



Internship Report

on

A Study on Retail Banking in Union Bank Limited

Submitted To:

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A Study on Retail Banking in Union Bank Limited



UNION BANK LTD
SHARIAH BASED BANK

Local Bank Global Opportunity

Letter of Transmittal

10th December, 2018

Dr. Md. Mamun Habib

Associate Professor

BRAC Business School

BRAC University

Subject: Submission of Internship Report.

Honorable Sir,

With great pleasure, submitting my Internship report on the topic “**A Study on Retail Banking in Union Bank Ltd.**”. While preparing this report your instruction and guidelines as well as those given by my Bank supervisor have been followed.

This report has been completed with my experiences I have achieved during the period of my job at Union Bank Limited, Gulshan Branch Office. I hope it will be quite helpful to enlighten my future career and knowledge well. I hope this report to be informative as well as comprehensive.

My special gratitude to you for dedicating your valuable time, expert guidance and support. I have tried my best to complete the report appropriately as much as possible. I shall be pleased to answer any sort of query you may have regarding this report.

.....

Md. Taufiqul Islam

ID: 15164048

Department: MBA

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Supervisor's Certificate

This is to certify that the internship Report on “**A Study on Retail Banking in Union Bank Ltd.**” is done by Muhammad Taufiqul Islam as a partial fulfillment of the requirement of Masters of Business Administration (MBA) major in Operations Management.

The report has been prepared under my guidance and is carried out successfully.

Dr.Md. Mamun Habib

Associate Professor

BBS

BRAC University

Date:

Acknowledgement

To prepare this report a significant amount of documents and informational inputs from several sources were involved. I would like to take this chance to convey my sincere gratitude to those without whose blessings and cooperation this report would not have been possible. At the very outset I would like to pay my gratitude to almighty Allah for keeping me well and to successfully complete this report. Then my grateful appreciation goes to Union Bank Limited authority for rendering me their expertise, knowledge and giving me the opportunity of having a practical experience.

I would like to give my heartiest gratitude to Dr. Md. Mamun Habib for gratefully acknowledge, outlining and finalizing the whole report I would also like to express my deep gratitude to my supervisors, Mr. Shakur Mia, PO, Mr. Rashid Shahid, SPO and Mr. Saiful Azam, FAVP. They always gave me their suggestions in making this study as flawless as possible.

Last but not least I also acknowledge my family and friends for their support and encouragement throughout my internship period and also while preparing this report.

Executive Summary

Banks are expected to support their communities with an adequate supply of credit for all legitimate business and consumer financial needs and to price that credit reasonably in line with competitively determined interest rates. Indeed, making loans is the principal economic function of banks to fund consumption and investment spending by businesses, individuals, and units of government. The objective of the report is to understand & analyze Retail Banking of Union Bank Limited.

Throughout the period I went through the practical aspects of Retail Banking Department of a bank Management of Union Bank Limited. This report is an attempt to analyze the overall Retail Banking Management of this bank. Retail Banking is an important catalyst for bringing about economic development in a country.

This report is divided into Four Parts.

First part covers Introduction of the report. In first part mainly focused to discuss about origin, objective and limitation of the report.

Second part covers the overview of Union Bank Ltd. In this part the overall status of the company is highlighted. Especially the structure, corporate profile, services and the other status of Union Bank Ltd.

Third part covers the Retail Banking system of Union Bank Ltd. In this part the services of retail banking of Union Bank is discussed broadly.

The last part includes ending Summary consists of Conclusion, Recommendations & Reference of the report. The last Section is based on overall information compiled from total report.

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Chapter 1

INTRODUCTION

1.1 Origin of Report:

Each honors degree needs practical knowledge of the respective field of discipline to be fruitful. Our MBA program also has an internship program, relating to the exchange of theoretical knowledge into the real life practical situation.

BRAC University includes an internship program for each and every student at the final stage of the program. After the completion of course of MBA program and passing the comprehensive exam, I was assigned for the internship program under the guidance of my supervisor Dr. Md. Mamun Habib. My honorable supervisor has advised me to do a report on Retail Banking activities of Union Bank Ltd. I was in “Union Bank Ltd.” at Gulshan Corporate Branch and worked with high degree of competence and lastly suitably submitted this report within due date.

1.2 Objective of Report:

The broad objective of the study is to analyzing Retail Banking activities of Union Bank Ltd.

Other objectives are:

1. To know the basic activities of retail banking of Union Bank Ltd.
2. To compare pros and cons of retail banking.
3. To appreciate the organizational environment.
4. To know the official rules and regulations.
5. To study existing banker customer relationship and banking strategies.
6. Recommend the promotional activities of retail banking more effectively and efficiently.

1.3 Methodology:

This report has been preparing on the basis of understanding gathered during the period of internship. In order to prepare this report, I have also collected information from different section and department of the bank. I have presented my experience and findings through using different table and charts which are presented sequentially. To prepare an authentic and informative report

I have studied all the company's information, record, company website and other relevant things. Beside these it was most significant to discuss with employees of different section regarding various confidential records. Beside these I am going to use interviewing method with structured questionnaire for collection of primary data from the customers about their satisfaction level but I am not going to prepare any questioner for the customer's use.

There are two basic purposes of research: to learn something or to gather evidence. The main purpose of research has as its main goals the gathering of coherent, verifiable information and most importantly, timely reporting of that information. According to Yin 2003, the purpose of the academic study has distinguished as exploratory, descriptive and explanatory.

Data Collection: Source of data of this report can be divided into two categories:

1.3.(a) Primary Sources:

1. Discussion with the organization's staff and executives in the principle branch and employee of Gulshan Corporate Branch.
2. Talk with bank client.
3. Revise relevant files.
4. Direct observation of daily activities

1.3.(b) Secondary Sources:

1. Annual Report of UBL.
2. Website.
3. Relevant books, Research papers, Newspapers and Journals.
4. Internet and Study of selected reports.
5. Different Circulars of Bangladesh Bank.
6. Different guidelines of Head Office, Union Bank Ltd.

We mainly adopt a quantitative approach by gathering information through a questionnaire driven survey by filling up the interviewer administered questionnaire through individual interaction with UBL's clients.

1.3.(c) Data Collection Period:

Duration of the study and data collection period was near about the "8weeks".

1.3.(d) Sample of the Report:

Sample was selected randomly from the employee as well as customer of the Union Bank Ltd.

1.4 Scope of the Report:

This report has been prepared through broadly discussion with bank employees and with the customers. While preparing this report, I get a great opportunity to have an in depth knowledge of all the retail banking activities practiced by “Union Bank Ltd.” It also helped me to acquire a firsthand perspective of a leading Government Bank in Bangladesh. Specifically, the report covers the following areas:

1. Background of Union Bank Ltd.
2. Literature on retail banking sector.
3. Overall promotional activities adopted by Union Bank Ltd.

1.5 Limitation of the Report:

From the first to end, the study has been conducted with the intention of making it as a complete and truthful one. However, many problems appeared in the way of conducting the study. During the study, it was not possible to visit the whole area covered by the bank although the financial statements and other information regarding the study have been considered. The study considers following limitations:

1. All the branches of the bank wasnot physically visited.
2. All the concerned personnel of the bank could not have been interviewed.
3. Lack of experience.
4. Due to time limitations, many of the aspects could not be discussed in the present report.
5. Every organization has their own secrecy that is not revealed to others. While collecting data therefore interviewing the employees, they did not disclose much information for the sake of the confidentiality of the organization.
6. As a corporate branch it’s too much busy rather than any branch of Union Bank Ltd.

Chapter 2

Overview of the Organization

2.1 Banking Operation in Bangladesh:

The development process of a country largely depends upon its economic activities. Banking is a powerful medium among other spheres of modern socio-economic activities for bringing about socio-economic changes in a developing country like Bangladesh. Three different sectors like Agricultural, Commerce and Industry provide the bulk of a country's wealth. These three to be integrated in a concerted way. For a rapid economic growth, a fully developed economic system can provide the necessary boost. The whole economy of a country linked up with its banking system.

Banks particularly have a very important role in rising of the financial resources because of their capacity to tap resources from a wider spectrum of people and diversified nature of their operations. The banking business has therefore, become complex and requires specialized skills. They function as a catalytic agent for bringing about social, economic, industrial, and agricultural growth and prosperity of the country.

Banks are the custodians of the society's economic resources and if they are socialized, the socialistic government can acquire with them a tremendous power of intervention in every type of business enterprise, both large and small and wide spread power of control and planning over the entire economy.

In our country, Bangladesh, the role of the central bank is entitled to be executed by the Bangladesh Bank. Bangladesh Bank the central bank of the country, was set up on 16 December 1971 by the Bangladesh Bank Order 1972.

To conduct banking in Bangladesh, all banks have to have licenses from the Bangladesh Bank under the Bank Companies Act 1991. To be able to get a license, all intending banks have to be registered with the Registrar of Joint Stock Companies under the Companies Act 1994 and collect Certificate of Incorporation. Moreover, to collect capital through public offerings of

shares, intending banks have to obtain permission from the country's Securities and Exchange Commission.

Banking institutions in Bangladesh can be classified under different groups. Most banks fall under the category of branch banking i.e. the banks operate through branches at home and abroad under the control of their head offices. Foreign branches of Bangladeshi banks have to abide by home country regulations.

Introduction

Banks are a standout amongst the most imperative parts of any nation. In this current time cash and its need is imperative. A created budgetary arrangement of the nation guarantees to accomplish improvement. A present day bank gives profitable administrations to a nation. To accomplish improvement there ought to be decent created money related framework to help the financial as well as the general public. Along these lines, a cutting edge bank assumes a key part in the financial issues of the nation. Banks are a vital middle person that connections the surplus area of the nation with the shortage segment. They have the entrance of knowing the both area well. In the present time when neediness and natural corruption are two essential issue banks can approach to alleviate these issues with Sustainability Banking.

Manageability Banking is the part banks can play to guarantee practical advancement. It is the quest for ecological and social obligation in a banks operation through natural activities. It coordinates supportability into a bank's center business through the incorporation of natural and social contemplations into item plan, mission arrangement, and methodologies. Such a bank will be Union Bank Ltd. (Union Bank Ltd., 2013). From the earliest starting point of its trip Union Bank Ltd. is constantly worried about the destitution lightening and natural security.

Union Bank Ltd. dependably trusts the mantra of "Zero" for this reason. The idea of Zero was particularly profoundly associated with Indian reasoning and religion, for example, Nirvana, the otherworldly condition of 'nothingness', when all cravings are invalidated. Nirvana is achieved when some individual can intentionally make his/her mind Zero or Shunya to be freed from all sort of wishes and self-sense. This mantra can be valid for a business organization as well. In the event that they can invalidate purported corporate objectives (wishes) fixated on benefit and nonstop development and begin from 'Zero to Infinity' giving mindful contemplations to

monetary, natural and social effects and organize corporate social obligations with great administration it will introduce a condition of maintainability (unionbank, 2017).

Union Bank Ltd. is taking a stab at such otherworldly salvation droning the mantra of Zero. They are attempting to guarantee budgetary incorporation, Green financing and CSR exercises each years to get more maintained development the general public.

2.2 Company Profile:

Union Bank Ltd is one of the main fourth era banks in the local, was shaped on first April, 2013 with the intend to give worldwide chances to their customers. It began operation as Shariah based bank in the private segment on 20 May, 2013 by opening Gulshan Branch. It has an approved capital of Tk. 15,000 million, paid up capital of Tk. 4280 million and profit into 428 million offers of Tk. 10 each. It renders a wide range of business keeping money benefit inside the Bank Companies Act, 1991 and 2013 under Islamic Shariah. The bank is overseen by the individuals Board of Directors.

Islamic managing an account is currently spread over the whole world, in both Muslim and non-Muslim nations, as a suitable element and budgetary delegate, the second 50% of the twentieth century saw a noteworthy moving of intuition in formulating keeping money arrangement and system on the premise of the "Shariah".

The bank gives fantastic client benefits however the incorporation of the most recent saving money innovation and furthermore Shariah based items. Bank was prevailing to open 72 new branches at different monetarily vital areas and furthermore some country zone. While 22 branches are in Dhaka City and 50 branches are in different regions. As per their Vision and Mission, they are making a decent attempt to give range of administrations whether the customers are singular, little business visionaries or modern firms. To guarantee quick, exact and viable client administrations and web based saving money offices they have officially made concurrence with the Vendor of Ababil. Not just by innovation, their bank has likewise plan to give physical managing an account office to every one of their clients and bring the unbanked rustic individuals under the umbrella of keeping money benefit. In the age of 21st century we as a whole realize that all Commercial Bank is presently giving abroad offices. Union bank has just got the SWIFT code and their talented and effective authorities are fruitful to exchange cash

from outside. UBL representatives are focused on the most astounding morals and a set of principles (unionbank, 2017). Their workers share a typical security and a solid conviction that the fundamental standards of corporate administration, decency, straightforwardness, responsibility and duty are applicable in all that they do.

2.3 Islamic banking:

An Islamic bank is based on the Islamic faith and must stay within the limits of Islamic Law or the Shariah in all of its actions and deeds. The original meaning of the Arabic word Shariah was ‘the way to the source of life’ and it is now used to refer to legal system in keeping with the code of behavior called for by the *Holly Qur’an*(Koran). Four rules govern investment behaviour:

1. the absence of interest-based (*riba*) transactions;
2. the avoidance of economic activities involving speculation (*ghirar*);
3. the introduction of an Islamic tax, *zakat*;
4. the discouragement of the production of goods and services which contradict the value pattern of Islamic(*haram*).

As a Shariah based bank, Union Bank Limited strictly follow these four rules.

2.4 Vision of Union Bank Ltd.

To become socially committed world class financial institution.

2.5 Mission of Union Bank Ltd.

- Emancipate their poor people from abject poverty by empowering them with smooth banking service.
- Be the leading provider of Islamic Shariah compliant banking services in Bangladesh.
- Provide fast, accurate and satisfactory customer service by maintaining corporate and business ethics and transparency at all levels.
- Ensure technology based professional banking environment with strong capital base.
- Thrust on investment facilitating banking product.

2.6 Core values:

- For Customers:**

To become most caring Bank- by providing the most caring and efficient service in every area of business.

For employees:

By encouraging the employee they try to bring out the best performance from the employee.

For their shareholders

By ensuring fair return on their investment through generating stable profit.

For their community

By assuming role as a social responsible corporate entity in a tangible manner through close adherence to national policies.

2.7 Special Features of Union Bank Ltd.

As an Islamic bank, Union bank are unique in every positive aspect. They provide a bunch of state-of-art banking services within the wide bracket of Shariah. They are unique with their product strict with their principle and uncompromising with their honesty. Some of their special features that make us notable in Islamic banking sector are as follows:

- All activities of UBL are conducted under an profit/loss based system according to Islamic Shariah .
- The head office and the other branches have been provided with the State-of-the-art computer hardware as well as software to carry on day-to-day accounting and routine work efficiently and quickly from the beginning of the banking. Bangladeshi software has been introduced in this feature to promote the local developers.
- Union Bank Ltd. has implemented successfully Automated Teller Machine (ATM) /DBBIT card transaction from 2013. Through Automated Teller Machine (ATM) /Debit card, customer can avail the facilities like withdrawal money, balance inquiry and purchase goods from Point of sale (POS) using ATM Booth and POS.
- Bank believes in providing dedicated services to the clients imbued with Islamic spirit of brother hood, peace and fraternity.
- Its investment policies under different modes are fully Shariah compliant and investment monitored by the board of Shariah Council.
- The bank is committed towards establishing welfare-oriented banking system to meet the needs of low income and underprivileged class of people.

- The Bank upholds the Islamic values of establishment of a justified economic system through social emancipation and equitable distribution of wealth.

2.8 Objectives of Union Bank Ltd.:

1. Provide secured banking services to the unbanked individuals all through the nation.
2. Build agent booths everywhere throughout the country and make money related administration business people.
3. Setting up District/Upazila Level back office all through the country.
4. To manage an account with present day worldwide administration they mix their operational conventional.
5. Through elevated requirement and quality managing an account they encourage their partners.
6. To lead outside trade business like universal cash settlement organization accordingly on and in national.
7. Families of expatriate Bangladeshis get foreign inward remittance.
8. Customer can pay utility bill, passport fee and social safety net payment services and so on.
9. Process Agricultural, SME and Retail credit from the agent points.
10. To degree credit office to the customer.
11. To give standard and speedy administration into the customer.
12. To degree custodial administrations for instance, locker.
13. To degree general saving money administrations to the customers.
14. Buying and offering of remote monetary standards.
15. Enable online business benefits through the agent points.
16. Introduce school banking in the locality.
17. Train and develop the prospective SME business people.

18. Financing solar home system and sustainable power source segments as a green banking initiative.
19. Give faster service
20. Offer interest free banking services to the customers.
21. Establishing a group of entrepreneurs with Islamic values.
22. Strengthening the qualitative foundation of Islamic Banking system.
23. For Islamic Banking they upgrade Technology and Human Resource.
24. Contributing substantially in the global profit of Union Bank Ltd. Limited.

2.9 Business plan of Union Bank Limited

For General Banking

- Mobilize low-cost/no cost deposit of different natures and financing in the form of less risky investment on priority basis.
- Expand country wide branches/booths in urban as well as rural areas.
- Provide best services by attending clients on call.
- Be the front runner in establishing the concept of Green Banking in Bangladesh.
- Meet up corporate social obligations by participating/promoting the CSR activities.

For Corporate Services

- Focus on foreign currency business through export and remittance by expatriates as well as service providers.
- Operate central online banking system.
- Attain strong foundation /financial footing of the bank rather earning more profit.
- Remain vigilant to manage & minimize all the risks inherent with the banking investment

2.10 Schemes of UBL

1. Al-Wadiah Current Account

2. Mudaraba Saving Account
3. Mudaraba Monthly Deposit scheme
4. Mudaraba Monthly profit scheme
5. Installment Term Deposit.
 - Mudaraba Kotipoti Scheme
 - Mudaraba Millionaire Scheme
 - Mudaraba Mohor Scheme
6. Double Deposit Scheme.
7. Mubaraba Pension Scheme
8. Hajj Deposit Scheme

“Allah has permitted trade and forbidden interest” (verse 275 of sura Al-baraka). And as such Union Bank Limited operates with the objectives and commitment to implement the economic and financial principles of Islam in banking arena blending Islamic values and modern technologies with a view to achieve complete success in this world and hereafter.

- To provide quality service to our customers.
- To set high standard of Integrity.
- To extend our customers innovation services acquiring state-of-the-art technology blended with Islamic principles, and bring total satisfaction to our clients and employees.
- To expand Islamic banking through welfare oriented banking system.
- Ensure equity and justice in economic activities.
- Extend financial assistance to poorer section of the people, and
- Achieve balanced growth & equitable development

2.11 Products and Services

General Banking & Deposit Management:

1. Account opening and KYC procedures.

2. Issuance of DD/TT/PO/FDR.
3. Inter Bank Transaction, OBC/IBC.
4. Account section.
5. Clearing Section.
6. IT Section.

Credit Department

1. Credit Proposals Processing Procedures.
2. Documentation and Loan Disbursement Procedures.
3. Overview on all returns.

Foreign Exchange Department

I. Cash L/C

1. Opening of L/C
2. Lodgment of Import Bill.
3. Payment against Import Bill.
4. B/E Matching.
5. IMP Reporting.

II. BTB L/C

1. Export L/C Checking.
2. Opening of BTB L/C (Local/ Foreign/ EDF/ EPZ).
3. Lodgment and confirmation of maturity date.
4. Allowing of PC.
5. Payment against realization of Export Proceeds/ Forced Loan.

6. B/E Matching.

7. Reporting.

III. Export

1. Scrutinizing/ Negotiation/ Send on Collection.
2. Follow-up.
3. Realization. 4. Reporting.

IV. Foreign Remittance

██████████

1. FDD. 2. FTT. 3. Others.

██████████

1. Endorsement of Traveling. 2. Education/ Treatment/ Others. 3. Cash Rebate. 4. FC issuing. 5. FDD/ FTT

2.12 Management

The company is managed by its Board of Directors consisting of 14 members. The Board appoints an executive committee consisting of Sponsor Director (Chairman, Vice Chairman), Managing Director, Shareholder Director, Ex officer Director, Company Secretary. The committee is authorized to observe and review major day to day operational functions including investment plans, budgets and other investment activities. The Board is also responsible for establishing the company's policies and reviewing the operational performance of the company including approval of large investment transactions and major fund procurement. The Board appoints, the Managing Director responsible for managing the company's overall operations within the framework of policies of the company. The Board also appoints the Policy Committee of eight directors who formulate the personnel policy.

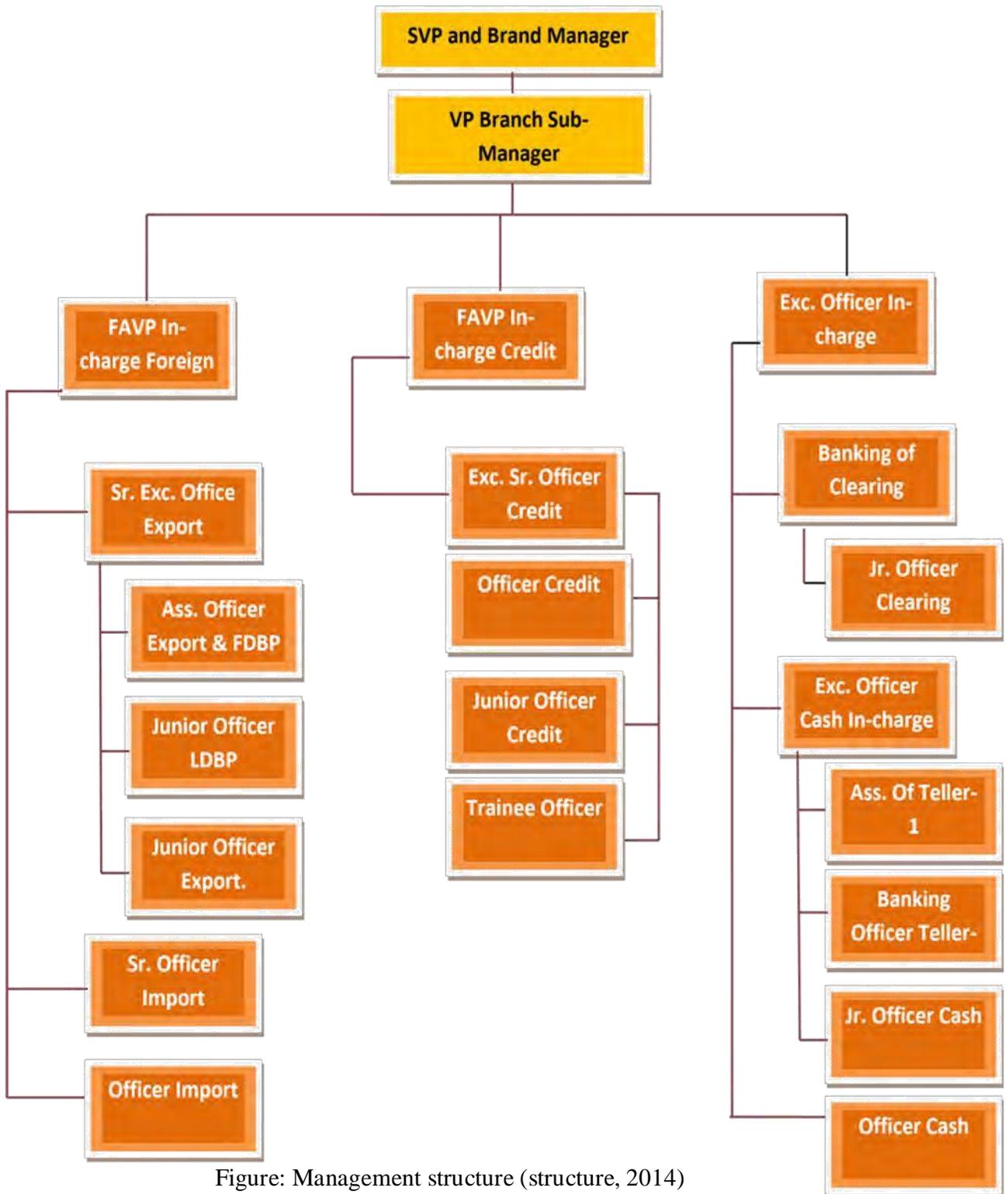


Figure: Management structure (structure, 2014)

Chapter 3

Analysis & Evaluation

3.1 Retail Banking

Retail banking, also known as consumer banking, is the typical mass-market banking in which individual customers use local branches of larger commercial banks. Services offered include savings and checking accounts, mortgages, personal loans, debit/credit cards and certificates of deposit (CDs). In retail banking, the focus is on the individual consumer. Retail banking aims to be the one-stop shop for as many financial services as possible on behalf of individual retail clients. Consumers expect a range of basic services from retail banks, such as checking accounts, savings accounts, personal loans, lines of credit, mortgages, debit cards, credit cards and CDs. Most consumers utilize local branch banking services, which provide onsite customer service for all of a retail customer's banking needs. Through local branch locations, financial representatives provide customer service and financial advice. Financial representatives are also the lead contact for underwriting applications related to credit-approved products.

3.2: Objectives of Retail Banking:

1. To get better living standard certain segment of customer by giving collateral free loan.
2. To participate in the socio-economic development of the country.
3. To ensure the access to serve mass people.
4. To diversity loan portfolio to minimize risk.

3.3: Features of Retail Banking:

1. These banks offer customer credit to purchase home, car and other important things .The includes mortgages, auto loans and credit cards.
2. Retail banks provide a safe place for people to deposit their money.
3. Retail banks allow to manage money with checking accounts and debit cards. It means someone don't have to use cash.

3.4 Marketing Strategy

An organization's strategy that combines all of its marketing goals into one comprehensive plan. A good marketing strategy should be drawn from market research and focus on the right product mix in order to achieve the maximum profit potential and sustain the business. The marketing strategy is the foundation of a marketing plan.

3.5 Marketing Environment

The marketing environment includes the internal factors and the external factors that surround the business and influence its marketing operations.

From above discussion we can find the following features of marketing environment:

1. Some of them are controllable.
2. Some others are uncontrollable.
3. Influence a company's marketing system.
4. Maintain relationship with the target customers.

Firms must be well aware of its marketing environment in which it is operating to overcome the negative impact the environment factors are imposing on firm's marketing activities.

3.6:Retail Banking of Union Bank:

3.6.1 Deposit Section:

Deposit is the lifeblood of the bank. From the history and origin of the banking system, we know that deposit collection is the main function of a bank. The officer of the deposit section maintains account number of all the customers of the bank. They use different code number for different account. The officer makes position three types of transactions such as cash, clearing and transfer section. This section performs the following takes:

1. Post kind of transactions.
2. Provide on demand report.
3. Cheque maintenance.
4. Preparation of day transaction position.
5. Preparation of closing monthly transaction position.

3.6.2 Deposit Scheme:

1. Union deposit scheme(UDS)
2. Educational deposit scheme(EDS)
3. Medicare deposit scheme(MDS)
4. Rural deposit scheme(RDS)
5. Marriage saving scheme(MSS)
6. Monthly saving scheme(MSS)
7. Double benefit scheme(DBS)
8. Union bank daily profit(SBP)
9. Non- resident deposit scheme(NRDS)
10. School banking scheme(SBS)
11. Retirement saving scheme(RSS)
12. Union bank deposit pension scheme(SBDPS)
13. Triple benefit scheme(TBS)
14. Union bank millionaire scheme(SBM)

3.6.3 Bills and Clearing Section:

For safety and security in financial transaction people use financial instrument like DD, PO, and cheque etc. commercial banks collect these financial instruments on behalf of their customers. This process that the bank use to collect and clear on behalf of their customer's account, is known as clearing and collection. At Dhaka, Bangladesh Bank plays the role of Clearing House for all banks. The area where Bangladesh bank is not available Union bank plays the role of clearing house on behalf of Bangladesh bank. The main function of this section is to collection instrument on behalf of the customers through Bangladesh bank clearing house, outside bank clearing (OBC), Inter branch clearing (IBC).

3.6.4 Outward Clearing:

Outward clearing held if the instruments are to collect by specified branch within the Dhaka city and not for their own branch. Here the following procedures are followed:

1. Receive of the client duty signed instruments.
2. Checking for any apparent discrepancy.
3. Clearing stamps are affixed on the instrument and on the deposit slip.
4. Branch code number also affixed on the instruments
5. The authorized signature endorses instruments.
6. Particulars of the instruments and vouchers are recorded in the “outward cleaning” register.

3.6.5 Remittance through a Foreign Bank:

The remitter can send money through any financial institution which branches in both countries. In this case, the bank in Bangladesh receives the amount from its foreign branches and then transfers it to the bank where the client wishes to draw the money. Here the bank needs to fill up a ‘C’ form if the amount of money is \$2,000 or more. It is done for the declaration for remittance received from foreign country in the amount of \$2,000 or more.

3.6.6 Local Remittance:

When money is transferred through one place to another place within the country, it is called local remittance. Union Bank has huge number of branches all over the country and offers various kinds of remittance facilities to the public. The main instruments issued by Union bank for remitting funds are:

1. Pay-Order (PO).
2. Demand Draft (DD).
3. Telegraphic Transfer (TT).
4. Mail Transfer (MT).

3.6.6(a) Pay- Order (PO):

Payment order is an instrument that is used to remit fund within a local area i.e. within the same clearing house area. For example, if we want to remit fund from one place of Dhaka to another place, we generally use payment order.

Accounting treatment: PO by Cash:

Date	Particulars		Dr.(Tk)	Cr.(Tk)
	Cash A/C	Dr.	
	Bill payable (PO)	Cr.		
	PO commission	Cr.	
			

Accounting treatment: PO by Cheque:

Date	Particulars		Dr.(Tk)	Cr.(Tk)
	Cheque (A/C No.) A/C	Dr.	
	Bill payable (PO)	Cr.	
	PO commission	Cr.	

Table 1: Accounting treatment

3.6.6(b) Demand Draft (DD):

It is an instrument that is drawn on one banker office to another or other banker's branch to pay certain sum of money to the named person. It is generally used to remit fund from one corner of the country to another. For example, if we want to remit fund from Dhaka to Khulna we use DD. DD is very popular instrument for remitting money from one corner of the country to another.

Difference between Pay- Order and Demand Draft:

There are some differences between pay order and demand draft. These are given below-

1. In case of demand draft both the payer and payee need to have accounts. But there is no certain rule for pay order.

2. PO is used in the same clearing areas; DD is used for all kinds. DD can not be done in the same clearing area.
3. DD is drawn on a certain bank office. But there is no certain rule for pay order (PO).

3.6.6(c) Telegraphic Transfer (TT):

Sometimes the remitter of the fund wants the money to be available to the receiver’s account immediately. In that case bankers arrange to remit fund telegraphically. Here the remitter bears the additional charge for telex/telephone. Accounting treatment for (TT):

Date	Particulars	Dr.(Tk)	Cr.(Tk)
	Cash A/C	Dr.
	TT A/C	Cr.	
	TT Commission A/C	Cr
	TT Charge A/C	Cr.
		

Table 2:TT posting

3.6.6(d) Mail Transfer (MT):

It is an instrument that is drawn by one banker office on another or other banker’s branch to pay certain sum of money to the named person. This instrument is not given to the holder but the bank carries it and a message is sent to the particular branch. It is generally used to remit fund from one corner of the country to another.

3.7 Account Section:

This is a very much crucial section for each business concern. As such this is a crucial department for a commercial bank. Records of all the transactions of every department are maintained here. Accounts section verifies all financial amounts and contents of transactions. Every working day all the account is balanced and reconciled to remove any discrepancy.

The overall activities of account section are as follows:

1. Record all transaction in the cash book.
2. Record all transaction in general and subsidiary ledger.

3. Prepare daily fund function, weekly position, periodic statement of affairs etc.
4. Prepare necessary statement for reporting purpose.
5. Make salary statement and pay salary.
6. Pay all expenditures on behalf of the branch.
7. Branch to branch fund remittance and support for account treatment
8. Budgeting for branch.

3.8 Customer Service:

To ensure qualified customer service Union bank has started in addition to computerization corporate client service and one stop service. To facilitate the foreign exchange activities Union bank has launched SWIFT (Society for Worldwide inter bank Finance and Telecommunication) system in its 12 branches. The bank has launched website, Reuter service, Internet service, and Ready cash service. The bank has taken a plan to launch shared ATM system in various important places. Already, it has given work order for this

3.9 Islamic Mode of Investment:

Union Bank started its operation with the slogan “Local Bank, Global Opportunity”. From the very inception of the Bank it showed its difference in its different activities. Opening of Islamic Banking Branches is one of its achievements within the frame work of conventional banking. Union Bank Ltd. started its Islamic Banking operation by opening its first Islamic Banking Branch at 72, Bahela Tower, Gulshan Avenue Dhaka on 03.05.2013. Bank opened its 2nd Islamic Banking Branch at Zindabazar, Sylhet on 07.07.2013. The salient features of Islamic Banking are as under

1. To conduct all its activities as per Islamic Shariah.
2. To conduct its monetary matters free of interest.
3. To establish banker-customer relationship on the basis of partnership.
4. To follow Islamic principle in all its investment port-folio.
5. To develop living standard of the poor incoming group.
6. To render excellent services to the clients cordially.

7. To conduct welfare related activities to the people.
8. Union Bank Limited extends multiple credit facilities to boost up trade, commerce and industry. The credit packages and interest rates are as under:

3.10 ATM Services:

Union Bank Limited has introduced ATM services since 2013. The numbers of ATM are increasing day by day. The bank is the member of Q-Cash Consortium, National Payment Switch Bangladesh (NPSB) and VISA. Customers are enjoying round the clock cash withdrawal facility from 45+ own ATM and around 6500+ shared ATM Booths across the country. Initiative has been taken to setup ATMs at important places like important branches, airports, railway stations, post office, university campuses, important public places etc. To increase the efficiency of our ATM service, we have taken various steps such as reduce down time of individual ATMs.

3.10.(a) Debit Card

Union Bank Limited Debit Card gives customer the confidence to move anywhere in Bangladesh without bearing cash. Our debit card makes life hassle-free and safe. We ensure sophisticated way of carrying money with full satisfaction.

Features

1. 24/7 hours service
2. Highly secured
3. Tax Payment Facility
4. Cash withdrawal facility from any ATM in Bangladesh.
5. Can be used in shopping outlet, departmental stores and restaurants where POS is available
6. Account balance and mini statement inquiry from ATM
7. No limit for POS transaction
8. Per day 4 (four) times ATM transaction facility

Fees, Charges and Limit

Particulars	Fees and Charges in Taka
Annual Fee	BDT 300
Card Replacement Fee	BDT 300
Pin Replacement Fee	BDT 150
Cash Withdrawal Fee	Union Bank ATM – Free Q-Cash ATM –10 NPSB ATM – 15
POS Transaction Fee	Free
Balance Inquiry/ Mini Statement	Union Bank ATM – Free Q-Cash ATM – Free NPSB ATM –5
ATM Cash Withdrawal Limit	20,000 (per transaction) 50,000 (per calendar day)

* 15% VAT is applicable for all charges

Table 3: Debit card charge and fees

3.10.(b) Credit Card:

Understanding the importance of needed money Union Bank Limited is going to introduce Credit Card that gives the maximum benefit with a minimum cost. This is basically one plastic card that has dual options to make transaction in multi currencies. Customer can choose the type of card that matches with his requirement. Dual card can be used in local currency within

Bangladesh and foreign currency in abroad. Local currency and foreign currency limit will be defined in the system as per approved credit limit.

Features will be:

1. 24/7 hours service
2. Minimum interest rate
3. Highly secured
4. Tax Payment Facility
5. 100% Cash withdrawal facility within limit from any ATM in Bangladesh
6. 100% POS transaction within limit
7. Can be used in shopping outlet, departmental stores and restaurants where POS Transaction available
8. Account balance and mini statement from ATM
9. Interest free POS transition within the limited time. This time is maximum 50 days from the date of statement.
10. Per day 4 (four) times transaction facility.

Credit Limit:

Designation /occupation	Credit Limit (BDT)	Credit Limit (USD)
Managing Director	5,00,000	5,000
Deputy Managing Director	4,50,000	4,500
All Vice President	4,00,000	4,000
Senior Principal Officer	3,00,000	3,000
Principal Officer	2,00,000	2,000
Senior Officer	1,50,000	1,500
Officer	1,25,000	1,250

Figure7: Credit card limit

Fees, Charges and Limits will be:

Particulars	Type	Fees and Charges in taka
Annual Fee for Union Bank Staff	Silver	500
	Gold	500
Annual Fee for General	Silver	800
	Gold	1700
Card Replacement Fee	Union Bank Staff	150
	General	300
Pin Replacement Fee	All	100
Supplementary Card Fee	Union Bank Staff	150
	General	300
Cash Withdrawal Fee	All	Union Bank ATM – Free
		Q-Cash ATM – BDT 10
		NPSB Transaction –15
POS Transaction Fee	All	Free
Rate of Interest	All	1.17% daily Product & monthly basis
Late Payment Fee	All	2% of total outstanding or 200 taka which one is largest

Minimum Payable Amount	All	10% of total outstanding or 500 taka which one is largest
Cash Advance Fee	All	BDT Transaction: 1.5% of withdrawal amount or 100 taka which one is higher. USD Transaction: 2% of withdrawal amount or 2.5 USD which one is higher.
ATM Cash Withdrawal	All	BDT 50,000 (per transaction)

Table 4:Fees and charges of credit card

3.10.(c) Prepaid Card:

Without having any account any one will get Union Bank Prepaid Card from any branch. A Prepaid Card has a pre-determined monetary value loaded into card. We offer Prepaid Dual Currency Card that can be used at any ATM to withdrawal cash and any POS to purchase of goods & services. Dual card can be used in local currency within Bangladesh and foreign currency in abroad.

Features:

1. 24/7 hours service
2. Free Tax Payment
3. Can be used in shopping outlet, departmental stores and restaurants where POS Transaction available
4. Card balance and Mini statement inquiry from ATM
5. PIN change facility
6. 4 (four) times transaction facility per day

Fees, Charges and Limit:

Particulars	Fees and Charges in taka
Annual Fee	BDT 100

Card Replacement Fee	BDT 100
Pin Replacement Fee	BDT 100
Cash Withdrawal Fee	Union Bank ATM – Free
	Q-Cash ATM –10
	NPSB Transaction – 15
POS Transaction Fee	Free
ATM Cash Withdrawal Limit	BDT 30,000 (per transaction)
	BDT 30,000 (per calendar day)
Balance Inquiry	Union Bank ATM – Free
	Q-Cash ATM – Free

* 15% VAT is applicable for all charges

Table 5: prepaid card charges

3.11 Trade investment:

Credit Packages	Interest Rates (Floating)
1. Credit to Tread and Commerce	9%
2. Credit for Power Driven Vehicle/Water Transport	9%
3.Overdraft against:	
Fixed deposits	12%
SDPS Accounts	N/A
Five years period	3.5%
Ten years period	4%
Insurance Policy/Shares and Debenture of Public Ltd. Co.	7%

Work order of Govt. Semi Govt. / Corp.	10%
Wage Earners Dev. Bond	13%
4. Housing Loan	
Residential	12%
Commercial	9%
5. Small Loan	10%
6. Consumers credit	12%
7. Loans to Public Sector Enterprises	12%
8. Cash credit facilities for Small Business enterprises	12%
9. Cash Credit facilities against Bricks Manufacturing	12%

Table 10: Trade investing rate

3.12 Investment Types:

All the loans in the Commercial banking, irrespective of the particular type of bank product, are subject to be "secured" or "unsecured".

3.12 (a) Secured loans:

A secured loan is a loan in which the borrower pledges some asset (e.g., a car or property) as collateral for the loan, which then becomes a secured debt owed to the creditor who gives the loan. The debt is thus secured against the collateral — in the event that the borrower defaults, the creditor takes possession of the asset used as collateral and may sell it to regain some or all of the amount originally lent to the borrower, for example, foreclosed a portion of the bundle of rights to specified property. If the sale of the collateral does not raise enough money to pay off the debt, the creditor can often obtain a deficiency judgment against the borrower for the remaining amount. The opposite of secured debt/loan is unsecured debt, which is not connected to any specific piece of property and instead the creditor may only satisfy the debt against the borrower rather than the borrower's collateral and the borrower.

3.12(b) Unsecured loan:

Unsecured loans are monetary loans that are not secured against the borrower's assets (no collateral is involved). There are small business unsecured loans such as credit cards and credit lines to large corporate credit lines. These may be available from financial institutions under many different guises or marketing packages such as:

1. Bank overdrafts
2. Corporate bonds
3. Credit card debt
4. Credit facilities or lines of credit

3.13 SME finance:

SME finance is the funding of small and medium-sized enterprises, and represents a major function of the general business finance market – in which capital for different types of firms are supplied, acquired, and cost or priced. Capital is supplied through the business finance market in the form of bank loans and overdrafts; leasing and hire-purchase arrangements; equity/corporate bond issues; venture capital or private equity; and asset-based finance such as factoring and invoice discounting

3.14 Micro Credit Division:

Micro Credit has now been accepted and recognized as an effective tool for poverty alleviation, self-employment and rural socio-economic development. In commitment to reduce poverty in urban and semi-urban and rural areas, Union Bank Limited has started micro credit function through a full-fledged Micro credit division in its Head Office from 2003. As such the Bank has been striving its best to provide speedy and active support to this sector.

Features :

SL.	Project/Programs	Target group	Loan size in Tk.	Rate of Interest(%)
A. Bank's own Program				
1	Bank-NGO Linkage wholesale Credit.	Poor people	According to project size	13
2	Credit for Urban women Micro Enterprise Development- CUMED	Urban women Entrepreneurs	Highest - 5,00,000	12

3	Goat Rearing	Small & Medium Entrepreneurs	According to project size	12
4	Swanirvor	Poor Landless people	Highest - 40,000	11
5	Unmesh	Micro Entrepreneurs	Highest - 50,000	12
6	Daridra Bimochane Sahayta Rin	Hard core poor	Highest - 50,000	11
7	Rural small Business	Small Entrepreneurs	Highest - 50,000	12
8	Small Farming Loan	Small Entrepreneurs	Highest - 50,000	12
9	Loans for SIDR affected Area	SIDR affected People	Highest - 20,000	08
10	Marginal and small Farms System Crop Intensification Pro.- MSFSCIP	Marginal, poor & small farmer	Highest - 10,000	11
11	Crop God own credit project	Small & Medium farmer	Highest - 10,000	11
12	Herbal, Forestry, Medicinal and Nursery development Credit	Poor energetic youth	Highest - 25,000	11

Table 7: Microcredit division

3.15 Locker service:

Secured Locker service is provided in some branches of Union Bank Limited. Customers may avail this service and secured their valuables.

Locker size	Yearly Charge (Tk.)	Security Deposit (Tk.)
Small	2,500.00	5,000.00 (refundable)
Medium	3,500.00	
Large	4,000.00	

Table 8: Locker service scale

3.16 SMS Banking:

In present time Union bank has started sms banking. By this customer can notify about their current balance through a specific rules .If anyone want to check his/her account then he/she have to go message option and write SBL(space)BAL and send to 6969 number. After sometime customer can know their balance with a feedback message. For this service customer have attach a number to the account first. And bank charge 58tk half yearly from the account.

3.17 SWOT analysis of Union bank:

SWOT is an acronym for Strengths, Weaknesses, Opportunities and Threats. By using these four areas to identify an organization's characteristics and climate, a SWOT Analysis offers a high-level evaluation of your company's pros and cons. The goal of a SWOT Analysis is to help an organization to identify strategies for success.

3.17.(a)Strengths:

Considering strengths from both an internal perspective and from the point of view of customers and people in market.

1. First Class service Management.
2. Low service charge with no hidden cost.
3. Strong brand positioning among the private banks in terms of retail bank.
4. Strong internal Co-ordination & Board of Directors.
5. Products aligned to Government Scheme.
6. Comparatively less risk from the other banks.

3.17.(d)Weakness:

Marketing would be in selected local publications to get the greatest possible market presence for a set advertising budget, and the consultancy should keep up-to-date with changes in technology where possible.

1. Giving higher consideration on fixed deposits : High Cost Accounts.
2. Central based decision making.
3. The number of ATM Booth are very few than necessary.
4. Disguised employment (Internal Recruitment).

5. Not enough promotional activities.

3.17.(c) Opportunities:

Any favorable condition that exists in the external environment is known as opportunity of that company.

1. Enlarging business by starting new service for the customer through international banking.
2. Can be upgrade the online banking system .
3. Business exposition through opening branches in the remote areas of the country.

3.17.(d) Threats:

Marketing would be in selected local publications to get the greatest possible market presence for a set advertising budget, and the consultancy should keep up-to-date with changes in technology where possible.

1. Increased competition by foreign and local banks.
2. Political influence in decision making.
3. Low interest rate imposed by the government.
4. Stringent banking norms.
5. Bad loan & Black Money.

Chapter-4

Findings, Recommendations and Conclusion

4.1 Findings:

Union Bank Ltd. is the fastest growing bank in the banking sector. Their position is in top within all 4th generation banks in Bangladesh. It can be said that they are following lead policy. One of their strength is they are financially very strong than other new banks. They have 74+ in branches in all over the Bangladesh and very soon they are going to launch 8 more branches. I have learned about what is corporate culture, what is the condition of banking industry in our country, difference between banking sector and other sectors. I know about client's requirement, what they want and what they don't, how external environment is influencing their bank. Only in banking sector every month turnover rate is very low. This bank is providing their key employees training facility for better performance, so this is a great opportunity for the employees. They have expert managers in different branches who are very experienced. I have found some problems like why people are not interested to work in banking sector; this is because of huge working pressure and deposit collection issues. If the employees are motivated by the top management then this type of problem can be solved.

4.2 Recommendations:

There are some recommendations, if the bank follow recommendations mentioned below, it will overcome its problem.

1. Banks must enrich their services like other private established commercial banks.
2. Employees of UBL should be more responsive in service delivery to hold their top position.
3. Bank should upgrade their banking system and introduce internet banking.
4. UBL should identify the target customer group.
5. Bank should work to increase their current image more among the client.
6. Call center can be established to make communication easy.

7. The bank should introduce more promotional offer.

4.3 Conclusion:

Union Bank Limited is playing an important role in the socioeconomic development through the development of industrial sector. The bank provides all the conventional banking service as well as some specialized financing activities to the economy period. Finally, we can say if the bank controls its expenses and takes proper steps to overcome its limitation, it will become a first rows bank of Bangladesh. So in conclusion it can be said that every organization has its positives as well as negatives and in case of Union Bank Limited existence of the later one is less than the earlier one and as the management is determine to reach the pick of success it seems that in near future.

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UNION BANK LTD

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