

INTERNSHIP REPORT
ON
Credit Policy and Practice of Private Commercial Bank: A Case Study on
Mutual Trust Bank

Submitted To

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ACKNOWLEDGEMENT

At first, Thanks to Almighty Allah for providing me with the strength and patience necessary to complete the internship report properly. The internship program lasted three months, from September 01 to November 30, 2021. It provided a fantastic opportunity to learn about the corporate world during the entire program. It will be impossible to complete this report without the help of a few persons. Completing the report on " Credit Policy and Practice of Private Commercial Bank: A Case Study on Mutual Trust Bank " was not an easy process, since all of the data had to be correctly acquired, analyzed, and represented in a meaningful manner. There were numerous people that assisted and encouraged the successful completion of the report. Thank you, Mr. Mohammad Tariq Hasan Sir, for providing excellent assistance and advice throughout the internship. He is supervising and assisting with the preparation of this report. Thanks to all of the personnel at MTBL (Shyamoli branch) for being so helpful and cooperative.

LETTER OF TRANSMITTAL

27.12.2021

Dr. Mohammad Tariq Hasan
Associate Professor
School Of Business and Economics
United International University

Subject: submission of internship report on Credit Policy and Practice of Private Commercial Bank: A case study on in **Mutual Trust Bank**

Dear Sir,

With great pleasure would like to inform you that the internship report on “Credit Policy and Practice of Private Commercial Bank: A case study on in **Mutual Trust Bank**”. This report is being prepared as per the supervisor’s instructions. This report is presented here filled with information in an exceedingly descriptive manner. This internship report is completed in MTB by working as an intern for three months. It had been an excellent experience to figure in there. This report gives the opportunity to learn lots of things. It made some way to know the difference between theoretical and practical knowledge. Hope that you just would be kind enough to consider the limitations of the study during preparing this report.

Sincerely yours,

Tasfiqur Rahman Sahim
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DECLARATION

Tasfiqur Rahman Sahim, Student of BBA in Accounting and Information Systems, ID: 114 171 018 would like to declare here that presented an internship report titled “Credit Policy and Practice of Private Commercial Bank: A case study on in **Mutual Trust Bank**”. Which is prepared under the supervision of, Mohammad Tariq Hasan, Assistant Professor, School of Business and Economics, United International University.

Prepared this report and submit it for academic purposes only. After completing a Bachelor of Business Administration (BBA) degree at United International University it’s mandatory to submit an internship report.

Tasfiqur Rahman Sahim

ID: 114 171 018

BBA in AIS

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EXECUTIVE SUMMARY

This report represents the working experience of an intern on “Credit Policy and Practice of Private Commercial Bank”: A case study on in **Mutual Trust Bank**”. Working as an intern for three months in Mutual Trust Bank and gather practical knowledge which helps to write this report. In this report, discuss credit policy. Based on the experience this study offers some suggestions as a recommendation to beat those limitations and obstacles. Banks take deposits from the general public and lend them to other businesses or individuals as loans. The bank pays depositors interest and collects interest from borrowers. Before approving a loan, Mutual Trust Bank assesses all risk factors. When everything is said and done, after the processes have been completed, the loan will be disbursed by the appropriate officer. It is after the loan has been disbursed that it is the bank's responsibility to reclaim the loan that has been disbursed. This research is based on real-world data. MTB employs a working technique. MTB's overall credit management has been examined. Convey a clear picture of the MTB policy and how it is being implemented by various parties' procedure and mechanism the goal of this research is to examine the credit policy, rules, and regulations. Credit management regulation and product performance evaluation in order to identify the most serious issues with credit management. The first section of this report is an introductory section that has been created to ensure that the rest of the report runs smoothly. A brief description of the host organization of my internship, Mutual Trust Bank Limited, is given in the second section. During the theoretical parts of this study make up the third section. The fourth portion consists of some Mutual Trust Bank provides information about credit, its utility, and its credit management policy. The analysis, findings, recommendations, and conclusion make up the remainder of the section.

Keywords: Internship report, credit policy, commercial bank, Mutual trust bank, Bangladesh

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ABBREVIATIONS

MTBL	Mutual Trust Bank Limited
CD	Current Account
L/C	Letter of Credit
SB	Savings Bank Account
KYC	Know Your Customer
ATM	Automated Teller Machine
LTR	Loan Against Imported Merchandise

CHAPTER ONE: INTRODUCTION

1.0 Background of the study

An internship will be a program of a student who works in an organization to realize practical knowledge of the working environment, acquire work experience and fulfill qualification necessities. It's necessary to assemble practical knowledge besides theoretical knowledge which is important to develop our career goals. It's also an excellent opportunity for a student to develop a professional network. Without working in an organization, it seems difficult for a student to gather practical knowledge about the business world. Through these internship program students has the opportunity to achieve practical knowledge which transforms the theoretical basis and practical knowledge. Because of my BBA program, this internship opportunity allowed me to achieve practical knowledge about how a bank works in Bangladesh. Have done a lot of things within the bank like filling up individual non- individual forms and credit card opening form. Scanning the documents, receiving checks and debit cards and so many things under mutual trust bank. This report is that the last requirement to induce the BBA degree from the university. Through this report, discuss the experience.

1.2 Credit Risk Management: Bangladesh Scenario

To minimize losses and also earn an acceptable level of return for shareholders. Credit Risk Management needs a strong process which enables a bank to manage loan portfolios proactively. This is a comprehensive IT system in a central basis. In order to capture all key customer data, risk management and transaction information in relation with trade and forex. Bank should follow strong Credit Risk Management policies and procedures which are sensitive and responsive changing in dynamic global economy and the increasing pressure of globalization, liberalization, consolidation and dis-intermediation. To improve the risk management culture in banking sector. Bangladesh bank provides directional guidelines which are establishing minimum standards for segregation of duties and responsibilities and also assist ongoing improvements in our Bangladesh banking sector (Hasan M. T., 2009).

This is the bank's survival unit, because until and unless this department succeeds, every bank's survival will be in jeopardy. If this portion fails to function properly, the bank may become insolvent. It determines what type of lending product will be offered, to whom it will be offered,

and for how much; it analyzes and measures credit risk on loans; and it manages all loan-related activities. The goal of credit management is to maintain a secured loan portfolio so that the bank may profit from the depositors' deposits. The credit management is the entirety of the job in this regard. Through their operations, banks are susceptible to five fundamental risks: credit risk, asset/liability risk, foreign exchange risk, internal control & compliance risk, and money laundering risk. Credit risk management receives the most attention among these concerns. The probability that the borrower will default on the loan creates credit risk. Credit risk is the most discussed topic in the banking industry following the recent global financial crisis, which was caused by poor credit risk management (Lalon, 2015).

For any commercial bank, credit risk is one of the most important hazards. Credit risk stems from a borrower's failure to perform. It can be caused by either an incapacity or a refusal to perform in the pre-commitment agreed-upon manner. The real credit risk is when a portfolio's performance deviates from its expected value. The book value of a bank is influenced by its credit risk. The more credit a person has at risk, the more likely a bank is to go bankrupt. As a result, the depositor's status in the bank is jeopardized, and there's a chance they'll lose money on their money (Lalon, 2015; Hasan M. T., 2011).

1.3 Brief introduction of the organization

Under the Companies Act 1994 Mutual Trust Bank was incorporated as a Public Limited On September 29, 1999, in which there authorized Share Capital of BDT 1,000,000,000 that divided into 10,000,000 ordinary shares of BDT 100 each. Now at present time, the authorized Share Capital of the company is BDT 10,000,000,000 divided into 1,000,000,000 ordinary shares which cost BDT 10 each. In Bangladesh, Mutual trust bank is the foremost innovative and technologically advanced bank among the entire bank. As a world- class bank, they're the most admired financial institution within the country. MTB'S core values are commitment, accountability, agility, and trust. This bank is fully aware to provide financial services for growth and economic well- being for his/her client. Tanjila Akter Chowdhury had appointed as the first- ever Female Branch Manager at MTB.

1.4 Objective of the study

In our education system, we only learn theoretical knowledge. But the real world it is not enough. So that practical knowledge is needed within the job market. Practical knowledge is important because without this there is no value here in the job market. So a graduate includes a lacks this practical knowledge. As a result, internship program is compulsory for a student to finish his/her BBA degree. The aim of the study is given below:

- To learn about banking activities
- To gain practical working experience.
- To know about credit products and disbursement.
- To know the overall banking customer relationship.
- Identify the factors that affect the performance of the bank.
- To learn about the credit policy of MTB
- To learn about the agent banking sector of MTB.

1.5 Scope of the report

This internship report covers the Credit Policy and Practice of Private Commercial Bank: A Case study on MTB. To prepare this report related information is collected from various sources. Discussed with the employees of the bank, collected their operational manual, and had a conversation with the customers. While preparing this report, learned so many things associated with banking activities. It helped to enrich knowledge about the private banking sector of Bangladesh.

1.6 Rationale of the study

To understand the corporate environment and gain real experience the internship program is incredibly much helpful for each student. An internship program is important for a student because it helps to bridge the gap between theoretical knowledge and practical experience.

1.7 Limitations of the study

Preparing this report with all the efforts and available information there are some limitations are obvious and acted as a barrier to conducting the research. Some constraints are described below:

a) **Time Constraint:** Three months is a very limited period to know and understand the overall banking activities. For the time limitations, many things could not be disclosed in the report.

b) **Access to information:** This is one of the main obstacles that the bank's policy does not allow them to disclose such information and data because of their confidential reasons.

c) **Limited information:** Because of the limited information, some assumptions were made to complete the report. So there are possibilities to have some unintentional mistake in the report.

d) **Secrecy of Information:** Every organization has its secrecy that is not disclosed to others. Information is collected through questioning the personnel but they are not permitted to reveal much information because of secrecy.

CHAPTER TWO: ORGANIZATIONAL BACKGROUND AND INDUSTRY PERSPECTIVE

2.1 The banking sector in Bangladesh

“A Bank is an establishment which collects idle money temporarily from the general public and lends to people as per need.” ---- R.P. Kent.

A Bank is a business organization that takes money from the customers for creating deposits and makes loans, investments. Bank also provides other services such as wealth management, currency exchange, provide locker facilities, etc. The first function of a bank is to borrow from individuals, non-individuals as savings and provide them interest on their savings and make loans at a higher interest rate.

2.2 Objectives of a bank:

Common objectives of overall banking industries are given below:

1. To maximize profit and to conduct overall economic activities.
2. To gather public money for savings at a lower interest rate and lend money to the public at a higher interest rate.
3. Enhance tendency to save money amongst people.
4. Increase capital through savings.
5. To help the government for social- economic development.
6. To spread services to customers Bangladesh's economic sector is essentially surpassing the banking sector.

The effect of the banking sector makes the financial sector susceptible; on the other hand, it highlights the vital meaning of the sector in resource mobilization and economic growth. Bangladesh banking sector continues to be underdeveloped in providing services and customer care, especially by the government banks. Lately, private banks are attempting to develop the banking sectors by following the banking structure of more developed countries.

The categories of banking sectors are:

1. Commercial Banks (DBBL, BRAC, Bank Asia, Mutual trust, etc.)
2. Non-Commercial Banks (IDLC, IPDC, Lanka Bangla etc.)

Bank implies Commercial banks which assume a necessary part in Bangladesh's economic sector. A central bank is the head of all banking sectors. It's a unique substance and assumes a normal part. Bangladesh Bank is the Central Bank of Bangladesh. (Noman, 2015) It controls the whole area. Right now, present- day banking gives numerous other financial offices like exchange cash starting with one country then onto the next, pay utility bills, provide tuition fees of educational institutions, etc. The beginning of modern banking is the consequence of commercial banks. In this thought, Professor Roger said - "Commercial banks are those which the main objective is dealing with money and money's worth with a view to earning a profit".

2.3 Banker-Customer Relationship

Customers are the individuals who keep a financial balance or take different administrations from banks. An individual doesn't turn into a customer of the bank just by opening a record; the person should need to manage the investor first before being assigned as a customer. A banker provides products or services which is helpful for making a good relationship between banker-customer. Basically saving money, lending to others are the most objectives of a bank. Moreover, banker provides various other services like lockers facilities, and collecting check or other financial instruments as their agent. So, the relationship of banker –customer are often classified as follows:

- a) Debtor-Creditor
- b) Creditor-Debtor
- c) Bailee –Bailer
- d) Lesser-Lessee
- e) Agent-Principle

So the above relationship can exist between banker-customer.

2.4 Profile of Mutual Trust Bank

A brief profile of Mutual trust bank is presented in table. Which includes all relevant information about the bank?

Table 1 Profile of Mutual Trust Bank

Registered Name Of The Company	Mutual Trust Bank limited
Legal form	Public Limited Company on Sep 29, 1999
Registered office	26 Gulshan Avenue, MTB Center, Dhaka- 1212, Bangladesh
Chairman	Mr. Md. Wakiluddin
Director and founder Chairman	Mr. Syed Manzur Elahi
Telephone	880(2) 882 6966, 882 2429
Telefax	880(2) 882 4303
SWIFT CODE	MTBL BD DH
E-mail	info@mutualtrustbank.com.bd
Tax Consultant	MalekSiddiquiWali BSRS Bhaban (13 th floor) 12 Karwan Bazar C/a, Dhaka 1215, Bangladesh
Auditors	Hoda Vasi Chowdhury & co. Chartered Accountants BTMC BHABAN
Num of branches	119
SME center	5

2.5 MTB VISSION

Mutual Trust Bank's vision is based on a philosophy called as MTB3V. We envision MTB to be:

One of the wonderful performing banks in Bangladesh

The bank of choice

A truly world-class bank

2.6 MTB MISSION

We aspire to be the most admired financial institution within the country, recognized as a dynamic, innovative, and client- focused company that offers an array of services and products within the search for excellence and to make an impressive economic value.

2.7 Bank structure and services of Mutual trust bank limited

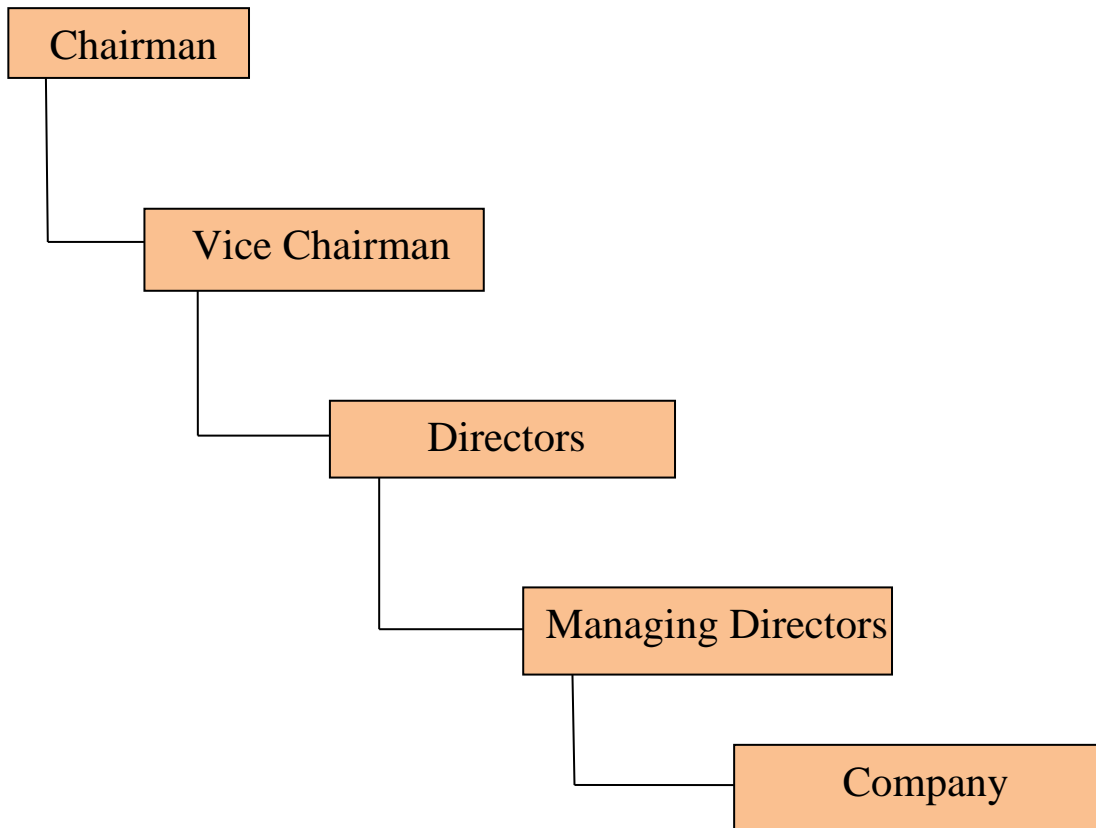


Figure 1 Bank structure and services of Mutual Trust Bank limited

2.8 Products and services of MTB

Products are the “Features” that trade to the customers on behalf of the bank. MTB provides the most advanced and reasonable products and services to customers in Bangladesh. Differing types of products offered which are offered by MTB are:

1. MTB savings account
 - a. MTB care
 - b. MTB extreme savings account
 - c. MTB inspire

- d. MTB regular savings account
- e. MTB senior
- f. MTB shanchay
- 2. MTB current account
- 3. MTB deposit scheme
 - a. MTB brick by brick
 - b. MTB kotipoti
 - c. MTB Millionaire plan
- 4. MTB Fixed Deposits
 - a. MTB double saver
 - b. MTB FDR in days
 - c. MTB fixed deposit
 - d. MTB instant
 - e. MTB monthly benefit plan
 - f. MTB quarterly benefit plan
 - g. MTB shield
- 5. MTB others
 - a. MTB gift cheque

2.9 Credit

From the Latin expression “Philosophy” signifying “I accept the expression store originates. For individuals or firm or organization’s potential on possible capacity and aim to reimburse it is considered as loan specialist. As credit are legally binding assertion, the borrower will get a value of something with a settlement of reimburse the loan specialist late on some date. FICO assessment extraction and reserve funds augmentation is one of the straight forward elements of money related foundation. For any kind of bank overseeing store task is crying requirement. To expand the performing resource and the minimization of non-performing resource as pleasantly for ensuring most satisfying purpose of advances and propels as well as the condition well-disposed administration is the main goal of credit organization.

2.10 Factors considered for credit



Figure 2 Factors considered for credit

2.11 Significance of credit

- Only with the support of the financing system can the business cycle function correctly. Aids in the creation of job possibilities.
- Credit serves an important role in the national economy in the following ways.
- It reflects industrialization's working capital.
- It promotes social justice.
- Cash technology is used because it is profitable.
- Stabilization of the economy raises your standard of living.

2.12 Credit management

Credit organization is a dynamic order in which a clearly comprehended of long-extend arranging is expected to divide the store in various management, limit the chance, and enhance the arrival on the contributed reserve. Consistent monitoring, observation, and follow-up are especially important for ensuring well-coordinated compensation and preventing default. The executives' complete success in FICO assessment is dependent on the banks' reserve funds strategy, credit

arrangement, checking, supervision, and follow-up of the home loan and advance (Alam, 2011; Mahmud, 2014). As a result, when dissecting MTB's store board, it's necessary to look at its shop strategy, FICO rating method, and fantastic reserve funds portfolio.

2.13 Credit Policy of MTB

Mutual Trust Bank Limited's credit agreement includes viewpoints on the country's overall full-scale monetary development through monetary assistance to exchange, trade, and industry. Mutual Trust Bank Limited's credit activity reaches out to every imaginable corner of the general population. Mutual Trust Bank credit arrangement is a collection of similar savvy choices that assist the advance officer in each stage of the advance method in order to fulfill his or her obligation productively and legally. The credit method establishes defined guidelines for deciding on advance options, molding, and managing the Bank's overall advance portfolio. Mutual Trust Bank Limited has a few credit management strategies, which are as follows:

- Keeping the Know Your Customer (KYC) policy in place.
- Borrowers with a low net worth or who are heavily leveraged are discouraged.
- I have a soft spot for the trade and commerce industry.
- Ensure customer liquidity.
- Ensure credit safety and security.
- Short-term financing has a special place in my heart.
- Favoritism in approving a modest loan.
- To place a premium on manufacturing profit.
- To increase the number of consumer loans.

2.14 Principal of credit

Branch manager or credit officer include the general guidelines of providing credit through including credit principles while giving loan and advance to their client. MTB Ltd follow some below guidelines:

- With the requirement of the bank company act and the central bank- all credit extensions must comply.
- When the CIB report is not supported to entities it should not extend the credit.
- Between loan and deposit it should maintain judicious ratio.

- Allow the credit with the banks standards of excellence.
- Extension of credit normally from customer's deposit and not out of short term funds or borrowing from other banks.
- For optimizing the risk and reward.
- Ensuring the ethical standard related with all credit activities.
- If the risk is sufficiently understood and managed only then extend credit in those areas.
- Avoiding the name lending.
- After ascertaining viability, credit requirement, quality of advance, security offered, cash flows and level of risks helps allow credit on business.

2.15 Type of credit activities

Sometimes credit maybe classified with the reference of time, nature of financing and based on provision.

2.15.1 Classification on basis of time, classified bank credit as

Continuous loan:

It is non fixed repayment schedule advice but there is a date in which advances are renewable on satisfactory client performance. Hyphenation and pledge and "overdraft", "cash credit" both are included in continuous loan.

1. Demand loan:

By opening a letter of credit (L/C), the clients have to provide the full amount of L/C for foreign exchange with the bank. By purchasing foreign exchange bank also extends demand loan to their clients which is stipulated marginal basis. Clients are requested to adjust their loan and to retire the L/C documents when L/C documents are arrived "Payment against documents", "loan against imported merchandise (LIM) and "later of trust receipt" are mainly included on demand loans.

2. Term loan:

Team loans are basically advances that made by bank with fixed repayment schedule "consumer credit scheme", "lease finance", "hire- purchase" and "staff loan" are mainly included on term loan

- ❖ Short term loan: Not more than 12 months.

- ❖ Medium term loan: More than 12 months and not more than 36 months.
- ❖ Long term loan: More than 36 months or above 36 month.

Table 2 MTB is classified based on the features of its financing

Funded	Non-funded
Staff loan	-
Term Loan	-
Consumer Credit	-
Loan	Bank Guarantee
LTR	-
PAD	-
Overdraft	Letter of credit

3. Short term Agricultural loan and micro credit:

Through “ annual loan program” these short term loans are enlisted by agriculture credit division of Bangladesh bank. In agricultural sector loans disbursed are not more than 12 months which are included in these category short term credit limits are BDT 25000 which repayment within twelve months.

Provisioning Rate

At the following rates, provision will be made against all forms of loans, including short-term agricultural and microcredit loans:

Table 3 Provisioning rate

Criteria for Classification	Provisioning Rate
1. Other than house finance and professional loans, There is a general provision on unclassified consumer financing.	5%
2. Unclassified small business finance is covered by a general provision.	2%
3. There is a specific provision for subprime loans and advances.	20%
4. Unclassified loans and advances are subject to a general provision.	1%

5. Unclassified loans for housing finance and professional loans are subject to a general provision.	2%
6. There is a specific provision for shady loans and advances.	50%
7. Bad/loss loans and advances have a specific provision.	100%

2.15.2 Application based categories of loan:

Loans are classified based on the purpose of loan are:

1. Corporate loan:

A loan which is issued for business and trade purpose and then loan exceeding amount is 10000000 BDT defined as corporate loan.

2. SME (small and medium enterprise) loans:

This loan amount does not exceed 10000000 BDT but disbursed for business purposes. For small and medium business maintain these loaned amount services as working capital.

3. Retail loan:

It mainly given for personal usages which include auto loan, personal loan vacation and home loan.

MTB personal loan (consumer credit scheme). It is simple, convenient and quick.

Features:

- ❖ Loan disburses amounts from 50000-100000 BDT.
- ❖ 12-60 months of flexible repayment option.
- ❖ There is no hidden charge.
- ❖ Interest rate is competitive.
- ❖ Early settlement option is presented.

Eligibility:

Minimum age required 21 and maximum age required 60 years old for the loan maturity.

Experience:

- ❖ Salaried person: 1 year 6 month is required for permanent employment status.
- ❖ Self-employed: must be practiced minimum 1 year at their profession.

- ❖ Business person: Must be involving minimum 2 years in same business nature.
- ❖ Minimum monthly income:
- ❖ Salaried executive 15000 BDT
- ❖ Self-employed 30000 BDT
- ❖ Business person 50,000 BDT
- ❖ Land lord 40000 BDT
- ❖ Loan balance transfer on takeover:
- ❖ Customer enjoys other bank facility of loan balance transfer based on EMI.

Eligibility:

- ❖ Minimum 6 loan EMI repayment with existing bank.
- ❖ Minimum takeover loan amount is 200000 BDT and maximum 950000 BDT.

Benefits of takeover plan:

1. There is no processing fee or balance transfer.
2. Interest rate 1% which is less than ongoing rate.
3. Approved loan disburse amount which is higher than takeover loan amounts.

4. MTB auto loan:

Customer is pleasantly surprised by MTB's lucrative interest rate. MTB auto loans built with utmost speed and competence which are available for financing both new and reconditioned care.

Features:

- ❖ Loan disburse amount 300000 BDT to 2000000 BDT
- ❖ 12-60 months of flexible repayment.
- ❖ There is no hidden charge.
- ❖ Interest rate is competitive.
- ❖ For these easy documentations and quick processing.
- ❖ Early settlement actions are present.

Eligibility:

- ❖ Minimum age 21 and maximum age 60 years is required for loan maturity.

- ❖ Experience salaried executive total in 2 years.
- ❖ 2 years of business person or self-employed.
- ❖ Minimum 30000 BDT monthly incomes.

5. MTB home loan:

One of the life's most rewarding challenges is planning to own a home which is no matter to purchase new house or new apartment. Based on customer specific need MTB customized a wide range of home loan options. To met all of your housing finance needs. An experienced dedicated team of experts and a complete loan package is in place from NTB. For the client fulfill their dream MTB home loan helps a lot.

Features

- ❖ MTB provides loan for residential apartment or house purchase.
- ❖ MTB gives loan from 500000 BDT to 10000000 BDT.
- ❖ MTB tenor its loan from 3-25 years.
- ❖ MTB provides loan 80% of property value.
- ❖ Presence aggregation of co-applicants' income.
- ❖ There is competitive interest rate.
- ❖ For providing loan there is quick and simple processing and approval time.
- ❖ It also provides loan for apartment under construction.
- ❖ There is partial on early settlement option available in MTB.

Eligibility:

- ❖ A person who is financially able to take loan.
- ❖ For receiving the loan minimum age is 21 and maximum age is 65 needed.
- ❖ For 100% cash covered loan age minimum 18 and maximum age is 70 years at loans matures.
- ❖ Salaried person must be 30000 BDT.
- ❖ Business person / land lord BDT 40000.

Experience:

- ❖ Salaried person must 3 years.
- ❖ Self-employed must 7 years.

6. Loan takeover plan:

Exclusive offers for other banks credit worthy clients by these them can transfer their home loan outstanding to MTB at preferential interest rate and waiver processing fees.

Eligibility:

1. Minimum 12 months of loan with EMI repayment history must be exiting bank.
2. Property location and other eligibility criteria of general loan are applicable for this.

Benefits of takeover plan:

1. 1% is reduced form regular interest rate.
2. Additional loan amount facility on takeover amount.
3. No processing fee applies on takeover loan.
4. No processing fee applies on additional loan.

Required documents:

1. Application for loan.
2. Applicant's national ID / driving license / passport copy if any.
3. Applicant's studio photographs.
4. Salaried person's salary certificate.
5. Business persons trade license.
6. Last one year's personal and business account statement.
7. TIN certificate of applicants.
8. Copies of all existing loans sanction letter and repayment history for the last one year.
9. Rental deed, rental income and ownership certificate of rented properties.
10. Allotment letter of apartment.
11. Other all related document copy.

2.16 Sanction of MTBL'S credit management

The Branch Officers Credit Committee (BOCC) decided to send a proposal to Head Office for approval after receiving a loan application from a customer. After receiving clearance from the bank's competent authorities, the branch issues a sanction advisory to the consumer, who has dutifully received and accepted all the terms and conditions. After completing many conventions in accordance with the terms of consent, the credit organization division orchestrates the disbursement of the advance. The following are the conditions, which are integrated into the advance assents:

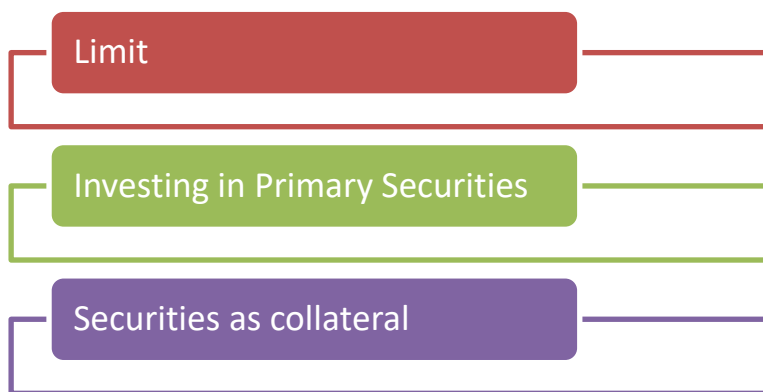


Figure 3 Sanction of MTBL'S credit management

2.17 Lending classification

To obtain a true impression of the advances provided by Mutual Trust bank, a credit arrangement is required. The purpose of credit characterization is to be aware of risk and susceptibility. It examines and makes appropriate decisions for each venture account, categorizing a wide variety of speculation into the four scales below:

- Unclassified: Payments are made on a regular basis.
- Repayment has been halted, although there is a fair expectation of improvement. Interest is recorded in the Suspense Account, and a provision for loan loss is made.
- Debt that is unlikely to be paid: Although exceptional collection efforts may result in partial recovery, the debt is unlikely to be paid. The provision for loan losses is increased, and interest is recorded in the Interest Suspense Account.
- Bad/Loss: There is minimal chance of recovery, thus legal measures are pursued.

2.18 The loan's security

The amount of security provided against advance could be tremendous. A reasonable investor consistently strives to accept unmistakable resources as security to preserve his interests, which can range from gold and silver to various products, resolute properties, life coverage arrangements, stock trade securities, promissory notes, and so on. For the most part, there are two types of security:

1. Primary security: An advance's principal cover. The deposit made by the borrower.
2. Collateral security: The extra, auxiliary, or supplementary security. After exhausted all other options for recuperation, they resorted to.

2.19 Approval process

The approval process reinforces the separation of Relationship Management/Marketing (RM) from the supporting expert. The appropriate endorsement board affirmed the credit along these lines. All the specialist units' approach has been revealed.

2.20 Methods of Charging Securities

Mutual Trust Bank Limited uses the following forms of charging securities:

Lien

On property a lien is a banker's right to keep the debtor's property until the loan is paid off. In most cases, the bank keeps the assets in its own custody, although these commodities may be in the hands of a third party that has a lien on them. Grants the banker the right to keep the property rather than sell it. It is important to obtain permission from the competent court.

Pledge

A pledge is similar to a lien, except the bank has additional rights. In the event of a loan default, the bank can sell the property without the participation of a court, but sufficient notice to the debtor must be given. Physical handover of commodities to the bank is required to form a promise. Hypothecation is a type of hypothesis. The commodities stayed physically in the hands of the debtor in this charge generation procedure. However, the banker receives the documents of title to

the goods. Since the items are in the borrower's possession, the bank inspects them on a regular basis to assess their quality and quantity for maximum loan security.

Mortgage

A mortgage is a transfer of ownership of a specific piece of real estate. Mortgages are secured by immovable property such as land, buildings, and plants. Equitable mortgage is another approach for creating a charge that is employed in banks. The simple deposit of title to goods is sufficient to establish a charge in this case.

Receipt of Trust

Generally, goods imported or purchased with a bank's financial help are held as collateral by the bank. The bank may release the lien or pledge the goods in exchange for a trust receipt.

Work-Order Advancement

Advances to a client can be made in order to complete a work order. The following points should be taken into account. To arrive at a reasonable option, consider the client's management capability, equity strength, nature of scheduled work, and feasibility analysis.

Advance on Shares That Have Been Approved

"Investment Scheme against Shares" will be the name of the credit facilities that will be extended against shares. Advances on shares of firms listed on the Stock Exchange Ltd may be permitted. Fixed Deposit Receipts are used to fund the advance. Credit Restrictions imposed from time to time by Head Office / Bangladesh Bank will apply to Advance against Fixed Deposit Receipt. Credit limits of up to 80% of the FDR value are routinely granted by Mutual Trust Bank Limited. Examine the Fixed Deposit Receipts in light of the following criteria.

- a) The Fixed Deposit Receipt does not bear a minor's name.
- b) The depositor signs it and it is discharged on a revenue stamp of sufficient value.
- c) Any one of the depositors can create a liability on a Fixed Deposit issued in their joint names.
- d) If the Deposit Receipt is used as security for allowing advances, the depositors must sign a letter of lien on the relevant form.

- e) Lien against that specific Deposit Receipt must be marked in the branch's fixed Deposit Register if the Deposit Receipt was issued by the branch-allowing advance.

2.21 Procedure for loading

The ability of a business bank to store and contribute this reserve is significant. In this way, proper administration oversight and follow-up are critical in the loaning and recovery process. To administrate and catch up on the loaning and recovery procedure, Mutual Trust Bank Limited follows a three-stage approach. During the pre-endorse arrangement, the real credit control begins. Credit analysis is crucial at this step since it requires determining the appropriate and subjective borrower. At the first meeting, select the borrower Mutual Trust bank restricted individual to give judgment on their capacity.

Post-Sanction

At this stage, proper paperwork is important for the credit office's security to be stretched out MTBL to exchange the advance risk in the event of the borrower's default.

Stage after disbursement

Mutual Trust Bank Limited evaluated the following factors at this time: The loan and account balances are both within acceptable limits. The funds were spent for the purpose for which the loan was approved. Regular personal touch with the borrower. Keep a close eye on the borrower's financial and management situation. Taking steps to prevent the loan from becoming time-barred.

2.22 Recovery instructions

The bank's responsibility is to collect the landed sum within a specified time frame, and if the borrower fails to repay the money within that time frame, the bank will label him a non-payer and recover the funds by selling the borrower's stocks or blocking his account. Despite numerous obstacles, thanks to the division's diligent and persistent efforts, an amount of Taka 73.35 core was recovered in 2020 against a total recovery objective of Taka 150.00 core.

Recovering Techniques

The three ways listed below can be used to re-front credit.

1. Recovering persuasion

2. Recover voluntarily
3. Obtain legal redress

2.23 Recovery procedure

It is the duty of the bank to recover the landed fund within specify time and if the borrower fails to repay the money within the said period bank will declare him as a non-payer and recover the fund by selling the securities given by the borrower or by freezing his account. Despite a lot of barrier owing to the careful & relentless efforts of the division, an amount of Taka 73.35 core has been recovered against the total recovery target of taka 160.00 cores during the year 2020.

Strategies for Recover

Re-front of credit can be made in the accompanying 3 methods.

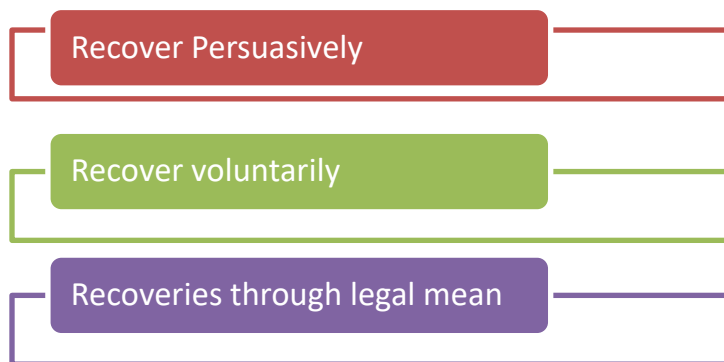


Figure 4 Recovery Procedure

1. Recover Persuasively

In the case that the borrower does not pay the due amount of advance on time, the first segment of the bank's interaction with him is confidential. It places a psychological burden on the borrower to repay the advance. All things considered; the bank may be able to encourage the borrower to repay the advance.

2. Recover voluntarily

Some portions of this procedure are performed in order to recover the loan. These are the following:

- o Creating a Task Force

- Convening a seminar
- Rates of interest are waived.

3. Recoveries through legal mean

Mutual Trust's recovery strategy Bank is the most recent amalgamation of time and cash exertion. It pursues four procedural parts of recouping the loaning money, which are as follows: combined exertion of bank, society, and lawful organization.

- ❖ A friendly reminder to the court
- ❖ Putting Social Pressure on People to Pay Back Loans and Advances
- ❖ Notification of legal action
- ❖ Legal regulations are carried out with the assistance of the court.

Allocate a certain amount of weight to the major risk factors.

The risk components are given equal weight in this stage. Risk variables must be assessed and weighted based on current and reliable data as well as complete objectivity.

Principal Components	Weight
Relationship risk	10%
Security risk	10%
Management risk	12%
Business risk	18%
Financial risk	50%

Table 4 Allocate a certain amount of weight to the major risk factor

2.24 SWOT analysis of MTB

SWOT analysis assumes a significant part for assessing associations Strengths, Weaknesses, Opportunities, and threats. It helps the relationship with recognizing how to survey its exhibition and can filter the full scale climate, which is turn would assist the association with exploring in the Turbulence Ocean of rivalry. Following is given the SWOT examination of Mutual Trust Bank Ltd.

Strengths

MTB has the reputation and goodwill to provide quality services to its different customer.

MTB gives biggest banking service among all the commercial bank.

MTB has ATM booths which are available all over the country.

Provide fast track facilities to provide quick and faster services.

Weaknesses

The branches of the bank have to wait for the head office to take any decision.

Minimum balances and yearly charges are excessively high.

The bank provides online types of assistance which are limited and needs to improve.

Branch offices are just accessible in large and metropolitan cities.

Opportunities

By reducing charges and fees MTB can achieve more corporate client.

It has scope of market entrance through diversified products and wide financial organization.

Expanding branches in rural areas they can enrich their banking services.

Threats

Disturbance political environment.

MTB provide some services at free of cost which may decrease the overall profit.

Increased new competitors.

CHAPTER THREE: METHODOLOGY

3.1 Methodology of the study

A methodology is a way for gathering data and information in preparation for study or fieldwork. There are two methods for gathering data: primary and secondary. Data can be obtained through primary data gathering methods such as interviews, questionnaires, or first-hand experiences. A system for collecting data from sources other than users is known as secondary data. Primary and secondary data gathering approaches are employed in this report. Both primary and secondary data collection methods are used for organizing this report.

Primary Sources

- a) Practical work experience
- b) Through observation
- c) Discussed with the bank Officials
- d) Conversation with the clients
- e) Informal discussion with the bank's employees individually

Secondary Sources

- a) MTB'S Annual report
- b) MTB Banking manual
- c) Previous internship reports
- d) Different publications of MTB
- e) MTB website
- f) Bangladesh bank circulars

CHAPTER FOUR: INTERNSHIP EXPERIENCE

HR Department appointed MTBL for that program on August 31, 2021 and issued an appointment letter. The internship program began on September 01, 2021 at Dhaka's Shyamoli Branch. A timetable for the internship program was given to me once I joined. Office hours, responsibilities, rules, and regulations were all discussed. Since the time of Shyamoli, The MTBL branch is a novel branch with a tiny size relative to the other branches. It has three modes of operation. Cash, Customer Service, and Relationship Management are the three divisions.

4.1 Description of the Position

The General banking section of MTBL encompasses activities that are primarily concerned with client care. This department offers a variety of services, including account opening, loan provision, and more clearance, and so on Account opening, clearance, and other services are divided into a few desks card and cheque delivery desk.

4.2. Responsibilities in the Workplace

The roles and responsibilities include providing customer service and providing accurate information to customers chasing consumers, assisting them with account opening forms, and assisting top officers of the company various workstations to gain a better understanding of how things work. Throughout the entire process, each responsibility the internship time is explained in detail below:

4.3. Account opening:

One of the most important actions in banks is account opening. This is the primary source of funding for banking operations. This is how bankers and clients establish ties. One of the responsibilities assigned to me during the internship program was to open a bank account.

MTBL offers several distinct types of accounts. These are the ones:

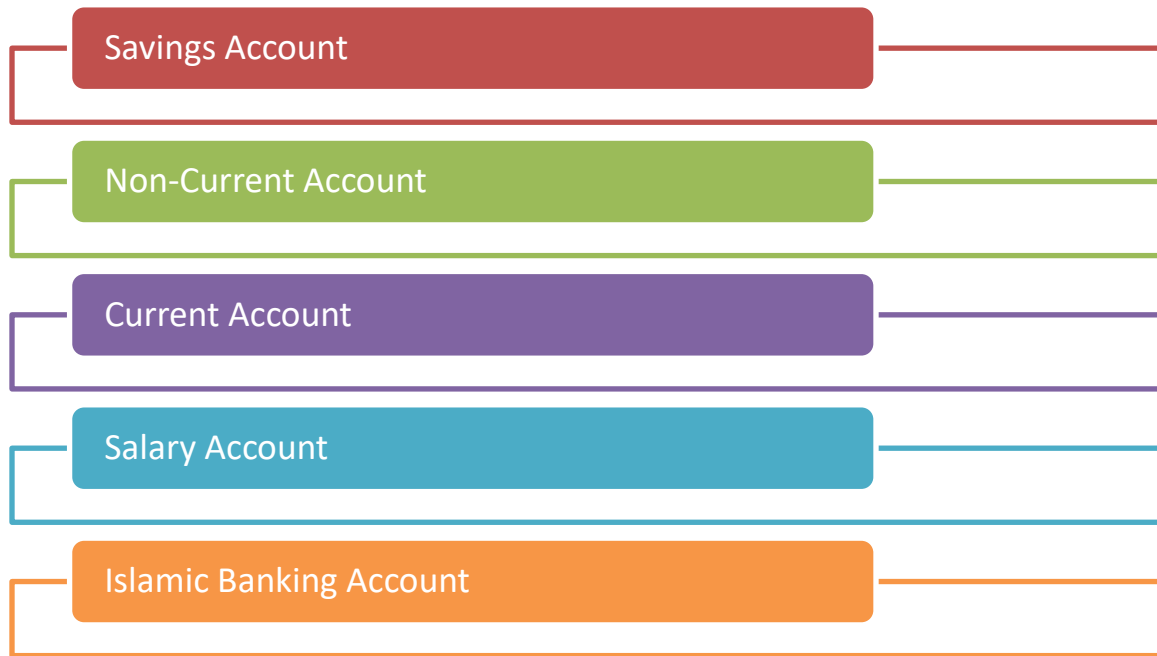


Figure 5 Account Opening

Different accounts offer varying features and have different account opening requirements. The following are the standard processes for opening an account that are followed throughout the internship program:

1. Determine whether or not the required documentation to open an account are available. The fundamentals the following documents:
 - a) Two copies of an account holder's passport-size photos
 - b) An account holder's national identification card, passport, or birth certificate
 - c) One photocopy of the nominee's passport size photo
 - d) The nominee's national identification card, passport, or birth certificate

e) If you're a student, you'll need a student ID; if you're a service member, you'll need a job ID or a visitor card.

f) Utility bill copy

A few additional items are required in the case of other sorts of accounts

a) The business's trade license;

b) The E-TIN; and so on.

2. If all of the required documents are on hand, the next step is to complete the form. Customers' signatures were required, as were the completion of the whole form, the addition of client transaction profiles, and the calculation of risk grading, among other tasks.

4.4 Delivery of checks

Cheque books are available to account holders (save for student account holders). They must first submit a cheque requisition in order to accept checks. Cheque books are available in the Shyamoli branch. Cards are delivered to the same desk as the letters. Cheque books are serially organized in a desk, with serial numbers recorded in an excel file. When customers come to pick up their cheque books, the responsibility assigned to them is to find the precise cheque book from the drawer.

4.5. Delivery of Card

The account holder receives a debit card known as a Nexus card after opening an account. This is one of the responsibilities handed to you at the start of your internship. The customer receives their card and pin number after signing two different pieces of paper. When a customer's card is lost or stolen, or when a current customer needs to replace their old card, a new card is issued. The customer is given fresh cards and pin codes in both circumstances.

4.6 Additional Job Responsibilities

- Assist customers in filling out DPS and FDR forms.
- Fill up the Debit card, Credit card, Loan, CIB inquiry application form.
- Verify customer signatures and photographs.
- Write a deposit book for customers.
- Prepare instruments for pay orders.

- Provide product and service information to customers.
- Assist consumers in accordance with their needs.
- Keep consumer information up to date.
- Complete any forms that are missing information.
- A unique identifier (NID) that has been verified
- Assist in the extraction of previous forms from files
- Identify customers' waiting papers

4.7 Learning Objectives

- ❖ Study how to keep each piece of work in order.
- ❖ How to interact with consumers, including how to speak with them nicely and patiently while also understanding their needs and desires.
- ❖ Acquire the ability to manage your time. How to finish a work that is due on a specific date.
- ❖ Improve communication abilities.
- ❖ Manage office tasks while also completing the internship report.
- ❖ While working together, learn to cooperate with coworkers.
- ❖ Acquire a thorough understanding of the bank's policies and procedures.

CHAPTER FIVE: PROBLEMS, RECOMMENDATION AND CONCLUSION

5.1 Problems Identified

1. From the latest two years examination it has been seen that Mutual Trust bank was giving more credit workplaces in metropolitan areas than natural districts which urges state run administrations to be continuously insightful their causes.
2. The recovery pace of Mutual Trust Bank has extended bit by bit which suggests number of terrible commitments has decreased.
3. Higher pace of interest accepts a remarkable occupation in credit the leaders. A couple of times the rate is high to the point that the appearance from the hypothesis isn't really adequately acceptable to repay the development. Likewise, accordingly default occurs.
4. The standard credit of shared Trust Bank is extending bit by bit. Additionally, it passes on sure sign for Mutual Trust Bank. It moreover prompts trust limit among its accomplices.
5. The superior compensation credit of Mutual Trust Bank limited is extending bit by bit. This suggests the bank's net advantage will assemble further and it can develop even more extensively

5.2 Recommendations

1. The bank should totally seek after The Principle of Sound Lending. Bank should not to approve advance to customer without each and every essential document.
2. As recovery rate from assembled advance was in OK aspect and simultaneously 18% of credit goes default. So Mutual Trust Bank should have to grow a more prominent measure of its recovery pace of organized credit.
3. Shared Trust Bank should keep up a pleasant element of advance expense for managing the credit to restrict the pace of default.
4. Genuine and effective noticing system should be made in order to restrict the proportion of nonperforming advance.
5. As we have seen that the bank was giving a generous piece in inadequate division, which is everything except a nice sign for our economy. So bank should pay more spotlight on beneficial divisions like mechanical credit rather than futile region as vehicle advance.

5.3 Conclusion

Digitization or technical upgradation can contribute toward the improvement of the country's economy. In our banks are basic in the cash related system. Again private current banks, which are a ton better than anything realm had bank, are playing critical similarly as fundamental. Position and the headway of our country. Emphatically Mutual Trust Bank is setting up most of its sources on this identical tune to get most possible obligation to the country. Despite firm test among banks running in Bangladesh both abroad and neighborhood, Mutual Trust Bank has done first class progress in districts of its exercises and procured a stunning running compensation over the previous years. The financial establishment might want to get a first-rate period of advancement in each part of its exercises which consolidates focal point of productivity. In accomplishing the recently referenced objectives of the bank, reserves task is of head importance as the best proposal of complete compensation of the cash related establishment is delivered from it, most danger is set up in it and surprisingly the actual presence of financial association relies upon sensible organization of its hold supports portfolio (Hasan M. T., 2011). The maker should suggest, money related foundation requires some unprecedented non-open characteristics that not each bank has. Among the most principal of these are reliability, trustworthiness, meticulous quality and status to reliably be accessible to new contemplations and new methods for get together ally needs. Today isn't actually like the prior day and day after today will be stand-apart from today. Given the fast changing, amazing overall economy and the creating stress of globalization, headway, association and disintermediation, it is crucial that Mutual Trust bank controlled has a good store peril the chief's assurance procedures and system that are fragile to these changes.

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