioned in Individual or Joint Customer Category.

Procedure for Partnership Account

1. Bank's Prescribed account Opening form to be signed by applicant in front of BM/RM/CSM.
2. Certified copy of Partnership Deed or agreement.
3. List of the Partners with address.
4. Extract or resolution of the partner meeting.
5. Copy of valid Trade License.
6. Photograph of the Signatories or Partners.
7. Specimen Signature card to be signed by the signatories in front of BM/RM/CSM.
8. Introducer's Signature in the account opening form and at the back of the

photograph(s) of account holder(s).

9. Identify of all Partner or Directors must be verified in line with the requirement for personal customers, where a formal partnership agreement exists, a mandate from the partnership authorizing the opening of an account and conferring authority on those who will operate it should be obtained.

10. Evidence of the Trading address of the business or partnership should be obtained and a copy of latest report and accounts (audited where applicable).

11. An explanation of the nature of the business or partnership should be ascertained (must not necessarily verified from a Partnership Deed) to ensure that it has a legitimate purpose.

5.2(c) Fixed Deposit Receipt Account (FDR):

Fixed deposits are time deposit or time liabilities. Banks pay higher rates of interest, as the deposit is not withdrawable on demand. The Fixed Deposit account is opened for a fixed period; it may be 1 month, 3 months, 6 months, 1 year, 2 years and 3 years. Different rates of interest are allowed for different periods and also depend on amount.

Opening of Fixed Deposit Receipt (FDR) Account

Before opening a Fixed Deposit receipt (FDR) Account a customer must have an account with the bank. Then the customer has to fill up an application form that contains the following,

- Amount in figures
- Beneficiary's name and address
- Period
- Rate of Interest
- Date of Issue
- Date of maturity

- Instructions if any

After the submission of the Bank's Prescribed account opening form dully filled up, the following works have to be done:

1. Specimen Signature Card to be signed by the applicant in front of BM/RM/CSM.
2. Two Passport size photograph of the account holder.
3. Depositing the amount in his account.
4. Bank will issue FDR receipt.

Maturity Date and Withdrawals:

The following points are considered regarding maturity period and withdrawals of Fixed Deposit Receipt (FDR) account:

- The Fixed Deposit Receipt will be matured after the specified period.
- If the FDR is withdrawn before maturity period, interest will be issued.
- Interest is calculated par annum basis. Interest rate is 7.75% to 8.50%.
- At the maturity period the account holder should come himself and put his specimen signature on the back of Fixed Deposit Receipt (FDR) account. Then the banker verifies the signature and gives him the amount in cash or as required.

5.2(d) Abiram Account

BRAC Bank Abiram Account is a special type of Fixed Deposit Scheme, which offers the flexibility and comfort of having a guaranteed monthly return on your investment. An amount of cash is deposited in Bank for a

fixed period specified in advanced in this deposits. Banks pays higher rates of interest, as the deposit is not withdrawn able on demand. The Abiram account is opened for a fixed period. The period may be one year, two year, and maximum of three years. Different rates of interest are allowed for different period and it also depend on amount.

Opening of Abiram account

Before opening an Abiram Account a customer must have an account with the bank.

Then the customer has to fill up an application form that contains the following,

- Amount in figures
- Beneficiary's name and address
- Period
- Rate of Interest
- Date of Issue
- Date of maturity
- Instructions if any

Maturity Date and Withdrawal of Abiram

The following points are considered regarding maturity period and withdrawal of Abiram Account:

- The Abiram Account will be matured after the specified period.
- If the Abiram account is withdrawn before the maturity period, interest will be issued at the prevailing Savings Account rate.

Interest is calculated on a monthly basis. Interest rate is 8% to 8.5% depending on amount and time.

At the maturity period the account holder should come himself and put his specimen signature on the back of Abiram account receipt. Then the banker verifies the signature and retains the Abiram Account receipt and will give him the amount in cash or as required. Abiram account offers loan facilities up to 95% of deposit.

5.2(e) Short Term deposit (STD) Account

In Short Term Deposit account, the interest is calculated on daily basis. The interest offered for STD is less than that of savings account. Various big companies, organizations, Government Departments etc keep money in STD account. Frequent

withdrawal is discouraged and requires no prior notice. The rate of interest for STD account is currently 5% per annum and the investment should be minimum one Lac and above.

In BRAC Bank, usually customers give an instruction to the bank that their current account will be debited whenever its deposited amount crosses a certain limit and this amount will be transferred, to the STD account. So Bank follows this instruction by giving following entries,

Customers' Current Account	Debit
Customer's STD Account	Credit

5.2(f) Deposit Premium Scheme (DPS):

BRAC Bank introduces the Deposit Premium Scheme (DPS), a truly special savings plan that allows saving on a monthly basis and getting a handsome amount at maturity. An amount is deposited in a bank for a fixed period of time. Bank pays higher interest rate and there are a range of options for both installment size and maturity. Maturity period may be 4/7/11 or 14 years.

In BRAC Bank, usually customers saving account will be debited whenever its deposited amount crosses a certain limit and this amount will be transferred to the DPS account. So bank gives following entry:

Customer's Savings Accounts	Debit
Customer's DPS account	Credit

Opening of Deposit Premium Scheme (DPS):

Before opening a Deposit Premium Scheme (DPS) Account a customer must have a Savings account with the bank. Then the customer has to fill up an application form that contains the following,

- Amount in figures
- Beneficiary's name and address
- Period
- Rate of Interest
- Date of Issue

- Date of maturity
- Instructions if any
-

Maturity Date and Withdrawal of Deposit Premium Scheme (DPS):

The following points are considered regarding maturity period and withdrawal of Deposit Premium Scheme (DPS) Account:

- The DPS Account will be matured after the specified period.
- Deposit Premium Scheme can be en-cash before the maturity period, and interest will be issued.
- Interest rate is 8.5% to 9.75% depending on amount and time.
- At the maturity period the account holder should come himself and put his specimen signature on the back of DPS account receipt. Then the banker verifies the signature and will give him the amount in cash or as required. Deposit Premium Scheme (DPS) offers loan facilities up to 90% of deposit.

5.2(g) Premium Term Deposit:

BRAC Bank Premium Term Deposit is a 5 year term Fixed Deposit. Unlike conventional Deposits, Premium Term Deposit provides a guaranteed return. Bank pays higher interest rate.

Opening of Premium Term Deposit;

Before opening a Premium Term Deposit a customer has to fill up an application form that contains the following.

- Amount in figures
- Beneficiary's name and address

- Period
- Rate of Interest
- Date of Issue
- Date of maturity

Maturity Date and Withdrawal of Premium Term Deposit:

The following points are considered regarding maturity period and withdrawal of Premium Term Deposit:

- The Premium Term Deposit will be matured after 5 years fixed term.
- Interest rate is 17 % per annum.

Interest Rates of Deposit Accounts

Types of Account	Interest Rate
Savings Bank Account	5.50%
<u>Fixed Deposit Receipt (EQID)</u>	
1 month up to 3 months	7.75%
3 months up to 6 months	
6 months up to 1 year	To
1 year up to 2 years	
2 years up to 3 years	8.50%
Short Term deposit (STD)	5%

5.2(h) Account Opening Process by CPC

Customer requests opening of account and after completing the florin, Customer Service Officer scrutinize account opening form and establishes account. Then he enters the account details in numerical control register. Customer Service Officer Submits forms

with all documents to Operation Manager for review. Operation Manager rechecks all documents, signs off and submits to Branch Manager for approval. If in order, Branch Manager approves the file and return to Operation manager. Manager Operation sends the file to Customer Service Officer. CSO then do the photocopy of the form and segregates Specimen Signature Card, keeps one in Signature cabinet sends another with photocopy of the account opening form to Central Processing Center (CPC). CSO enters all account opening form and specimen signature cards in a log sheet in triplicate daily basis and hands over to Operation Manger keeping the log and if satisfied send the account opening form to Central Processing Center to inputs data in Millennium Banking system (MBS) Client Database and Scanning of the Signature Cards. CPC receives the account opening form and signature cards and sign of in the duplicate copy of the log sheet and sends back to branch. Customer Service Officer files the received copy.

Observation

However, it has been observed that all the procedure regarding opening an account, a great deal or personal judgment is required by the banker to verify the customer. Extra care should be taken in case of Public and Private limited companies regarding the documents. The banker customer relationship is the ultimate key to success, so the customer should be chosen appropriately.

5.3 Shanchay Patra

BRAC Bank sells two types of Shanchay Patra on behalf of the Government. The sales statement of Shanchay Patra must be sent to Bangladesh Bank within 72 hours of sale, otherwise the bank has to pay penalty to Bangladesh bank. BRAC Bank gets commission of the total sales.

Type of Shanchay Patra	Interest Rates
3 years Shailchay Patra	10%
5 years Shanchay Patra	10.5

Shanchay Patra Issuance and Encashment by CPC:

Branch Customer Service Officer receives the application form for issuance of Shanchay Patra and a letter of Debit authority along with declaration form. And for Encashment of Shanchay Patra Customer Service Officer receive Coupons along with encashment request form and a photocopy of

Registration slip. In both the cases receive stamp will be used, receiver will put initials, and client's signature must be verified by the receiver. At the day end the Shanchay Patra Issuance or Encashment details must be logged in the Form T and forward to Central Processing Center (CPC). After

receiving the instruction and instrument, CPC will then transaction. For issuance, Shanchay Patra will be issued respective branch with in 36 working hours. And for Respective account will be credited with in 24 working hours.

5.4 Cheque Book Printing

Customer is issued Cheque books to operate different types of account such as Savings account, Current account etc. The customer is issued new Chequebooks whenever the old one is used in full. The following procedures are maintained for issuing a Chequebook.

- The customer can avail the new Chequebook on his own.
- The customer will submit Cheque requisition slip with his signature on it.
- The leaves of the new Cheque book have to be counted to check that all the leaves are intact.
- The name and the account number of the customer shall be entered in the chequebook register.
- The name and the account number of the customer shall be entered on all the leaves of the Chequebooks.
- The name, the account number and types of account of the customer shall be entered on the requisition slip.

5.4(a) Process of Cheque Book Printing:

Customer fills in Chequebook request slip and Customer Service Officer verifies authenticity. Customer Service Officer prepares a log of all requests in duplicate. CSO hands over the request slips to Cheque Book issuer with the log. Customer Service Officer receives and signs on the duplicate copy of log and send back to other Customer Service Officer. Then he/she issues Cheque books in MBS as requested and send it to Operation Manager. Operation Manager checks and send the request to Central Processing Center (CPC) to print the Cheque books. In case of new Chequebook Customer Service Officer only issue the Cheque leaf. After printing the Cheque books Central Processing Center (CPC) send the Cheque books to branch. Operation Manager received the Cheque book and sign off in duplicate request paper which is send by Central Processing Center (CPC) and then send back it to Central Processing Center. Operation Manager hands over the Cheque book to

front office Customer service along with the request. Front office Customer Service Officer keeps the Chequebooks in Chequebook box after entry in the Cheque book register.

5.4(b) Risk of Cheque Book Printing:

Central Processing Center (CPC) takes all the necessary steps to prevent mistakes of Chequebooks printing but still there are some risks of Chequebooks printing. These are:

- Customer request is not made properly.
- Issuer may issue wrong account number.
- The issuer may issue wrong number of Cheque leaf.
- Authorize person of Central Processing center who print the Chequebook, he/she may print the wrong account number or wrong Cheque leaf.

5.4(c) Risk of Cheque Book Inventory:

There are some risks of Cheque Books inventory. These are

- Proper request may not be placed.
- Head office may send more or less number of leaves.
- On the way Cheque leaves may lost.
- Custodians may supply more or less bundle of Cheque leaves.

5.5 Clearing of Cheque:

BRAC Bank is a scheduled bank. According to the Article 37(2) of the Bangladesh bank Order, 1972, the banks that are members of the Clearing House are called as "Scheduled Banks". The scheduled banks clear the Cheques drawn upon one another through the Clearing House. This is an arrangement by the Central bank where everyday the

representatives of the member banks gather to clear the Cheques. The place where the banks meet and settle their dues is called the "Clearing House". The Clearing House sits for two times in a working day.

5.5(a) Process of Outward Clearing Cheques:

Cash and Client Service Officer will receive Other Bank Cheques over the counter.

During deposit teller check the following things:

- Whether the particulars bank and branch name have been written in the deposit slip correctly or not.
- Teller check date and amount of Cheque written in the deposit slip.
- Teller verifies the customers account number and name in the Millennium Banking System (MBS).

After checking the above things, Cash and Client service Officer receives the Cheques and returns the customer's copy of the deposit slip. Then teller enter the details of the beneficiary in the MBS and at the day end sends all the clearing Cheques to Central Processing Center (CPC) with a deposit slip and calculator tape of Cheque amounts and a form T filled up with the figure and number of Cheques (branch wise). Central processing Center (CPC) receives the Cheques and put entries in NIKASH for sending to Central Bank for the next day Clearing House. After input in NIKASH, an authorized person of Central Processing Center (CPC) put necessary clearing stamp and endorsement are given in the Cheques. After posting of all Cheques schedules are printed and stapled with the respective Cheques and copy of NIKASH data are taken in floppy disk. All the Cheques and deposit slips are kept in clearing box under safe custody. The next day the Cheques with schedule and diskette are sent to Central Bank Clearing House. In the afternoon all passed Cheques are cleared in MBS and funds are then available in respective accounts. The return Cheques are entered in return register and kept in the clearing box. The return Cheques are either lodged again as per instruction or send back to customer with the return memo through respective branches showing a cause.

Risk of Outward Clearing Cheques:

Central Processing Center (CPC) does all the necessary processing and steps but there are some risks of outward clearing Cheques. These are

1. The Cheques may be post dated or stale.
2. Amount in words and in figure may be different.
3. Over writing in the Cheques.
4. Cheques number may be wrong.
5. Wrong amount may lead to day end imbalance in clearing.
6. For wrong account number the amount cannot be credited in the customer account.
7. Information entered in the Millennium Banking System may be missed out and thus the amount will not be credited in the account.
8. The Cheques may be lost on the way.
9. The money of the Cheque can be withdrawn through other Bank by fraudulent activity.
10. Cheques may be place with wrong endorsement.
11. Clearing stamp with wrong date.
12. The diskette may be bad or not copied correctly and thus all Cheques cannot be lodge in Clearing House and not returned in MBS. And thus account is credited for which the Cheque is not cleared, bank may incur loss.

Observation

However, it has been observed that all the procedure regarding outward clearing Cheques, the banker should take preventive measure. He/she must check account number and name in Millennium Banking System (MBS) before customer leaves the counter. Special crossing should be put immediate after the receipt of Cheque. The banker should enter every Cheque in the MBS soon after writing the account number of beneficiary on the back of the Cheque and put initials as proof of entering. If possible, photocopy of all

Cheques should be retained at branch before sending. Total number of Cheques should be counted and be tallied with the calculator tape. The Cheques should be checked whether there are correct stamps in place when they are stapled with schedule. **In** case of renewed Cheques supervisor should check the entry in the register and he should put initial in register. **In** case of hand delivery customer should sign in the return register and that should verified before the Cheque is delivered to customer.

5.5(b) Process of Inward Clearing Cheques:

Clearing man receives Cheques drawn on BRAC Bank Ltd. at Central bank Clearing House. Tally the total amount in each bank schedule by taking calculator tape. Bring the Cheques to Central Processing Center (CPC) and check the apparent tenor of the Cheques. Then the Cheques are posted in Millennium Banking System (MBS) and pass the Cheques by verifying signature. If the Cheques cannot be honored due to any reason the matter should be taken to the notice of the Manager of Central Processing Center (CPC). If any Cheques are returned, that should be returned in NIKASH with specific reason. Return Cheques are entered in cheque return register with the reason of return. The manager of Central Processing Center (CPC) signs the return memo and put initials in the return register. NIKASH entries are copied in diskette and the return Cheques with schedule and the diskette are sent to return clearing House. Necessary entries for passed Cheques and return Cheques are passed in MBS to the respective GL Heads including inter branch postings. All the passed Cheques accounting vouchers are sent to accounts department after clearing balancing.

Risk of Inward clearing Cheques:

Central Processing Center (CPC) does all the necessary processing and steps but there are some risks of Inward clearing Cheques. These are

1. The amount of total Cheques may differ from the schedule, which will create imbalance in clearing as well as Bank account with Central bank may be transacted for wrong Amount.

2. Wrong drawn Cheques may be paid for which bank may face severe audit comment and even financial loss.
3. Wrong amount may be posted results day end imbalance and chance of forgery.
4. Dishonored Cheques reason identified may not be correct insufficient fund, but the customer has other arrangement like overdraft limit or a collection cheque pending etc.
5. Wrong entry may be given with wrong reason.
6. Diskettes may have bad sector resulting no copy.

Observation:

It has been observed that the banker should take all the procedure regarding inward clearing Cheques extra care. The amount of each Cheque must be tallied with the schedule. If not the matter should be notified to the respective bank representative immediately in the Clearing House. Special care should be taken in passing clearing Cheques as because a large number of Cheques are passed in a very specific short time span.

Amount should be entered correctly and drawer signature should be matched and due diligence should be applied to pass the Cheques. Manager should check all possible area before taking final decision and he should check the register properly whether correct entry is given or not. Diskette must be formatted before copying.

5.6 Treasury Functions by Central Processing Center (CPC):

BRAC Bank has a strong presence in the Treasury market in Bangladesh. From 24th April 2004, Bangladesh Bank Cheque or Drafts Issuance process and some Treasury Operation functions are centralized in Central processing Center (CPC).

The Modus Operandi of the transactions is stated below:

Bangladesh Bank (BB) Cheques/Drafts Issuance:

Three Signatories have been assigned to head office Central Processing Center (CPC), Customer Service Manager and alternate branch manager. Central Processing Center will

keep the Bangladesh Bank Cheques. Drafts in its possession during transaction. In absence or leave situation of head of CPC, Customer Service Manager will officiate his responsibility. After transaction hour cheque or drafts will be kept in the Vault under dual custody. Transaction hour implies Central Bank prescribed hour. Central cash Control (CGC) or other Division! Department will send their fund requisition (in prescribed format) against Bangladesh Bank Cheques or Drafts to Treasury. Only after acknowledgement from Treasury front office, Treasury operations will send request to Central processing Center (CPC) to issue the Cheques or Drafts. All Bangladesh Bank Cheques or Drafts will be issue by CPC only after the advice from Manager Treasury Operation's or Designee through Lotus notes. Treasury Operations will provide Bangladesh Bank Cheques or drafts to Central processing Center (CPC». Custodian of Bangladesh Bank Cheques or Drafts will send a request to Treasury Operations for new Cheques or Drafts prior to existing Cheques or drafts. All Cheques or Drafts must be crossed. Cheques or Drafts for cash withdrawal, the authorized Signatories will cancel crossing and the Signatories at the Bank end of the Cheques or Draft will attest authorized person's signature. A register will be maintained to keep the records of the Cheques or Drafts issuance detail. At the day end, head of

Central Processing Center (CPC) or designee will tally the counterfoils with register and put his signature. Photocopy of all issued Cheques or drafts will be retained in a file. For the cancellation of a Cheques or Drafts two authorized Signatories will put signature and marked "Cancelled" on the Cheques or drafts and kept that Cheques or Drafts with the counterfoil, retain it in a safe custody for audit trail. After exhaustion of Cheques or Drafts book, CPC will send that counterfoil of Cheques or Drafts book to Treasury operations. Fund requisition from SME or any urgent Bangladesh Bank Cheque requisition from Head Office will be issued by Treasury Operations.

Bangladesh Bank (BB) Cheques /Drafts Deposit:

Central Processing Center (CPC) will receive Bangladesh Bank (BB) Cheques or Drafts from other Commercial Banks. Bangladesh Bank (BB) Cheques or Drafts from clients will send to CPC before 2 P.M (Saturday-Wednesday) and 12 noon (Thursday) sharp. Bangladesh Bank (BB) Cheques or Drafts receiving Division/ Department should inform Treasury prior to deposit thru Lotus notes. A register will be maintained to keep record of the receiving Cheques or Drafts details. At the end of the day, head of Central Processing Center (CPC) or Designee will tally deposit slips with the register and put his signature. Bangladesh Bank Cheques or Drafts received after cut of time will be deposited in next working day and over night Cheques or Drafts will be kept in Vault or fireproof cabinet under dual custody. Counterfoil of Bangladesh bank Cheques or Drafts deposit slip will keep in a file sequentially.

Centralization of Treasury Functions:

Bangladesh Bank Cheques or Drafts issued under Treasury function will be delivered to Counter Parties from Central Processing Center (CPC). Bangladesh bank Cheques or Drafts issued by the Counter Party will be received by Central processing center (CPC) accumulate other banks Cheques or Drafts upto 2 P.M (Saturday- Wednesday) and 12 noon (Thursday) and send those to Bangladesh Bank for deposit. Manager Treasury Operations or Designee will send request to Central Processing Center (CPC) for the issuance of Call Money Receipt, fixed Deposit receipt, Bangladesh Bank Reports, other correspondences. Under advice from treasury Operations, authorized persons from Central Processing center (CPC) will sign on the document jointly and deliver it to Counter Party. Treasury Operations will pass necessary accounting entries on the above transaction on account of Bangladesh Bank.

5.7 Process of Welcome Letter, Account Statement and Account dormant and reactivation by CPC:

Central Processing Center (CPC) of the Bank in addition performs the following functions as enumerated below:

1. Issues congratulatory letters i.e. Welcome letter to the new account holders by post.
1. Prepares centrally all monthly, quarterly account statements and dispatches it to individual customer.
2. Some Welcome letters of new account holders are returned undelivered due to improper address. Such accounts are kept inoperative. However these accounts are reactivated on receipt of requests from the customers.

6. ATM Card production department

This is new department that is introduced in the service portfolio of BRAC Bank Limited. It started its journey from 15th April 2005. Through this service the clients are enjoying modern technology in withdrawing their money. It represents the development of banking sector in our country. BRAC Bank is offering this service to most of its client as early as possible. A well-trained work force is giving their level best effort to serve efficiently. There are different steps to complete the process of card production. Among the local bank BRAC Bank is the only one bank that is producing ATM card in their premises. Secura Pvt. Limited (Singapore) is providing blank ATM card to BRAC Bank. There is a card embossing machine that can produce around 1200 cards per day. ATM card division is producing around 700 cards in different segment each day.



6.1 Function of ATM Card Division:

- Production of ATM Cards
- Maintaining the stock of ATM Cards
- Keeping records of produced cards
- Reproducing Lost/ stolen ATM Cards
- Distribution of ATM Cards
- Maintaining All database related to Card production & distribution
- Charging against issued cards
- Resending returned cards
- Maintaining the vault registrar
- Coordination with IT in issuing Pin
- Customer service through handling inquiry of the clients
- Updating the request of address change into access system
- Maintaining reject cards till internal audit
- Sorting out discrepant request branch wise and send back.

6.2 Type of embossed cards:

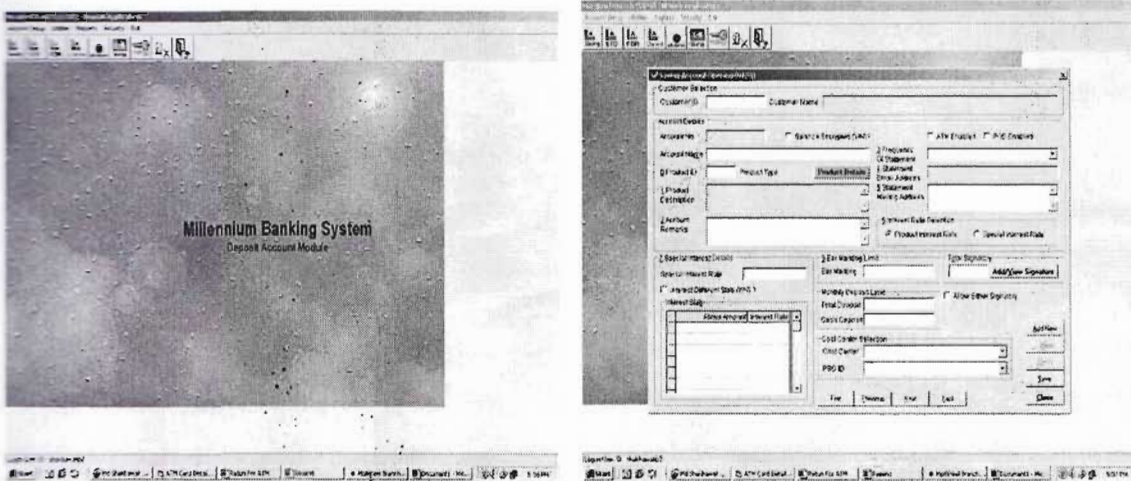
There are different types of cards that are produced according to the management's decision. The card division is producing cards only for savings and current accounts (Both individual & Joint A/C). ATM card division embossed 4 types of Cards such as:

- Existing Client's card in their name
- Staff Card in their salary A/C
- "Welcome to BRAC Bank" card
- "Ezee Account" cards.

Existing Client's card: These cards are produced in customer name. The Person who has previous A/C with the bank receives this card. ATM card division gets a list of existing client from IT Department. According to that they produce card. Another way they receive request from different branches for which they produce card. For the first

card the bank charge the client only taka 172.50 (Including 15% VAT). But for replacement they charge them taka 345(Including 15% VAT) .

Staff card in their salary A/C: These cards are produce only for those people who have salary account in BRAC Bank. These people are the staff of either BRAC Bank Limited or any concern institute of BRAC. For these cards the bank does not cut any charges



“Welcome to BRAC Bank” cards: These cards are produced with the title embossed “Welcome to BRAC Bank”. These cards are produced for a new package named “Welcome to BRAC Bank”. Customer gets an n ATM card in every pack. Charges are as like as it is for existing client. Customer gets one chequebook with every package

“Ezee Account” cards: These cards are produced with the title embossed “Ezee Account”. These cards are produced for a new package named “Ezee Account”. In all “Ezee Account” Customer gets an n ATM card in every pack. Charges are as like as it is for existing client. Customer does not get any chequebook with this package.

6.3 The process of card production:

- ❑ Receiving request form/ client list from branches/IT
- ❑ Checking the request that received
- ❑ Printing customer information (For daily request)
- ❑ Confirming ATM & POS Enable
- ❑ Generating text file for production in to the system
- ❑ Importing Data/text files into Access card production system
- ❑ Preparing Card pre-production report
- ❑ Producing ATM cards in different segment
- ❑ Generating card production report
- ❑ Importing production report into database
- ❑ Printing card holder
- ❑ Preparing the cards for dispatch
- ❑ Preparing dispatch database and voucher
- ❑ Delivering cards to the courier service
- ❑ Charging for ATM cards
- ❑ In case of replacement; cloning the card and producing a new one.

All these process are done automatically except delivery so there is very low risk in the total process.

6.4 Production Process:

Receiving request form/ client list from branches/IT: Firstly the department gets a list from IT and/or request form the branches in daily basis. Then they sort out these requests according to their branch.

Checking the request that received: In this stage they check the whole request form or list and separate appropriate forms for next stage.

Printing customer information (For daily request): In this stage they print customer information for each and every request form. They cross check the form with the printed information. They also segment joint a/c, salary a/c and replacement request

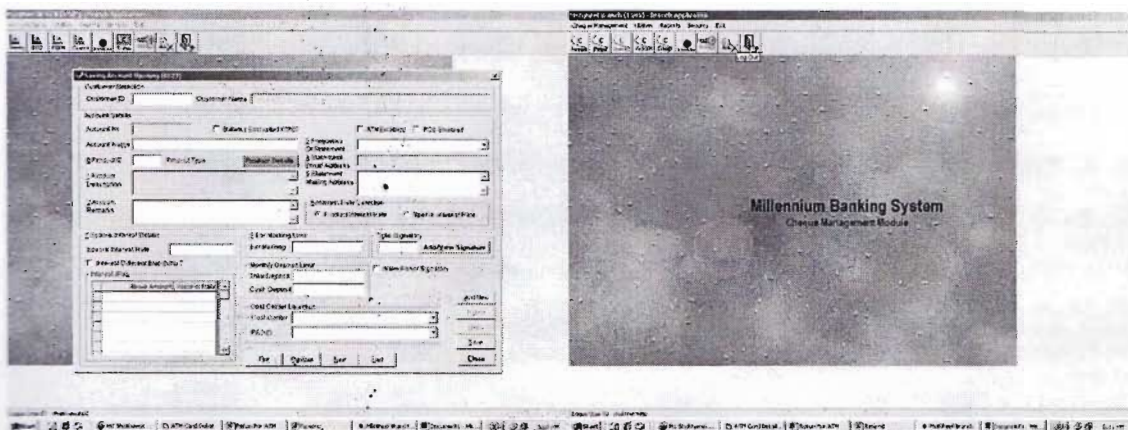
Confirming ATM Importing Data/text files into Access card production system: After successful generation of text file they import them into access software to produce card.

Preparing Card pre-production report: After importing the data the system get prepared for card production. But to be confirm about successful production they print a card pre-production report. The report contains PAN Number, a/c number, a/c title and address of the customer. They attached this with the request.

Producing ATM cards in different segment: In this stage the data are ready for emboss. They give command in the system for production. In one batch the machine can produce 100 cards. After one batch they produce another batch. This the most important part of the production process. Due to technical fault of the machine many cards can come out faulty. So during this process one person always keep attention to the machine.

Confirming ATM & POS Enable: After checking they confirm whether ATM & POS facilities are enabled for the a/c or not. If necessary they confirm ATM & POS Enable.

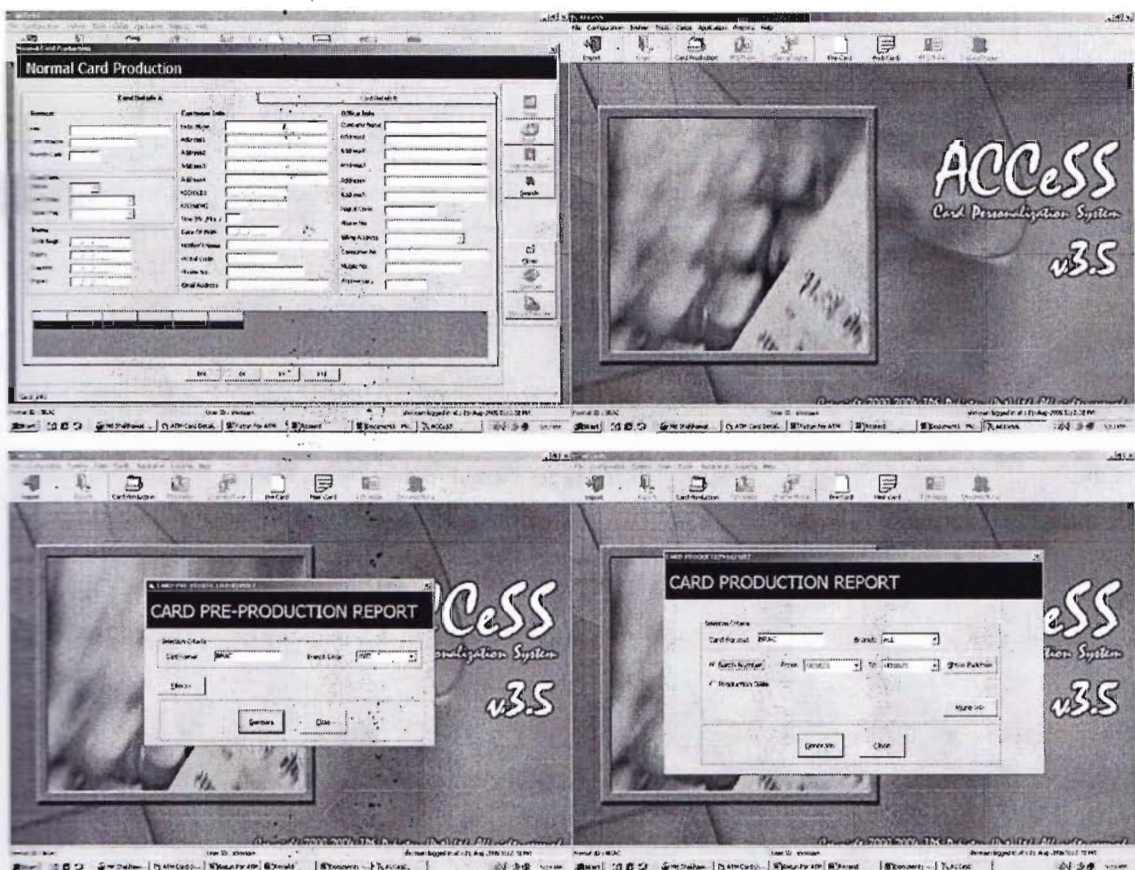
Generating text file for production in to the system: After confirming ATM & POS enable they generate text file in MBS (Millennium Banking System) and save it to BBLHQ server. It is one of the important stages of card production system. Because if one entry is miss generated it can't be generated in future. So they cross check the text file different time to avoid this situation.



Importing Data/text files into Access card production system: After successful generation of text file they import them into access software to produce card.

Preparing Card pre-production report: After importing the data the system get prepared for card production. But to be confirm about successful production they print a card pre-production report. The report contains PAN Number, a/c number, a/c title and address of the customer. They attached this with the request.

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Different Picture of Card production process



6.5 Delivery process:

Importing production report into database: This is the first step of delivery process. In this step they import the production report into database.

Printing card carrier letter: After preparing database they print card carrier letter in which the address of the client has been printed.

Preparing the cards for dispatch: Then cards are prepared for dispatch. All necessary documents are put inside of a window envelope and arrange them sequentially.

Preparing dispatch database and voucher: After having proper record they prepared a dispatch database which keeps the record of the card given to courier service. One voucher is given to the courier to track the documents accordingly.

Delivery: This is the final step of delivery process. In this stage cards are handed over to the courier service for delivery. All the cards are delivered to the address of the client. Only staffs cards are send to the Gulshan branch. Some times they deliver the cards to respective branch as per client's request.

This is all about the production and delivery process of ATM card division.

7. Drawbacks OF Central Processing Center

Every work has some drawbacks. While working in CPC (Central Processing Center) I have noticed some of their drawbacks. The fields in which they have lacking are as follows:

- Need professional data entry operator
- Skilled human resource in every department
- Inadequate work force
- Lack of proper coordination among different departments
- Inadequate facilities of MBS (Millennium Banking System)
- Conservative Management
- Unauthorized use of different ID in system
- Lack of motivation and training program
- Absence of proper guideline/ planning of respective job
- No structured reconciliation process
- Limited knowledge about PC and related software
- Duplication of work like; Checking and over documentation
- Less secured than the department should be
- Less structured than other departments

8. Recommendation

As I have gone through all the departments under CPC (Central Processing Center). I have come up with some points, which can improve the efficiency as well as quality of the work. The points are as below:

- Setting proper planning for each and every work as well as for the whole department.
- Designing jobs on priority basis
- Assigning necessary manpower for every job
- Proper maintenance of files and necessary files and documents on daily basis
- Proper managerial observation and cooperation
- Separating Card department and concern operations
- Avoiding duplication Through accuracy and efficiency
- Developing motivational program and training program
- Ensure that every one working in MBS knows it properly and giving them personal ID
- Proper coordination with Branches and IT Department
- And most of all change of managerial attitude and view point

9. Conclusion

I was authorized to prepare a report on central function of BRAC Bank Ltd. for partial fulfillment of my course requirement. I went to BRAC bank Limited, Head Office, where I worked as an intern from 1st June 2005 to 31st August 2004. This report has been prepared based on my practical experience on the day-to-day banking activities. It was a great experience for me to have exposure in the practical field. As a new bank it has a long way to go. There is huge pressure of work in BRAC Bank Limited but the coordination that I get from some officials was very helpful for me.

Though having some drawbacks the bank's overall performance is satisfactory. I wish a prosperous future for the bank.