

” Analysis of Mercantile Bank Limited and its industry in Bangladesh: An internship experience perspective”

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Submitted To

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Subject: Submission of Internship report

Sir,

With great pleasure, I would like to announce that I have completed my Internship Program within the Mercantile Bank Ltd Green Road Branch., Dhaka, which was mandatory for my BBA programs at United International University. I'm submitting the Internship report on "Analysis of Banking industry". Engaging in this report was an excellent learning experience for me. The subsequent report is the results of my findings and efforts.

I appreciate the opportunity of working under supervision of you. I'm eagerly awaiting your feedback on the report and can be more than happy to answer any question that you like to know. I would be very grateful to you if you accept my report and grant my course point.

Sincerely,

Afsara Tasnim Hoque

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Acknowledgment

At first, I would like to express my sincere gratitude to the Almighty Allah, the most merciful and beneficial for empowering me to prepare the report. I also want to thank especially to my internship supervisor Dr. Md. Mohan Uddin professor of United International University for his proper guidelines, tips and suggestions for improvement and providing help to prepare this report.

I also wish to pay my respect and appreciation towards the officers and co-workers of Mercantile Bank limited, Green Rnoad Branch who have helped me though out my internship by giving me opportunity to work with them and by providing information to write down my report. I also had their warm support and generous help. The deepest feeling goes to Mr. Luthful Haidar Chowdhury (Head of Branch) & Mir Fauzia Rahman Peu (Manager Operation) of host organization for supporting me throughout my internship. Without their intensive help and support it might never been done with success. Eventually, I need to mention my oldsters, family and friends. Their inspirations enabled me to complete this report with success. And finally I convey my due gratefulness to all of my faculty members of UIU Particularly for their guidance and help in completing BBA program.

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Executive Summary

The report has been prepared based on banking system of Bangladesh and operations of Mercantile Bank Ltd. A study conducted on Mercantile Bank, Green Road Branch, which is engaged in general banking, credits and foreign exchange. This report focuses on different facilities provided by Mercantile Bank and its overall procedure of Banking. The first part of the report contains specifications of the industry then history, maturity and size of the banking industry. It includes a general description about external economic factors and Porter's five forces and followed by a clean prospective about the Mercantile bank Limited, which contains overview, vision, mission, structure, organization , services, of Mercantile Bank Limited. Then trend and growth of MBL discuss through the figures of total assets, deposit, and net profit after tax, loans and advance. I also included SWOT analysis of MBL in the report. I did my most of the internship work in foreign banking area there I got to learn about the terms, rules and policies of foreign trade. I also gained knowledge about communication, interpersonal skills, teamwork and real life work experience. From this Internship I got experience of real job at bank, I also found ways to improve my performances at a work place also in the real world. At the end of this report I figured out some of the findings and recommendations which may help them to evaluate the position of the bank and how it can perform better in the future.

*CHAPTER ONE:
INTRODUCTION*

1.1. Background

Day by day the banking industry is changing for many reasons, such as economy, technological innovation, reduction of regulation and globalization. Nowadays it's impossible to imagine any economic development without Banks. Bangladesh is also coping up with the expanding industry of banks, and to cope up with this rapid growth of banking industry Bangladesh government is now adopting internationally recognized banking practices such as Basel III Accord. Over last three decades Bangladesh banking sector has seen great expansion and also slowly but effectively is expanding to the rural areas where they achieving their goal with micro credits and micro finance. On the other hand, urban areas so used to banking systems that now it's even hard to get by without a bank account or banking assistance. Companies and organizations cannot function without banks and their services, and it's also nearly impossible for people to do any money transaction without help of banks, from pay cheques to shopping, from education expenses to traveling expenses, all are being handled by banks and financial institutions. So it's important to understand how banks are playing a very significant role in our everyday life, in our office and also in our modern lifestyle.

To gain knowledge about banking sector, only theoretical knowledge is not enough. One must work in the field in order to gain real life experience for that I was hoping to get guidance to understand my theoretical knowledge to make it more useful by engaging with real life practices. It was a real pleasure to complete my internship at Mercantile Bank. I had the opportunity to spend 3 months with a well known Bank, where I have practiced and learned about the banking system. I'm very much honored that MBL gave me such an opportunity to work as an intern. Mercantile Bank is one of the biggest commercial bank in our country and has branch office though out the country. Customer's satisfaction is one of the main goals of the banks. Bank has included in their object that customer's expectancy will be visible through creative financial product and services. As an intern of Mercantile Bank Limited, I am preparing an Internship Report, which involves expanding sectors of banking industry and other aspects of Mercantile Bank Limited.

1.2 Objectives

The objective of my report is to grasp the general activities of a banking company particularly “Mercantile Bank Ltd.” additionally to gain professional skills on organization connected activities. The main objectives of this report were to

- Explore the Banking industry, particularly about Commercial Bank industry.
- Analyze the activities of Mercantile Bank Limited.
- Describe my internship learning.
- Provide recommendations for Mercantile Bank and for self improvement.

1.3 Significance

The major significance of the study is to have clear information regarding the banking industry as well as industry holders. From this report an individual can have an overview on Mercantile Bank's activities as well. By this report, an individual's/ organizations can find out about the banking industry and simply will see current condition of the banking system or the current position of banking sector and its size and profitability, which can be used for business purposes or even research purposes. Also it can provide information for future reference for MBL about the issues, employees work position, an outside prospective of the Bank. Simply, Mercantile Bank's management and employees will also see their position by this report and may notice strength, weakness, threat, and opportunities of them.

*CHAPTER
TWO:
ANALYSIS OF
THE
INDUSTRY*

2.1. Specification of the Industry

Banking sector is one of the important economic sectors in Bangladesh. This sector includes variety of banks in varied classes. Considering possession the banks are classified in four major classes - like Nationalized Commercial Banks (NCBs), Specialized Banks (SPBs), Private Commercial Banks (PCBs), and Trans-National Banks (TNBs).

After the independence, banking system started its journey with 6 nationalised commercialised banks; 2 states owned specialised banks and 3 foreign Banks. In the 1980s banking system has achieved vital growth with the doorway of private banks. Now, banking sector in Bangladesh is primarily of 2 types:

Scheduled Bank: The banks that get license to control under Bank Company Act, 1991 (Amended in 2003) are termed as regular Bank. State-owned industrial banks, Private Commercial banks, Islamic Private banks, foreign private banks and a few specialised banks are regular banks.

Non-Scheduled Bank: The banks that are established for special and specific objective, and operate under the acts that are enacted for meeting up those specific objectives termed as Non-Scheduled Bank. These banks cannot perform all functions as like as regular banks. Grameen Bank, Probashi Kallyan Bank, Karmasangsthan Bank, Progoti Co-operative Land Development Bank Limited (progoti Bank) and ANSAR VDP Unnayan Bank are Non-Scheduled Bank.

2.2. History, Size, Maturity of the Industry

2.2.1 History

History of Bangladesh's New Banking System

After the liberation, the banking industry in Bangladesh was substitute to life through Presidential Order No. 26 titled People's Republic of Bangladesh Banks Nationalization Order, 1972. At the same time another order called Bangladesh Bank Order, 1972 was published to make the country's central bank 'Bangladesh Bank' to take over the assets, liabilities and responsibilities of the erstwhile state bank of Pakistan.

For nearly a decade the freshly created nationalized banks enjoyed monopoly within the space of monetary intervention. Within the early 1980s began the dream run of the non-public sector that

had long been waiting within the wing to emulate their pre-liberation counterparts to induce into the profitable business of banking. In 1980s first 2 nationalized banks-Pubali and Uttara- were privatized to new sets of sponsors within the non-public sector.

Then the govt. took the steps towards privatization by setting up a financial company under the joint ownership of the govt. and the private sector. This company, called International Finance and Investment Company, was later changed into a full-fledged bank with the name of IFIC Bank Ltd. However, the first of the commercial banks came upon within the non-public sector was Arab Bangladesh Bank Ltd on a joint venture basis in 1981-82.

Growth of Banks in Bangladesh -

1971: Pre-liberation commercial and DFIs nationalized.

1971: Bangladesh Bank established to take over the operation of state bank of Pakistan

1980s: Reversion of Pubali & Uttara Bank to private Sector; first finance company IFIC Ltd established;

1980s: First batch of private sector banks established;

1991-96: Second batch of private sector banks emerged;

1996-01: Third generation of commercial banks set up.

2000s: 4th generation commercial banks set up

Nationalised Commercial Banks (NCBs) were established in Bangladesh in 1972 through amalgamation of twelve commercial banks that were operating in pre-independent Bangladesh. The basic objectives of this nationalisation were allowing the access of poor to the fund, reducing capital flight to foreign countries, and increasing domestic investment. That means a society with wealth distributed as equitably as possible. But with time difference those banks has changed their policies and strategies, which were not fulfilling the desired banking policies of the government. On an evaluation of the activities of nationalised commercial banks, it has been observed that the progresses made by the banking industry since nationalisation was not satisfactory. The

nationalised banks could not play their due role in the implementation of government programs and policies. Therefore, a trend of de-nationalisation of banks started from mid 80's.

Existing Bank	New Bank after Independence	Authorized Capital (Lac Tk.)	Paid Up Capital (Lac Tk.)
The National Bank of Pakistan The Bank of Behawalpur Limited	Sonali Bank	500	200
The Premier Bank Limited The Habib Bank Limited The Commerce Bank Limited	Agrani Bank	500	100
The United Bank Limited The Union Bank Limited	Janata Bank	500	100
The Muslim Commercial Bank Limited The Standard Bank Limited	Rupali Bank	500	100
The Austrasia Bank Limited The Eastern Mercantile Bank Limited	Pubali Bank	500	100
The Eastern Banking Corporation Limited	Uttara Bank	500	100

Table 2.2.1 List of Nationalized bank in Bangladesh after 1971

2.2.2 Maturity & Size

The Banking industry of Bangladesh is now at a full grown stage. The market has reached to the level where it is fully functional even with some ups and downs. Usually expansion of an industry bringing new customers or increase demand in the market, as a result the barriers to entry in the market rises and it also decreases the threat of entry from likely competitor's. Competition for market share develops, usually producing price battle; firms specialize in minimizing prices and

developing brand loyalty. When an industry reached into the maturity level, the existing firms rule over the market because of their brand loyalty and efficient operations.

Size of the Industry

Bangladesh's money market based on two sorts of foundations; Banks and non-banking financial institutions. Bangladesh's bank industry is regulated by the central bank of Bangladesh which is also known as "Bangladesh Bank". Presently there are 57 scheduled banks in the country and they all are regulated under "Bangladesh Bank".

Bangladesh Bank (Central Bank)

Bangladesh Bank was established vide the Bangladesh Bank Order, 1972 (P.O. NO. 127 of 1972) with effect from 16th December, 1971. It is the Central Bank of our country and acts as an apex regulatory body for country's monetary and financial system. As a modern central bank, it is responsible for the maintenance of economic stability and overall economic development of the country. In a nutshell, the main objective of the bank is to achieve economic stability and growth within the framework of general economic policy of the Government. The following are the major functions performed by Bangladesh Bank –

- ✓ Formulation and implementation of monetary and credit policies.
- ✓ Regulation and supervision of banking and non-banking financial institutions.
- ✓ Promotion and development of domestic financial markets.
- ✓ Issuance of currency notes.
- ✓ Acting as a banker of Government.
- ✓ Management of the international reserve of the country.
- ✓ Supervision and regulation of the payment system.
- ✓ Prevention of money laundering
- ✓ Collection and furnishing of financial information
- ✓ Implementation of Foreign exchange regulation Act.
- ✓ Managing a Deposit Insurance Scheme.

At present it has ten offices located at Motijheel, Sadarghat (Dhaka), Chattagram, Khulna, Bagura, Rajshahi, Sylhet, Barisal, Rangpur and Mymensingh.

Besides Bangladesh Bank, There are four types of scheduled banks in the Bangladesh. These are

-

- State-owned commercial banks
- State Owned Development Financial Institutions
- Private commercial banks and
- Foreign commercial banks.

State owned commercial: The total number of banks is six. The six banks are - Sonali Bank Limited, Janata Bank Limited, Agrani Bank Limited, Rupali, Bank Limited, Basic Bank Limited and Bangladesh Development Bank Limited. At the end of December 2017, this banking sectors had 25.8 percent of the total assets, 26.6 percent of the total deposits and 29 percent of was in control of state-owned commercial banks. During this period, 10.1 percent of the foreign trade was operated and given as loan and advance 18.6 percent of the funding is done through state-owned commercial banks.

1. <i>Agrani Bank</i>
2. <i>Janata Bank</i>
3. <i>Rupali Bank</i>
4. <i>Sonali Bank</i>
5. <i>BASIC Bank</i>
6. <i>BDBL</i>

Table- 2.2.2.1 Names State owned Commercial Bank in BD

Capital, Reserve Fund and Total Asset

At the end of December 2017, the amount of total approved and paid up capital and reserve funds of six state-owned commercial banks stands 187.0 billion, 96.0 billion and 119.9billion Taka respectively. The Total amount of assets of state owned commercial banks increased 3196.2 billion taka at the end of the 2016 to 3361.1 billion taka at the end of the 2017.

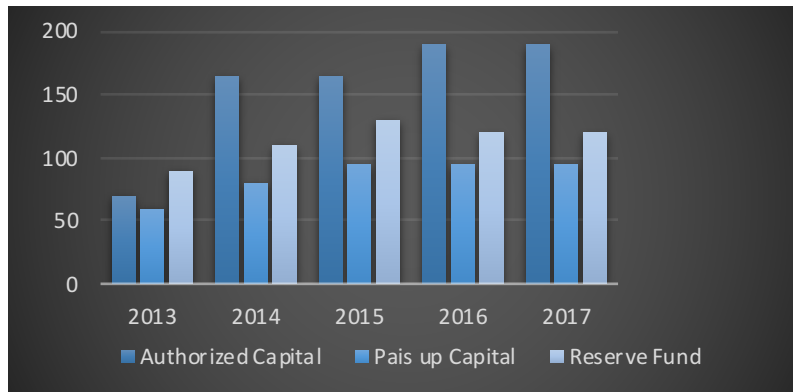


Figure- 2.2.2.1 Movements paid up capital and reserve fund of State owned Commercial bank.

State Owned Development Financial Institutions

State owned development financial institutions are for special development in economics. This branch is to resolving issues in planning and allocation of resources and also making choices in various investments, dealing with decisions making techniques, managing financial internal/external trends and dealing with relevant issues of Balance payments and international monetary policies. Basically activities of Bangladesh's Development finances are implemented through two annual Budget- A Revenue budget and a development budget.

List of Development Banks-

<i>1. Bangladesh kirishi Bank</i>
<i>2. Bangladesh Shilpa Bank</i>
<i>3. Rajshahi Krishi Unnayan Bank</i>
<i>4. Bangladesh Shilpa Rin Sangstha</i>
<i>5. Bank of Small Industries & Commerce Bangladesh Ltd.</i>

Table – 2.2.2.2 Names of Bangladesh Development Banks

Private Commercial Banks (PCBs)

Nowadays commercial banks are considered as the nerve system of all economic development of the Bangladesh. Industrial banks are currently exploitation latest data technology, competitive within the open market with technology system, dynamic from domestic banking to investment banking.

List of Private Commercial Bank in Bangladesh-

<i>1. AB Bank Ltd.</i>
<i>2. Al-Arafah Islami Bank Ltd.</i>
<i>3. Bangladesh Commerce Bank Ltd.</i>
<i>4. Bank Asia Ltd.</i>
<i>5. BRAC Bank Ltd.</i>
<i>6. Dhaka Bank Ltd.</i>
<i>7. Dutch Ban la Bank Ltd.</i>
<i>8. Eastern Bank Ltd.</i>
<i>9. EXIM Bank Ltd.</i>
<i>10. First Security Islami Bank Ltd.</i>
<i>11. ICB Islamic Bank</i>
<i>12. IFIC Bank Ltd.</i>
<i>13. Islami Bank Banladesh Ltd.</i>
<i>14. Jamuna Bank Ltd.</i>
<i>15. Meghna Bank Ltd.</i>
<i>16. Mercantile Bank Ltd.</i>
<i>17. Midland Bank Ltd.</i>
<i>18. Modhumoti Bank Ltd</i>

<i>19. Mutual Trust Bank Ltd.</i>
<i>20. National Bank Ltd.</i>
<i>21. NCC Bank Ltd.</i>
<i>22. NRB Bank Ltd.</i>
<i>23. NRB Commercial Bank Ltd.</i>
<i>24. NRB Global Bank Ltd.</i>
<i>25. One Bank Ltd.</i>
<i>26. Premier Bank Ltd.</i>
<i>27. Prime Bank Ltd.</i>
<i>28. Pubali Bank Ltd.</i>
<i>29. Shalfalal Islami Bank Ltd.</i>
<i>30. Shimanto Bank Ltd.</i>
<i>31. Social Islami Bank Ltd.</i>
<i>32. SBAC Bank Ltd.</i>
<i>33. Southeast Bank Ltd.</i>
<i>34. Standard Bank Ltd.</i>
<i>35. The Cit Bank Ltd.</i>
<i>36. The Farmers Bank Ltd.</i>
<i>37. Trust Bank Ltd.</i>
<i>38. Union Bank Ltd.</i>
<i>39. United Commercial Bank Ltd.</i>
<i>40. Uttara Bank Ltd.</i>

Table- 2.2.2.3 Name of Private Commercial Bank in BD

Summary of the activities of private commercial banks

The number of private commercial banks in the Scheduled Bank of Bangladesh is 40. Among Scheduled banks commercial banks are ahead in terms of assets and deposits. Accepting public deposits and in trade and industry, In recent years, Private commercial banks are financing in agriculture, fisheries and forestry, and important services like electricity, gas and water supply, including loans. At the end of December, 2017, 67.2 percent of the net assets of the banking sector, 66.7 percent of the total deposits and 61.5 percent of the total working manpower were under private commercial banks. Similarly, 73.2 percent of the foreign trade operations in different sectors and the 75.0 percent distribution of loans and advances in the market were completed via commercial banks.

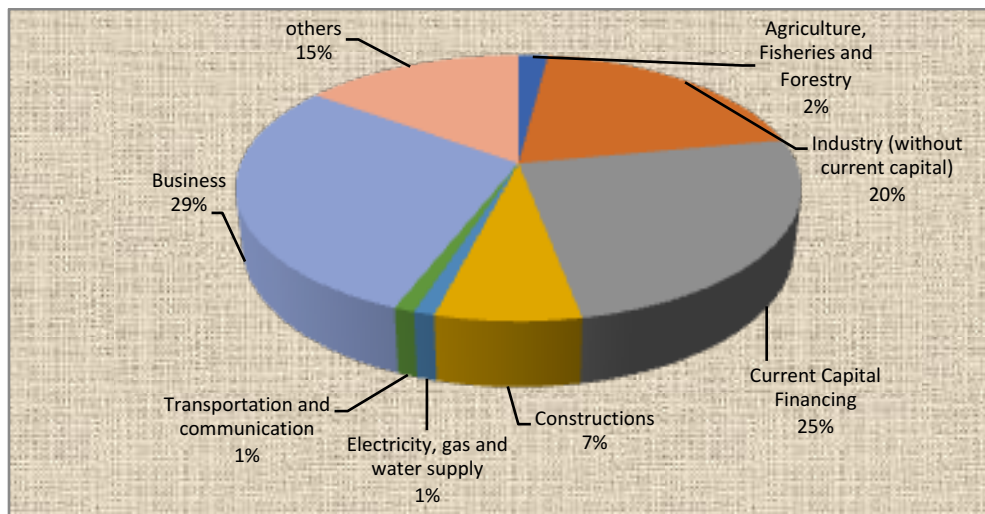


Figure- 2.2.2.3 Contribution of Private commercial banks

Foreign Commercial Banks (FCBs): Currently there are 9 FCBs continuing their banking activities in Bangladesh as the ownership of the branches in abroad.

List of Foreign Bank in Bangladesh-

1. <i>Bank Al-Falah</i>
2. <i>CITI Bank NA</i>
3. <i>Commercial Bank of Ceylon</i>
4. <i>Habib Bank Ltd.</i>

5. <i>HSBC</i>
6. <i>National Bank of Pakistan</i>
7. <i>Standard Chartered Bank</i>
8. <i>State Bank of India</i>
9. <i>Woori Bank Ltd.</i>

Table- 2.2.2.4 Name of Foreign Bank in Bangladesh

2.3. Seasonality

In finance, the term seasonality described as periodic trends in supply/demand, business performance and monetary transaction. This development happens systematically on an annual basis, mutually with regional weather patterns, economic information releases or the celebration of varied holidays.

Seasonality is a crucial issue to contemplate once crafting investment selections. If left unrestrained, the improved volatility and market turbulence due to these trends will increase the danger of currency, equity or goods market exposure.

The relative price of currencies, equities and commodities usually depends upon the time of year. For example, the summer months (June-August) are viewed as being the highest demand season for Eid holidays.

Usually the transaction gets low at late January and February then after March loans rises sharply through May and typically peaking in early June. From that demands of currencies in the recent years get high because of the Eid holidays in our country.

Then, from beginning a part of October through the beginning part of January, the money services sector as an entire money market's activities increase gradually.

Tax coming up with is additionally an element within the demand for bank services and might be an element conducive to the seasonal rise in activity that after June continues until 30 November taxation point in time.

2.4. External Economic Factors

The banking system and also the economy is tied together, however financial gain flows, whether or not the economy is thriving or barely extant throughout times of recession, affects what proportion capital banks will access. Defrayal habits, and also the reasons behind them, have an effect on once customers borrow or pay funds at banks.

Additionally, once inflation reaches skyrockets the bank experiences the backlash. Inflation affects currency and its price and causes instability. Foreign investors turn over before providing their funds once a specific country's currency price is high.

Exchange rate additionally have an effect on banks globally — stable currencies like the North American nation dollar impact alternative currencies,, disbursal habits and inflation in alternative countries

2.5. Technological Factors

Once, it absolutely was expected to go to the local bank to form changes to money accounts, however not anymore. Technology is dynamic how customers handle their funds. Several banks provide a mobile app to witness accounts, transfer funds and pay bills on smart phones.

Smart phones will scan Cheques and also the bank will process it from their location. This variation is to save lots of paper and also helps banks to handle these affairs mobility.

Debit cards are dynamic. In different countries chips are enforced, requiring users to insert their card into debit machines instead of swiping them, like North American country, have enforced a "tap" possibility sound the positive identification onto the device, requiring no pin, for a dealing to finish. These changes create it easier on the user to form purchases while not needed intrusion from banks.

Even banks themselves are utilizing technology at its best to minimize the geographical distance. The necessity of in-person conferences are now being replaced by the virtual conferences.

2.6. Political, Legal & Regulatory Factors

The banking sector appearance all powerful — however it's liable to a much bigger giant: the govt.

Government laws have an effect on the state of the banking sector. The govt. will intervene within the matters of banking whenever, going away the trade liable to political influence. This includes corruption amongst political parties, or specific legislative laws like labor laws, trade restrictions, tariffs, and political stability.

The banking system follows strict laws relating to privacy, client laws, and trade structures to verify frameworks among the trade. Such structures area unit needed for patrons within the allocated country and for international users.

2.7 Barriers to Entry

Even though banking sector is a profitable sector, it's not easy for the new comer to enter in such sector. When new banks start to enter in the market and start sharing the similar economy, the profits begin to decrease, and then it becomes necessary for the existing banks to form high barriers so new comers cannot exist in the market for long. Besides there are many barriers for new banks like minimum requirement of cash, proper documents, lack of political support and insufficient technology and many more. Clients don't easily trust an existing bank without recognition from a secondary source let alone they will trust their money with a new bank, but a new bank can explore their industry where known banks haven't explored yet.

2.8 power of suppliers

Deposits of customers are the key providers of cash because of lower switch price of business customers have strong negotiation power. Recent rate cuts in deposits, triggering from an extremely competitive lending market have directly effect the amount of deposit of customers. This source of funds either from individual client or borrowings from different financial institutions are mostly based on the market circumstances. Therefore, their power is usually thought of to be fluctuated ranging from medium to high.

2.9 Buyers Power

Generally, borrowers of the banks are to be considered as the buyer and that they exercise high negotiation power. They create pressure for price cutting with improve service quality i.e. reduce the rate of interest. During this specific area, clients are a bit forceful to compel banks. Banks are usually vulnerable towards merchandising loans and advances to safeguard the interest of the Bank.

However, each bank more or less is giving the similar sorts of loan service at similar rate of interests ; therefore negotiation power for banking sector is low. Customers haven't have any power to alter the foundations and regulation as also the rate of interest and charges perpetually set by the bank.

From the very starting of Mercantile Bank Limited , they are providing competitive value each for deposit and loan keeping the general financial condition in mind. Because the competition is intense within the industry MBL manages to provide extraordinary and spirited services that differentiate MBL from others banks.

2.10 Threats of Substitutes

In banking industry largest threats of substitution are non-financial competitors. The trade doesn't suffer any real threat of substitutes as way as deposits or withdrawals, but insurances, mutual funds, and glued financial gain securities area unit a number of the various banking services that are offered by non-banking corporations. There are virtually thirty non-banking money establishments for example- United Leasing Company, Industrial Development Leasing Company of Bangladesh Ltd. (IDLC), Industrial Promotion and Development Corporation (IPDC), Lanka Bangla Finance Ltd etc. they are the key players in this sector, they supply differing kinds of monetary merchandise to customers like banks. On the opposite hand, we will say threat of substitutes for banking sector is low as a result of the bank has huge demand for purchasers to meet their demand.

2.11 Industry Rivalry

The banking competition is sort of a race. In Bangladesh, competition among banks has increased drastically. The banking industry faces stiff competition from 57 banks and 33 NBFIs. The competition from 57 banks in the industry, along with the intense price war had led to a decline in the number of loyal customers, making the banking industry extremely competitive. Banks are attempting to supply each the simplest and quickest services for their customers. Trade competition could be a nice threat for Mercantile Bank Ltd, as a result of the prevailing banks in markets providing same product, loan, and deposit same as Mercantile Bank. For this reason, customers have such a lot of choices to speculate their cash and therefore the extent of trade competition is high. MBL is focusing on different and unique products and services proposition as always to be on the race track to compete. On the other hand, for augmentation of brand value several unique and innovative ways have undertaken with the seamless services with utmost care.

2.12. Summary of Challenges & Opportunities

Its kind of safe to say that banking sector is now one of the vital elements to take the Bangladesh economy goes further. Thanks to the rapid growth of the banking sector, Bangladesh's economy is now developing faster than ever. So it's important to understand the all the current and future challenges and opportunities of this sector; some of the challenges were already discussed briefly in the above. It's important for the banks to keep track of seasonal cash inflow and out flow and the times of cash demands, deposit and loans. Then there are some certain external and internal factors that can affect the economy of the banking sector; for example- price rate of foreign currencies and its demand / supply flow; Global economic effects on Bangladesh financial economy. In internal factors government plays a important role, cause this industry is command responsible by the govt. what and the way they provide services is set by politics and current governmental laws; in addition, banks are at the whim of the economy — inflation rates will devastate banking prospects because it affects the worth of currency. One of the main challenges for banks are new comers, but for so many regulations they don't exist for long.

One of the biggest factors for banking sector is technology, which has been helping the sector growing very fast and very efficiently and creating opportunities.

Technology helps customers pay and save cash with pronto accessible apps and on-line services for several daily transactions, it isn't needed for users to go to their branch any longer this, in turn, saves the employment of paper and gas spent from driving to and from banking locations. With the utilization of technology - notably with mobile banking apps - the utilization for paper is being reduced. In addition, the requirement to drive on to a branch to handle affairs is decreased further. Many problems are taken care of through mobile apps and online banking services. Customer will apply for credit cards on-line, purchase cheques on-line, and have several of their banking queries answered on-line or by phone; thus, reducing individual environmental footprints.

Cultural influences, like buying behaviors and wants, have an effect on client's choices of banks. People go to banks for recommendation and help for loans with business, home, and education. Customers request data from bank tells us about nowadays people cannot function properly without a bank account or saving accounts or bank connected credit, and more; and from this banks dependent economy, banks have so many opportunities to explore.

*CHAPTER
THREE:
ANALYSIS OF
THE
ORGANIZATION*

3.1. Overview & History

Mercantile Bank Limited was incorporated in Bangladesh as a Public Ltd. with liability under the Bank firms Act, 1991 on May 20, 1999 and started operation on June 02, 1999. The Bank went for public issue of shares in 2003 and its shares are listed with Dhaka exchange and urban center exchange. The Bank has 129 branches spread all over the country. MBL could be an extremely capitalized new generation Bank with a licensed Capital and paid Capital of Tk. 8000.00 million and Tk. 4968.90 million respectively. With assets of TK. 116,655,283,665 and around 2000 workers, the bank has diversified activities in retail banking, corporate banking and international trade.

There are 30 sponsors involved in creating Mercantile Bank Limited; the sponsors of the bank have a long heritage of trade, commerce and industry. They are highly regarded for their entrepreneurial competence. The sponsors happen to be members of different professional groups among whom are also renowned banking professionals having vast range of banking knowledge. There are also members who are associated with other Financial Institutions, Insurance Companies Leasing Companies etc.

Mercantile Bank's slogan

“Efficiency is our strength”

MBL Vision

Would make finest corporate citizen

MBL Mission

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

Strategic Objectives

There are five basic strategic objectives for MBL and they are following these objectives for many years.

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

Forward Looking Statement

Mercantile Bank looks forward to consolidate their position focusing on the followings:

- ✓ More emphasis on SME financing.
- ✓ Achievement of agriculture credit target.
- ✓ All out efforts to improve deposits mix by procuring low cost and no cost deposits.
- ✓ Innovation of need based deposits and loans products and services.
- ✓ Incorporate technology based advanced products and solutions.
- ✓ To hire and retain qualified human resources according to the need of the Bank.

3.1.1 Corporate Information

<i>Name</i>	<i>Mercantile Bank Limited</i>
<i>Status</i>	Public Limited Company
<i>Date of Incorporation</i>	May20, 1999
<i>Subscription for Shares</i>	October 21-22, 2003
<i>Listed in Dhaka Stock Exchange</i>	February 16, 2004
<i>Listed in Chittagong Stock Exchange</i>	February 26, 2004
<i>Head Office</i>	61, Dilkusha Commercial area Dhaka-1000
<i>Chairman</i>	Morshed Alam, MP
<i>Vice chairman</i>	Al-Haj Akram Hossain, Mohd. Selim
<i>Managing Director & CEO</i>	Md Quamrul Islam
<i>Number of Branches</i>	139
<i>No of ATM booth</i>	93
<i>Number of Employees</i>	Around 2000
<i>Services Provided</i>	Deposit Scheme, Credit Facility and Foreign Exchange Services
<i>Technology Used</i>	Member of SWIFT, Unix Based software- PC Banking & Decorous, Online Banking
<i>Website</i>	www.mblbd.com
<i>SWIFT</i>	MBLBBDDH
<i>Fax no</i>	+88-02-9561213

Table- 3.1.1 Some Major Information about Mercantile Bank

3.1.2 Core Values

MBL's even core values are the foundation of their culture their brand and their business strategy. These Core Values embody who they are as a Company, guide their decisions and inspire them to go ahead.

Customer Delight Customer satisfaction pervades all MBLs activities. They appreciate that Customer satisfaction is critical for our success.

Innovation Spurring innovation for reinforcement of MBL's business. Origination and Materialisation of change management for attainment of perfection and they believe change is always constant

Ethical Value MBL continue to be responsible, ethical, sincere and transparent in our thought sand actions.

Caring for Human Resources Realisation of Intent potentialities of employees, respecting individual worth and dignity to ensure smooth career progression as well as welfare orientation in Human Resources Management policy and practices.

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

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

Shareholders Value Creation and Maximisation of values for our share.

3.1.3 ACHIEVEMENTS

MAY 20, 1999	Incorporation of the Bank
JUNE 02, 1999	Commencement of Business
OCTOBER 29,2000	Opening of 10 th Branch
JULY 03,2002	Opening of 15 th Branch
JUNE 30, 2003	Publication of Prospectus for IPO
OCTOBER 21-22, 2003	Subscription for Shares
DECEMBER 24,2003	Opening of 20 th Branch
FEBRUARY 16,2004	Listed in Dhaka Stock Exchange
FEBRUARY 26,2004	Listed in Chittagong Stock Exchange
DECEMBER 29,2004	Opening of 25 th Branch
DECEMBER 05, 2006	Opening of 30 th Branch
DECEMBER 17,2007	Opening of 40 th Branch
NOVEMBER 24,2008	Opening of 42 nd Branch
JUNE 06,2009	Mercantile Bank Brokerage House Operation
OCTOBER 22,2009	Opening of 45 th Branch
DECEMBER 30,2009	Opening of 50 th Branch
AUGUST 02,2010	Opening of 55 th Branch
DECEMBER 30,2010	Opening of 65 th Branch
SEPTEMBER 14,2011	Separate Operation of Mercantile Bank Securities Ltd. (MBSL)
DECEMBER 06,2011	Mercantile Exchange House (UK) Limited
DECEMBER 29,2011	Opening of 75 th Branch

SEPTEMBER 20,2012	Opening of Mercantile Exchange House (UK) Limited
DECEMBER 27,2012	Opening of 86th Branch
DECEMBER 29,2013	Opening of 91th Branch
DECEMBER 29,2014	Opening of 100th Branch
DECEMBER 31,2015	Opening of 109th Branch
DECEMBER 22,2016	Opening of 119th Branch
DECEMBER 28,2017	Opening of 129th Branch
DECEMBER 27,2018	Inauguration of 131st Branch in Sirajganj
DECEMBER 27,2018	Inauguration of 132nd Branch at Kabirhat
DECEMBER 17,2018	Inauguration of 133rd Branch at Barodi
DECEMBER 18,2018	Inauguration of 134th Branch in Jhenaidah
DECEMBER 23,2018	Inauguration of 135th Mathbaria Branch in Pirojpur
DECEMBER 26,2018	Inauguration of 136th Branch in Rajbari
DECEMBER 27,2018	Inauguration of 137th Branch at Chhagalnaiya
DECEMBER 27,2018	Inauguration of 138th Branch at Kalai

Table- 3.1.3 List MBL Branches & opening Date

3.1.4 Awards & Recognition

An award is not only a great prestige and mark of excellence but also a tremendous boost for a company to strive and excel higher and aim for even bigger accomplishments in future. MBL has received a number of awards and recognitions. Some distinguished achievements are asunder.

- ICAB National Award for Best Presented Annual Reports 2016
- Top Ten Remittance Award 2017
- Best Primary Dealer

Mercantile Bank Limited has achieved the Certificate of merit in the private bank category in ICAB National Award for Best Presented Annual Reports 2016. MBL has been awarded Top Ten Remittance Award 2017 by Center for NRBs for providing commendable remittance services Bangladesh Bank has selected Mercantile Bank Limited (MBL) as the Best Primary Dealer (PD) of Bangladesh during the quarter April-June, 2017.

3.2. Trend & Growth

On 2nd June 1998, Mercantile Bank started its journey as a third generation commercial bank to provide modern banking services. Bank deposits and credit and advance loans status of bank in 2017 is 2.0 percent bank deposit respectively and 2.3 percent credit and advance loans respectively. The deposit status of the bank has increased by 29.2 percent from the year 2016 to 201367.0 million in 2017. On the other hand, the amount of debt and advance status has increased by 28.4% in 2016 to 193777.7 million in 2017. Average interest rate of deposits and loans and advances in 2017 is 3.2. The credit-based contribution to the credit and advance status of the year 2017 is presented in the charts.

3.2.1 Referral activities:

Industrial loan: 31.0 percent of the industrial loan segment, in the financial year 2017, loans and advances delivered by the bank. The amount of industrial debt distribution has increased by 6.0% in 2016 to 2017 in 4083.21 million

Large Industries: In the year 2017, large industries contributed 78.6 percent of the industry's debt distribution. The distribution of loan (net and oven) in the garments industry, under large industry, is 7450.2 million, which is 5.7 percent of the distributed debt.

SME loan: SME sector contribution of 17.5 percent of the debt distributed in the fiscal in 2017. SME sector compared to 2016. Debt distribution increased by 92.3 percent to Tk 23037.2 million in 2017.

Agricultural Loan: In the financial year 2017, the share of agricultural loans between loans and advances distributed in the market was 2.9 percent. The amount of agricultural debt distribution increased by 7.1 percent from 2016 to 2017 in 3776.9 million.

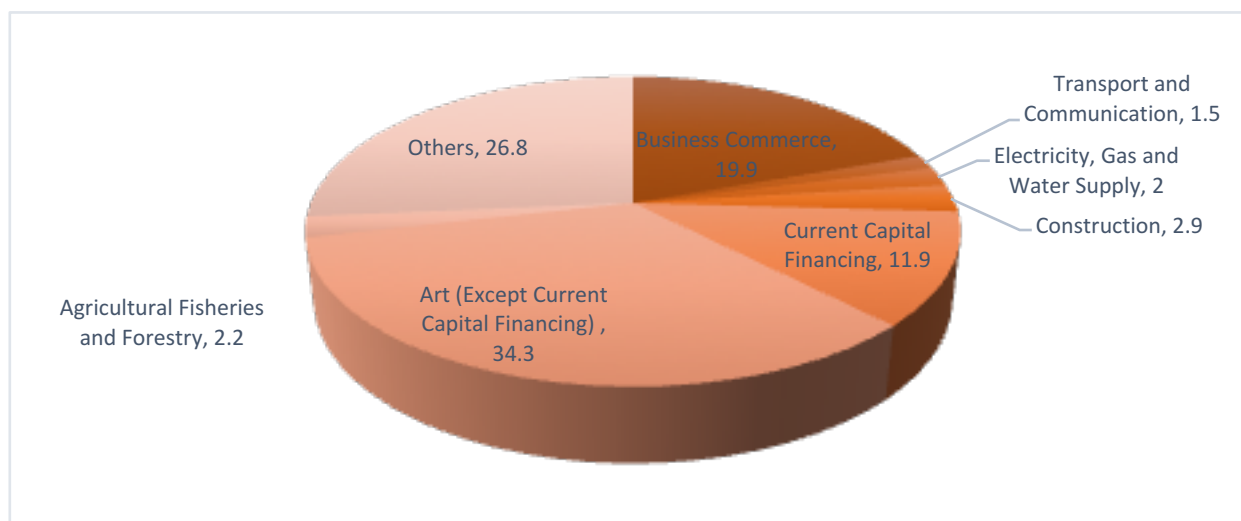


Figure 3.2.1 Debt based contribution to credit and advance of 2017

Green Banking: The amount of debt distributed by the bank in this sector has increased by 65.8 percent from the year 2016 to 2017 in 439.4 million.

Remittance: In 2017, the amount of remittance received by the bank increased by 17.9 percent from the year 2016 to 29996.6 million.

CSR: The amount of money provided in the CSR sector has increased by 178% in 2016 to 186.3 million taka in 2017.

Mobile banking: The number of subscribers of the bank's mobile banking subscriber increased from 461281 to 493180 compared to 2016 in the year 2017 and in the year 2017 the transaction was 5057.3 million taka.

Automation: Out of the 138 branches of the bank in 2018, 138 branches have been covered under automation.

Women entrepreneurs: In 2017, 186 women entrepreneurs were given a loan of 377.4 million taka, which is the same in 2016. So that 23.2 percent less than the amount distributed.

Future Planning Research and Development Department, The new planning management authority on the business of the bank. The bank has been trying to provide improved customer service by informing them.

3.2.2 Financial activities

Total Asset Total asset of the Bank stood at BDT260,169.93million at the end of the 2017. Where in 2013 bank had BDT 144,841.87 million. This indicates a certain growth in bank assets.

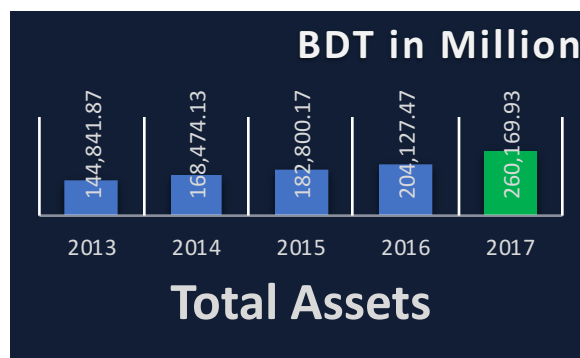


Figure- 3.2.2.1 Visual Presentation of MBL Total Assets from 2013 to 2017

Deposit It is the quantum of deposit placed by customers in the Bank through Current, Savings SND, Scheme deposit, and Term deposit i.e. FDT etc accounts.

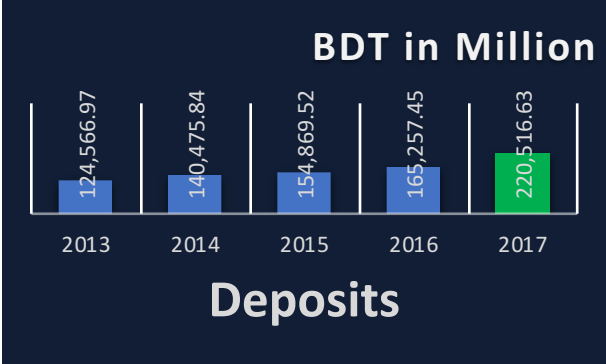


Figure-3.2.2.2 visual presentation of MBL deposit from 2013 to 2017

Loans and Advances Total loans and advances of the Bank stood at BDT 199,660.72 million as on December 31, 2017 against that of BDT 150,912.52 million at the end of 2016. The Bank recorded a 32.30% growth in loans and advances. Major sectors where the Bank extended credit includes trade and commerce, garments industries, large and medium scale industries, construction, agriculture and related sectors, hospital and medical Services, transport, pharmaceuticals etc. Besides, the Bank continued its support to Small and Medium Enterprises (SME) and expanded credit facilities to them through its SME Division

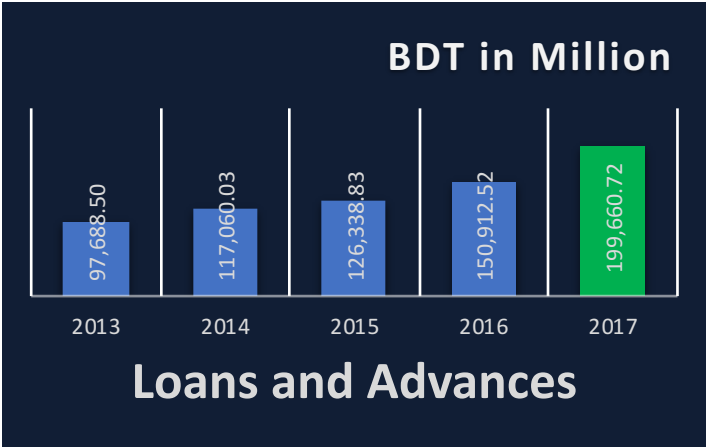


Figure- 3.2.2.4 Visual Presentation of MBL Loans & Advances from 2013 to 2017

Earnings per Share Basic earnings per share have been calculated in accordance with BAS 33 “Earnings per Share” which has been shown on the face of the profit and loss account. This has been calculated by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the period.

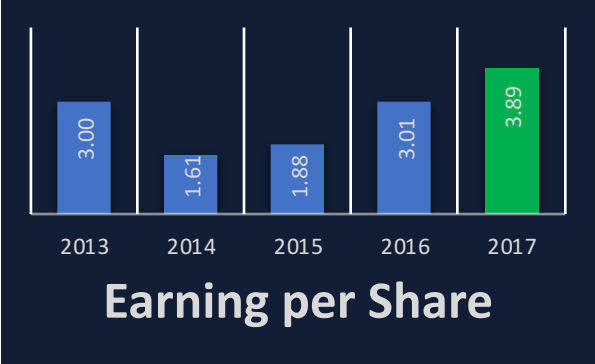


Figure- 3.2.2.5 Visual Presentation of Earning per Share of MBL from 2013 to 2017

Profit after Tax Profit after tax earned by the Bank in 2017 is BDT 3,017.72 million as against that of BDT 2,227.36 million in 2016.

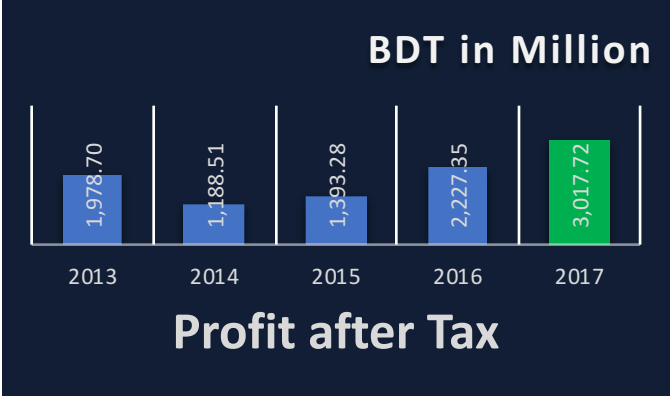


Figure-3.2.2.3 Visual Presentation of MBL Profile after Tax from 2013 to 2017

3.3. Customer Mix

Customer combine is that the sales driven by a selected variety of client section expressed as a proportion of business total sales. Largely bank earns from giving loan and bank offers loan to several sectors.

- Individual Customers account. For example-
 - a) Single account
 - b) Joint account
 - c) Minor Account etc.
- Corporate/Company Clients –
 - a) Private Ltd. Company
 - b) Public Ltd. Company
 - c) Government Company
 - d) One person Company
- Government and Non-government Organization
- Non-Banking Financial Institutions
- Small and Medium Organization
 - a) Proprietorship Firm
 - b) Partnership Firm
 - c) Limited Liability Partnership
 - d) Trust
 - e) Club and Society

3.4. Product/ Service Mix

MBL has launched a range of monetary merchandise and services since its origination. MBL keeps developing and innovating. MBL offer a wide range of products and services that help their valued clients achieve their goal. MBL has many years of experience across the full range of banking products and services. They are working with the respective clients to provide the right mix of products and guidance to help clients business flourish These merchandise and services area unit categorized in 6 sectors i.e. Deposit Products, Loans and Advances, SME Financing, Agriculture, loan MBL, other services.

3.4.1 Deposits Products

MBL offers variety kinds of products and services to its clients among them are different kind of deposits and loan based schemes accounts. A brief overview is given under.

- Current Deposit (CD) Accounts
- Savings Bank Deposit (SB) Accounts
- Special Notice Deposit (SND)
- Fixed Deposit Receipt (FDR)
- Scheme Deposits

I. Monthly Saving Scheme (MSS)

MSS is the most popular Scheme and its main purpose to increase people to save their money. From this Scheme one can choose variety of installments and time period like, 03 years, 05 years, 08 years or 10 years.

II. Double Benefit Deposit Scheme (DBDS)

In this Scheme the amount of deposit gets double after 10 years.

III. Family Maintenance Deposit Scheme (FMDS)

In this Scheme a client can deposit an amount for 5 years; in returns the client will get monthly basis benefits.

IV. *Quarterly Benefit Deposit Scheme (QBDS)*

In this Scheme a client can deposit an amount for 3 years and in returns the client will receive quarterly basis services.

V. *1.5 Times Benefit Deposit Scheme (1.5TBDS)*

Under this Scheme client can deposit a specific amount for 6 years 03 months and in the date of maturity the client will receive 1.5 times of the amount.

VI. *Education Planning Deposit Scheme (EPDS)*

This Scheme is for one's children education purposes. A person not above 40 can open a deposit account which will last long 10/15 years and the installments are BDT 1000 monthly. This Scheme can be open for the child who is less than 10 years and after maturity one will be paid with the full money.

VII. *Super Benefit Deposit Scheme (SBDS)*

This Scheme was created to gain an upper hand in the deposit market. Minimum deposit amount BDT 150,000/- and this Scheme is for 1 year and the benefit can be drawn monthly/ quarterly/ half yearly or at maturity.

VIII. *Advance Benefit Deposit Scheme (ABDS)*

In this Scheme, one can deposit a certain amount of money for two years. The depositor will receive the benefits yearly basis. The benefit amount of first year will be received in advance at the time of deposit. On maturity, the depositor will get back the principal amount with the benefit amount of second year.

IX. *School Banking*

School banking account is to increase student for savings from the early age and this savings account can be transferred to open savings Scheme.

3.4.2 Loans & Advances

Retail Loans

Retail loans are for personal purposes like buying a property, cars or expensive goods.

- Home Loan
- Cottage Loan
- Car Loan
- Personal Loan
- House Furnishing Loan
- Doctor's Loan
- Education Loan
- Secured Over Draft (SOD)
- Refinance Scheme for Green Product/Initiatives
- Krishi / Polli Loan

Corporate Loans

These loans are offered to give a private company or organizations rather than an individual.

- Short Term Finance

This loan is to meet short time finances for example boosting or expanding inventory or seasonal finances. Timeline of this loan is generally within a year or less than a year.

- Long Tern Finance

This loan is to provide a certain amount of money for the organizations. The amount of this loan is generally big and the timeline of this loan 5 to 15 years

- Real Estate Finance

This loan is to buy commercial house / office, rebuilding of the office, buying apartments or warehouse.

- Import Finance/Trade Finance

This loan also known as L/C or Letter of credit, which is issued by bank on behalf of the importer to reassure exporter will get paid upon presenting the shipping documents.

- Work Order Financing/Construction Business

This form of credit facilities is allowed to contractors to participate in tenders below completely different authorities and to finish their awarded works.

I. Earnest Money Financing Scheme- SOD (EMF)

This secured overdraft is a mode of finance for participating in tender under e tendering. Under this financing mode, bank issues SOR/ Pay order in favor of the tendered and the contractor submits it with the tender. It's allowed for procuring Single Work or Multiple Works. Tender against all or some work in a single name. A contractor is not allowed more than 01 (one) or 02 (two) works even if he win all works

II. Bid Bond

Bank issue this guarantee in behalf of customer who can be both bidder and contractor. The bank facilitates the customer to participate in a tender favoring tender inviting authority. If the customer wins the bid the awarding authority will ask for performance guarantee in returns of original Bid bond and if the customers lose the bid then the awarding authority returns the bid bond immediately after the tender.

III. Performance Guarantee (PG)

When a customer/contractor wins a bid, the awarding asks to submit the performance guarantee so they can return the original bid bond. This Bank guarantee is issued on an account of a contractor. This guarantee's validity also cover work order validity and warranty period.

IV. Advance Payment Guarantee (APG)

Under this bank guarantee bank issued a guarantee on behalf of the customer (contractor) to repay the advance made by work/supply order awarding authority if the contractor can't fulfill the terms of its contract.

V. Shipping Guarantee

This guarantee is issued behalf of customer, so in terms the customer can't pay the shipping company then the bank will pay the loss to the shipping company.

VI. Customs Guarantee

This guarantee issued to secured different obligation in favor of Bangladeshi customer authorities. It's to clear imported goods if the customer delaying in the payment. Exporters usually get benefits from this kind of guarantee.

VII. SOD (WO)

It stands for secured over draft (work order) and it's also a non-cheque bearing account. This overdraft facility is to provide favoritism to a contractual firm for execution of work/supply order awarded from the govt. or semi- govt. or autonomous bodies.

• **Export Finance (Pre-Shipment Credit/Finance)**

This loan is to assist financially when a company exports products commercially.

I. Export Cash Credit (Hypothecation /Pledge)

It's necessarily a short term credit. This credit can be used as a financial aid for exporters to meet their genuine costs and expenses related to the exportable goods.

II. Export Cash Credit Against Trust Receipt

In this credit, it's required to sanction against trust receipt. As the exportable goods are under exporters, he/she released a stamped export trust receipt, where the exporter declared that the exportable goods were brought with help of bank and the goods are held in trust of bank.

III. Advance Against Anticipatory Letter of Credit

This kind of Letter of Credit contains a clause written or typed in red ink by the issuing negotiating bank to give advance a portion full amount of the credit as described stipulated in the credit to the beneficiary of the credit for procurement of exportable goods. This advance is made at the risk of the L/C issuing bank.

IV. Back to Back Letter of Credit

The export letter of credit backs a second letter of credit which is issued to pay a supplier. When the exporter received an export letter of credit from the overseas buyer for export of goods, but the concerned exporter are not the actual manufacturer/ producer of the exportable goods.

V. Packing Credit

It's also known as PC. It's a mode in export finance. This short term facility allowed to provide services customers against export L/C or firm from packing/processing/shopping of goods to be export. It must be adjusted from proceeds of the relevant exports.

VI. SOD (Export)

This secured overdraft is a major of liability, created by the bank in making payment of import bills (at maturity) drawn against BTB L/C. BTB L/C generally is opened on usance basis against Master L/C opened on sight basis.

- **Post-Shipment Credit/Finance**

This kind of loan is for commercial exporters, and the loan is given against a shipment that had already been made.

- ✓ **Negotiation of Export Documents (FDBP)**

After the shipment of goods banks extend credit to the exporter receiving proper export documents from them

- ✓ Purchase of Documents against DP or DA Bills

At the rate of exchange rate committee the authorized dealers bank purchase/discount DP or DA bills from the exporters.

- Structured Finance

Banks offer this corporate loan to large intuitions and companies to solve complex financial needs which can't be solved with typical bank loans

- Project Finance

- Syndication

3.4.3 SME Financing

Small and medium loan Schemes are to assist people who are new entrepreneurs or people who are experienced and about to start a new business.

- CHAKACHAKA (Term Loan)
- SAMRIDDHI (Continuous Loan)
- MOUSUMI (Short Term Seasonal Loan)
- ANANNYA (Women Entrepreneur's Loan)
- SANCALOK (A mix of Term, Time & Continuous Loan)
- UNMESH (Trade Finance)
- UDAYAN (Start-up financing for the young entrepreneur)

3.4.4Agriculture Loan

This loan is to assist farmers and the people who are involved in agriculture sector, for example- farming, fisheries, forestry, livestock etc.

- NABANNO (Krishi / Polli Loan)
- SAKTI (ETP / Bio-Gas / Solar Energy Loan)

3.4.5 MBL Card

MBL has all the latest service of Card and all the process goes through card division.

- Debit Card
- Credit Card (Local Card, International Card Dual Currency Card)
- MBL Pre-Paid Card (Student Card, Hajj Card, Travel card)

3.4.6 Other Services

- Online Banking
- Mobile Banking (My Cash)
- Internet Banking
- Off-Shore Banking
- NRB Banking
- SMS Banking
- Locker Service
- Utility Bills Pay Service
- ATM Booth Services
- Cash Deposit Machine (CDM) Service

3.5. Operations

Corporate structure of Mercantile Bank Limited shows that they are highly devoted to establish a strong management within the organization to gain power over competitors and making a customer oriented financial institution.

Board of Directors

Mercantile Bank's Board of Directors consists with "Fourteen" members selected by sponsors of the bank. They are the top level of the management system.

Board Committees

After Board of Directors, Board of Committees next in line of decision making and. Responsibilities of each of the committees are decided by Board of the Directors, who are also responsible in formation of cash committee.

Executive Committee

All routine matters beyond delegated powers of management are decided by or routed through the Executive Committee, subject to ratification by the Board of Directors

Policy Committee

All matters relating to the principles, policies, rules and regulations, ethics etc. for operation and management of the Bank are recommended by the committee to the Board of Directors.

3.5.2 Employee Structure of Head Office and Branches

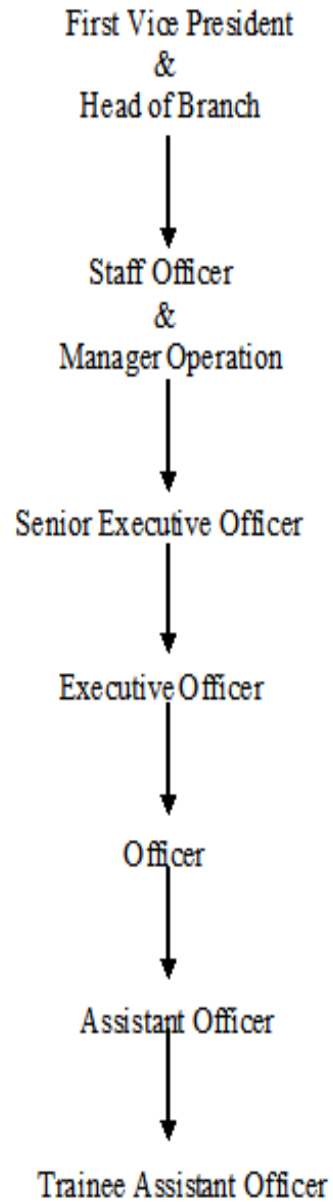


Figure – 3.5.2 Employee Structure of MBL Head office

3.5.2 Departmental Operation of Mercantile Bank Limited

In branch level, MBL has three departments. This are-

3.5.2.1 General Banking

General banking features a separate worth for any bank and banking industry. Without this division no bank will run their operations and additionally puts no worth for the bank. General banking itself carries a most significant worth for any industry. General banking activities are given below:

Main Activities of General Banking

- Account opening/ closing
- Issuance of Demand Draft
- Cleaning of Cheques
- Issuing of pay order
- Deposit
- Transaction between Branches

Other Activities

- Give requisition for cheque book
- Works with account closing
- Process account transfer
- Provide account transfer facility
- Create FDR and different types of DPS
- Do online transaction
- Foreign Remittance
- Local Remittance
- Provide account information and statement to the clients or customers

3.5.2.2 Credit Department

Bank credit is a legal agreement between banks and borrowers wherever banks create a loan to a borrower supported their assessment of the borrower's credit worthiness. The bank actually trusts a receiver to repay funds and interest for a loan, credit card or line of credit at a later date. Bank credit additionally refers to cash that banks lend or have already lent to customers.

Main Activities of Credit Department

- Credit Approval
- Recovery of Credit/ Loans
- Collecting documents of loans
- Loan distribution

Other Activities

- Assessing the potential loss/risk of the loan
- Developing and adhering to lending policies
- Understanding of lending laws
- Helping customers in lending procedures
- Analyze the financial condition of the borrower
- Securing collateral and guarantees
- Collecting proper documentation
- Card Issue

3.5.2.3 Foreign Exchange Department

The foreign exchange department is chargeable for handling and managing the purchase and sale of foreign currencies and is an extremely specialized business. All banks, non-public or state owned banks, have foreign exchange departments that work closely with the foreign exchange markets in every country trading with different money centers worldwide. The best share of currency is particular to a bank's own account though a tiny proportion are going to be on behalf of its personal customers. The foreign exchange department performs the transfer of cash from one currency to a different, like Tk. to the euro/ US dollar.

Main Activities of Foreign Exchange Department

- Opening of Foreign/ Local Letter of Credit
- Bank Guarantees
- Foreign Travelers Cheques
- Bill of Exchange
- Issuing foreign Currency

Other Activities

- L/C Amendment.
- Local Bill Purchase.
- Foreign Remittance.
- A/C Maintaining.
- Foreign Currency Remitting.
- TC (Traveler Check).

3.6. SWOT Analysis

SWOT analysis is to understand and evaluate an financial organization's financial Strengths and Weakness and as well as its external Opportunities and Threats. By using SWOT analysis one can identify the internal and external factors that can create affect on the organization. From this four elements organization can use their strengths to develop their business and create opportunities from the advantages and also can find out about their weaknesses and to figure out how to prevent potential threats, for example- new comers in the market, shortage of budget, sudden fall of economy, etc.

SWOT acronym stands for

S= Strengths

W= Weakness

O= Opportunities

T=Threats



3.6.1 Strengths

Strong Brand Value

Mercantile bank has established their reputation as well known commercial bank. It's already in the list of top Commercial bank in the Bangladesh and Mercantile Bank is showing a great growth in deposits market and earning a great amount of profit.

Equipped with state-of-art-technology

Mercantile Bank Limited is hooked up with up to date technology of the banking industry. They use the latest software to put information in daily basis and their online services are very efficient.

Eminent and experienced Board of Directors

Mercantile Bank has been founded by group of eminent and well experienced people. Sponsors and the directors of board belong to large industry of this country, which is a financial strength for the bank.

Pool of efficient and skilled human resources

Mercantile Bank has highly qualified top management. They have highly skilled employees and expertise, who are contributing heavily towards growth of the bank.

Wide range of branch & ATM network

Mercantile has 93 ATM booth all over Dhaka region and 139 branches all over the Bangladesh, which is a great development for the bank and they are still working on establishing more branches and ATM booth to expand their market.

Wide range of products and customized services

Wide range of products and services with competitive price to meet the demand of various classes of client and they also have customize offers that provide customers need.

Strong Financial Position to meet all sorts of liabilities

Because of the well known reputation of the sponsors and board of directors and strong background on financial status Mercantile bank has the advantage to face any kind of financial challenges.

Strict ethical and moral practices within the Bank

Corporate culture of Mercantile Bank is very admirable and they maintain office ethics and morality to motivate employees. There are no hidden barriers or boundaries to communicate between the top management level to employees.

3.6.2 Weakness

Highly exposed to corporate segment loan exposure

MBL is highly exposed to corporate segment loan exposure, because through out years MBL has made many short term and long term loan to various corporate organizations.

Lack of full-automation

MBL has Lack of full-automation in respect of different in-house report generation. This can create a work office disaster among employees.

Obdurate rules and regulations

MBL's banking operation confined in many respect due to some obdurate rules and regulations. This can affect the ongoing development of the bank and delay important transaction.

Lack of proper statistics regarding different business sector

MBL still lack the necessary planning to reach out in different sector of business.

3.6.3 Opportunities

Cross-selling products and services can lead to profitable market.

Cross-selling of products and services can help MBL to become more profitable irrespective of heavy competition and to increase volume of the selling.

Leaning towards full atomization

Initiation of full atomization in terms of every aspect will lead the bank tech-savvy.

Reaching customer virtually through widely accepted medium

MBL has all the latest equipment and technology to reach customer throughout online and selling their products and services and they can use this advantage to develop their business.

Expanding market in rural area

MBL has the opportunity to penetrate into the rural market with the help of wide branches network.

Global reach through banks' existing network

MBL already has the necessary excess to the foreign market; they can use this advantage to expand their market globally.

3.6.4 Threats

Entry of new banks

Upcoming Banks can pose threats to the bank, especially commercial private bank. If it happens then Mercantile bank will have new competitors and bank will need new strategies to face the new comers.

Insolent political ambience

Unstable and unpredictable political environment can pose threats towards business.

Lack of stability in the capital market

There are so many variables that can create a chaos in the capital market, for example- downfall of global economy, short supply to cash, sudden change in govt. regulations etc. and if it happens, it will definitely affect the MBL's capital market.

Lack of customer's trust

Fear of trust is prevailing within the depositors 'mind due to recent financial institutions' scam and it can be harmful for the bank in terms of selling products and services.

3.7 Steps/Strategies to meet The Challenges & Opportunities

Head office takes lot of time to require choices, they must take call early, and a few freedom of taking calls conjointly ought to offer to the branches.

Their loan recovery system ought to be classified in an exceedingly new means, if this happened then their risks for classified loan are going to be reduced and investment can increase.

In Green Road branch decoration isn't up to mark so that they should produce a decent interior decoration and positive perspective need to show towards worker which will produce a sleek operating setting.

Mercantile bank ought to provide chance to worker to share their expertise and cluster incentive ought to be organised that may encourage worker to figure swimmingly and their selling activities don't seem to be spare however currently a day's promotional and selling activity is generally vital to form a decent image in target customer's mind.

Mercantile bank limited HR department train their employees with necessary computer knowledge. IT sector and teach banking software systems. Theirs HR department also often arrange training program for MTO, assistant officers and for other executive officers. They also sometimes send their officers in international seminars to make them more efficient.

Mercantile bank also trying to increase promotional campaign by participate in social activity for making sensible image in target client mind. For example- sponsoring healthcare, talk show in television,, providing winter clothes to the needy etc.

They have invested in many various sectors so as a result of once investment can magnified value of capital can reduced.

*CHAPTER
FOUR:
INTERNSHIP
EXPERIENCE*

4.1. Position, Duties & Responsibilities

I joined at Mercantile Bank on October 03, 2019 at Green Road branch for internship purposes as a requirement of my BBA program. Even though usually an inter starts working from General banking, I started from from Foreign Exchange department as per schedule given by Head of Branch

- In Foreign Exchange I learned about Letter of Credit and related use of L/C
- About Inland bill purchase
- Foreign documentary bill purchase
- How to Open L/C and L/C Amendment
- Currency exchange process

After Working at Foreign Exchange Department, I was placed at Credit department.

- In credit department I learned how to prepare schedule NPL loans holders account
- Writing proposals for loans
- Giving credit commitments.
- Loan recovery and collection of loans.

Even though I had a schedule to work in all 3 different departments at a time, I got the opportunity to work in all 3 departments at the same time. Since General banking has more activities than other departments, so while I was working at Foreign Exchange and Credit Departments I also continued my work at General Banking Department as well.

- In general banking, initially I worked at the front table. There, I maintained some registers as an example: Inward mail outward mail. Pay Order (PO) register book and Outward Bill Collection (OBC) register book.
- I learned a way to open new account and then however they produce it through code
- How to issue pay order.
- How to transfer cash.
- Receiving deposits slips and giving statements regarding account information.

- In accounts and admin I learned a way to provide foreign payment, maintain expenses for the bank.
- Voucher covering and voucher organizing are the main part of accounts department . I had to collect voucher from money department. Early in the morning they used to provide me with the previous day's money department's vouchers to rearrange them.

4.2. Training

The employees of the branch were very co-operative and helpful. They gave me extensive trainings in communication with customers. I was also taught how to calculate and register Bank Guarantee. I learned how to prepare “Pay order”. I learned what documents to use when there is a loan request. I also learned about different types of schemes as in MSS (monthly saving scheme), SBDS (Super benefit deposit scheme), DBDS (Double benefit deposit scheme) and FMDS (Family maintenance deposit scheme).

4.3. Contribution to Departmental Functions

At General Banking Division

Even though my time at general banking was short but I got to learn many things. I did register entries that connected to the server as provided by the officers. I Provided Information to the new customers. I used to write down recipe no. of Inward/Outward letters. Helping customers like, refill account gap forms for new customers and facilitate them to know terms and conditions unknown to them. If any client fills the paper by his/her own then my job was to see it and make sure that it's provided with proper information wherever required. I used to make sure client for his or her new cheque book by telephone and also facilitate client to close account.

At accounts and cash division

In accounts and admin I learned how to give foreign remittance, maintain expenses for the bank. Voucher covering and voucher organizing is the main part of accounts. I used to collect vouchers from cash department. Previous days cash department's vouchers they used to give me early in the morning.

At Credit Division

My job was to organise file for candidates with the corresponding papers and facilitate them to refill it, also organising PO and write them down accordingly. Sometimes I contacted with clients via phone for customers data and informing them to update data. Checking and writing down Bank guarantees was one of my regular job. I also organised necessary documents for clients who are will take loans.

At Foreign Exchange

My job was to Editing and Checking of L/C issue documents. Sometimes writing down EXP and IMP forms and also Filing different L/C related papers. I used to check monthly wise L/C and Bills transaction value, dates, L/C account no. between server and register. Whenever there was new L/C issued, I would prepare related documents, making a file and register the L/C no.

4.4. Evaluation

I contributed to the activities of the organization though I felt like there was much I could have given and learned. They used to supervise my unbroken track time when I reached the workplace and when I left. Also, the MPO gave me specific time to write down letters and prepare presentation topics to judge my performance. She noticed my communication with different staff within the workplace in addition as my fluency of speaking. She also checked every day how I updated the Pay order, vouchers, L/C connected files and the way I represent my work.

4.5. Skills Applied

Interpersonal

The ability to speak effectively is commonly associated with one's ability to relate well with others or people skills. In this industry, I had to interact with clients and customers in addition as my co-workers and managers. It's vital to be able to build and maintain relationships and be the type of person team members wish within the workplace with them daily. Interpersonal skills are vitals

for a work place employee to determine the requirements and desires of others and to understand others point of view.

Time Management

I've managed with success to take a full course load each semester and meet assignment deadlines, to some extent. I've already incontestable time management skills. However as associate intern, i did not had a syllabus to inform me when was my deadlines. It had been up to me to prepare my time and produce results. Employers were expected me to grasp that I would priorities responsibilities and recognize when it's applicable to multitask or specialize in one specific project at a time.

Critical Thinking

Critical thinking refers to one's ability to investigate and evaluate a scenario or issue and form a judgment. The tendency to suppose critically will be incontestable by willingness to raise queries so as to know a problem from all attainable angles, and to create inventive solutions to challenges. It's one thing several of my co-workers ave emphasized and is very valued by co-workers.

Research and Analysis

I've completed analysis papers and projects for my course work, thus I have already got the expertise with research and analysis. As a new member of the branch, I was hit with great deal of recent information, and my ability to process that information was a like a test for me to prove my ability in whatever role I was appointed.

Communication

Communication happens in a very variety of ways that, however the bank was primarily inquisitive about my ability to put in writing and speak professionally. I had the chances to demonstrate my written skills in pay order and vouchers writing and my verbal skills as I equipped thoughtful answers to the customers queries I were doubtless to be asked throughout my interview, I would have mentioned my expertise giving oral displays (which may be was needed in a number of my classes). The power to speak effectively to translate ideas and convey data is vital in any field,

whether or not I was with my supervisor, co-workers. Or clients and employers were aware that it's a valuable ability.

Adaptability

Nowadays work culture whether or not we are tend to hope to intern for a start up or well established organisation usually needs even the foremost senior level executives to wear multiple hats. As an intern, someday I found myself operating in foreign exchange department and therefore the next day in credit service. While I might have interests in specific sides of the banking industry, a willingness to become familiar with the various components of a company is unquestionably viewed as an advantage and additionally it helped me to increases my exposure inside the organisation.

Initiative

I've applied for an internship to achieve data of an industry and skilled expertise, however that doesn't mean I don't have something to offer throughout my post, highlight instances wherever I've taken it upon myself to contribute or absolutely have an effect on amendment. My co-workers may appreciate the possibility to bring somebody on board who doesn't have to wait to receive direction for each task, and who is willing to help others with their work.

4.6. New Skills Developed

Professional communications

Working during a skilled setting for the primary time is often tough to induce. However it's the most effective thanks to learn the way to navigate the operating world-through real-life, active expertise. One of the foremost valuable skill I've gained from the internship is that the ability to talk with people during a professional setting. Discussions with bosses or co-workers are completely different from discussions with lecturers or fellow student.

After my internship, now I actually have a much better idea of the appropriate way to be behaved as a professional. This has facilitated me plenty after I started to give interviews for jobs as a result I sounded more mature and knowledgeable during a business setting.

Working Hard

I've always tried to provide my best even if the work seemed tiny and less important. It's has helped me to developed work ethics within myself, and my co-workers has seen the time and energy I've gave.

Being told what to do all the time is something many will not like, But sometimes in the job world people with higher position possessed more knowledge then others, the foundations and directions they gave created it easier for everybody. So during my internship I followed the instructions of my superiors to do my work efficiently.

Work Ethics

One cannot really learn about work ethics until he/she is in a tangible work environment. When I was introduced to the actual environment of the workplace I was able to learn about work ethics and how important it is. It helped me understand that everyone has their own opinion and perspective about different situations and be respectful about it.

Independence

Often, we predict that telling one what to do or how to do is the way to learn, however operating independently has verified to be vital. From my internship I have learned to do things form my choices and in my very own manner. The ability to do things independently only with some fewer guidelines is incredibly necessary within the job world.

Teamwork

The internship experience is not like the university project wherever one person did all the work and therefore the grades were shared among the rest. Here, it's a lot of skilled and each one during a team must work along to complete the task. In the internship, I've learned to work as a team while not focusing entirely on myself. I additionally developed patience in things after I disagree with another member(s) of the team.

Taking constructive criticism well

Generally, nobody likes to be criticised and performance evaluations are often quite shivery. I've probably created some mistakes and faced criticism regarding my work from both my co-workers and managers. I've perpetually reminded myself that there is nothing personal. It's in my best interest and for my self-improvement and it'll develop the standard of my job.

4.7. Application of Academic Knowledge

There aren't a lot of similarities are found between the educational books we tend to study & activities we practically do in a company. Since I learned regarding theoretical terms of loans, pay order, L/C throughout the tutorial studies it had been straightforward on behalf of me to organise some of them in specific formats with the assistance of my co-workers. I learned regarding what are the documents required to open savings/ loan/deposits accounts and L/C accounts that I used to be ready to apply throughout my work place. Throughout my tutorial studies, I used to be tutored regarding making ready Bank Guarantees and its etiquettes that additionally helped me throughout my work place.

Chapter Five:
RECOMMENDATIONS

RECOMMENDATIONS

5.1 Recommendations for Mercantile Bank

While working at MBL, there have been some things that came ahead of my eyes that I even have mentioned in findings, I believe MBL ought to contemplate those criteria for the event of credit management. Maybe MBL has its own choices and strategy to follow in these problems, but I'm not absolutely acknowledged regarding those. Here are some recommendations as per my findings-

- Mercantile bank has to deliver speedy consumer service so as to flee the chaotic state of affairs. In this case, they could rent additional staffs in keeping with the demand of their customers.
- Mercantile bank ought to build and maintain a distributed credit risk portfolio to avoid risk concentration and to make sure higher liquidity management.
- If they make the introduction system less complex then they can collect additional deposit throw new account and it conjointly glad customers.
- The employees of the cash counter are the persons who are having direct contact with the client. So, these workers ought to be additional sensible and active and the Green Road branch is not quite there yet in this sector.
- Foreign exchange is the most profitable department in MBL. They should put more employees and expertise in this division.
- The networking systems among branches are not enough efficient, they should establish a strong networking system within their branches then it will simply transfer information inside a short time.
- As as a result of a bank may be a financial organization, the Mercantile bank ought to recruit additional persons, who has commerce backgrounds.
- Banking may be a service-oriented selling, but it's profit depends on it's service quality. That's why the authority invariably should give emphasis on their service quality.
- The Mercantile Bank should build additional ATM booth.
- In the Mercantile Bank, Green Road Branch, it is very essential to relocated the worker within the department to make sure effective satisfaction.

- The bank must accept any difficulties and think of them as objects to pursue future goals by solving the problems instead of blaming other factors and MBL must be able to keep on playing its important roles in the economy.

5.2 Recommendation for improving self-performance:

While I was completing my internship at Mercantile Bank, I found out about some of my fault and I figured out some solutions-

- **Boosting Confidence**

Fear of failure will decrease your confidence and during my internship at first my confidence level was low and it cost me time to adjust and misconceptions about me among colleagues. But with time I realized nothing can boost ones self-esteem like facing challenge and overcoming it.

- **Value of time**

As a free sprite, I like to work within a flexible time period but as an intern in a commercial bank I learned that every second count in the never ending money industry. So I have to push myself hard to keep up with time.

- **Speaking up**

Shyer people have difficulty in office environment, because they like to speak with in some limits and keep a safe distance from people. But In the job industry I have learned that being a shy person will get you nowhere. Since the point of doing internship is all about learning, ones need to ask questions and speak up with others very often in order to gain experiences and knowledge. So I had to lock up my fear of human connection and gather up my strength to speak up whenever I needed to.

- **Not dwelling on small stuff**

In an office there will be different kind of people and their perception, believes may not match with new comer of the office. In my internship one of the most important thing I have learned that if something doesn't work or get disappointed by something or someone it's better to let go, because holding into small things only waste time and angry. So it's important not to sweat about small stuff on the job.

*CHAPTER SIX:
CONCLUSION*

CONCLUSION

The Mercantile Bank Limited has been operating its business successfully in Bangladesh since 1999. Mercantile Bank limited has established a good image in the banking industry of Bangladesh by offering quality service to its customers. They have built strong credit associates with many financial firms and international organizations. The success of MBL has been achieved by strong dedication, fair leadership and high commitment from the management. This success has brought them opportunity to expand their services in all over the country. Now they have 139 branches and planning to increase the number. Mercantile Bank also has planned to invest in multiple sectors like health care, education and agriculture, not to gain profit but to provide financial support in the economic development of Bangladesh.

Though MBL has been facing the variety of issues relating to credit service, it has been delivering the goods “AA-” credit rating in last 2 consecutive years that point out a bank with quality credit, high safety and have superiority in client service. In the basic cognitive process, MBL can create a positive impact on the current financial situation of this country with their high quality services and products.

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