United International University
QUEST FOR EXCELLENCE

Retail Banking Operations at Union Bank PLC.

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Letter of Transmittal

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Mimnun Sultana
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Subject: Submission of "Internship Report on Retail Banking Operations at Union Bank PLC"

Dear Ma'am,

I was happy to prepare this detailed analysis of the Retail banking of Union Bank PLC. In this research, I have understood how important this process is for efficient business performance, and I think it is helpful to understand this function.

My internship at Union Bank PLC has been a three-month practical experience in the real world that enriched me in the procurement functions. On a more personal note, I would like to express my sincere thank you to my team at Union Bank for the tremendous support and collaboration extended to the creation of this project.

Indeed, I owe my development academically and professionally to the many experiences I have had in the academic arena. I would like to invite anyone to read through my work below and offer comments or improvements that you may have.

Sincerely yours,
Deb Brata Datta

Deb-Brata Datta
ID:111 183 087
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Declaration of the Student

The signatory testifies that their researched project work stems from their independent academic investigation under Assistant Professor Mimnun Sultana. The report results from independent research and analysis which Assistant Professor Mimnun Sultana advised.

I officially authenticate every thought and conclusion that appears in this written report. The content of this report represents my original work while respecting every academic integrity guideline. I state that the report has not been submitted for any diploma or degree to any other educational institution diploma. I made sure to maintain full adherence to academic standards together with all practices in this work. practices in the preparation of this work.

The entire paper was developed based on academic regulations.

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Acknowledgment

I feel deeply thankful to the Almighty for empowering me with endurance and fortitude that allowed me to finish my internship successfully.

My sincere thanks go to Union Bank PLC for letting me undertake practical banking experience. My BBA program required this internship to achieve essential learning about banking institutions as it brought tremendous value to my comprehension of financial industry operations.

The first appreciation goes to Assistant Professor Mimnun Sultana who serves as my internship coordinator at the United International University School of Business and Economics (SOBE). Her continuous backing and advisory and emotional support proved essential to my educational development.

My sincere gratitude goes to Saiful Islam who served as the Branch Manager at Chatkhil Branch Noakhali and Union Bank PLC and created a supportive environment throughout my internship period by providing continuous guidance. The mentoring provided by both of these individuals proved exceptional for developing my learning skills alongside my personal growth and advancement.

I wish to thank every officer and employee of Union Bank PLC who provided their support alongside their kind hospitality and cooperative behavior. Their trust in my capabilities together with their help during the internship period proved to be my principal motivation.

I am thankful to Union Bank PLC for creating a work setting that supports and inspires their employees. My experience at the organization combines educational value with meaningful satisfaction through direct observation and hands-on involvement in daily operations.

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Executive Summary

An overview of retail banking operations at Union Bank PLC forms the basis of this report. Direct financial services accessible to individual clients comprise retail banking services which consumers refer to as consumer banking. The financial institution extends its services through various offerings including deposit accounts alongside loans and credit and debit card capabilities as well as remittance programs.

The retail banking system implemented by Union Bank PLC delivers Shariah-compliant financial solutions that serve a wide range of customer requirements. The banking system features Islamic interest-free financial products while maintaining full transparency and fair business deals. The Bank achieves excellent success through its innovative deposit schemes together with efficient account management and customer-focused services.

The retail division at Union Bank PLC enables customers to access their services through the combination of physical locations, automated teller machines, and digital financial platforms. Informational inclusion remains a priority for the Bank because it provides specific banking products that help marginalized populations receive fundamental financial services more easily.

Union Bank follows Islamic principles for retail banking by enforcing Shariah laws to eliminate interest transactions and empower ethical financial practices. Financial stability combines with absolute ethical compliance through this framework.

Union Bank PLC successfully markets its retail banking products which serve as the foundation of its business success. The Bank maintains market dominance through its continued focus on customer satisfaction alongside ethical banking practices with innovative solutions that support its mission to offer exceptional ethical financial services.

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Chapter 1

Introduction

1.1 Introduction

Despite their development, retail banking services still form a very important touchpoint for the development for socio-economic growth as they include a variety of services that meet the needs of people and companies. This research work is concerned with a case study of Union Bank Plc., emerging as a retail banking sector player that strives to close the gap between financial service suppliers and customers' demand. This report focuses on the structure of retail banking, benefits and challenges, as well as the methods of its promotion, to provide the reader with more insights into the operational performance and customers' satisfaction of the bank's services.

Retail banking has such importance with regard to its focus in the promotion of banking services that addresses the financial needs of the citizens and helping them to uplift their standards of living besides boosting the economy of a given country. Union Bank Plc. aims at improving on the service provision it offers evolving in technologies and sound business strategies essential in its functionality.

1.2 Background

This paper aims at assessing how fourth generation banking pioneer Union Bank Ltd of Bangladesh has transformed trade and banking scenario through full-fledged convention of state of art retail banking along with appareling Islamic banking system. The bank began operation in 2013 and has been able to assimilate offering of conventional banking products combined with innovation goals, to meet various financial requirements of the customers in the strengths of individuals, small enterprises and big organizations.

It is the case because Union Bank Ltd.'s core values reflect the importance of ethical banking, commissioning the banking sector to the needy but deserving individuals, and being socially responsible. Through extensive branch network and expert technology the proposed bank plans to make its services affordable and fast which may include savings schemes and credit services as well as international money transfer services all in a transparent and secure manner.

Thus, this paper will discuss and analyses the retail banking facilities offered by the Union Bank Ltd, explore the organization's environment together with the control and the structure of the banker and the client relationship. It also assesses the bank's promotional activities and recognizes its efforts to promote sustainable development standards and improve clients' experiences.

1.3 Objective of the Study

The main research question of the study is to provide a review of the retail banking processes at Union Bank Plc. In addition to this broad goal, the study focuses on the following specific objectives:

1. To bring out the extent of benefits and drawbacks of retail banking services.
2. To analyze the structure of the organizational environment of the bank.
3. To fully understand the controlling framework and guidelines for the retail bank.
4. To evaluate the current banker-borrower relationships and the approaches applied in banking activities.
5. To offer suggested improvements of the effectiveness and efficiency of promotional activities in retail banking.

1.4 Methodology

The information presented in this report is collected from different part of the sections and departments of the bank and from the experiences were gathered from different sources. In order to increase validity, data was cross checked using archival data review, organizational documents and records, and observations from employee interviews. The results are well-disclosed, and coherent tables and charts help to expresses the results adequately.

In this study, the research design was to collect primary data from the customers through interview. Nevertheless, in contrast with other studies, a structured questionnaire form was not applied. The idea was to gain apposite information on customers' experiences and level of satisfaction through interactive research.

The study focuses on relevant, credible, factually correct, and timely information as a way of achieving its goals. There is exploratory, descriptive, and explanatory research. This research corresponds to these categories seeking to provide a purposeful and diversified analysis of the differentiation in the bank's retail business and customers' engagement.

1.4.1 **Data collection:** The source of data of this report can be divided into two categories:

1.4.1.1 Primary source:

1. By discussion with the organization's staff and executives in the principal branch and employees of the Noakhali Branch.
2. By conversation with bank clients
3. By relevant files.
4. By direct observation of daily activities

1.4.1.2 Secondary source:

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.

We primarily adopted a quantitative approach for this study by conducting a questionnaire-driven survey. The data was collected through interviewer-administered questionnaires, facilitated by direct interactions with Union Bank Ltd.'s clients. This method ensured accurate and reliable responses while fostering better understanding through personal engagement.

1.4.2 Data collection period:

The duration of the study and data collection period was near about the “ 3 months”.

1.4.3 Sample Size:

The sample for this report was selected using a convenient sampling method, comprising both employees and customers of Union Bank Plc. This approach ensured a diverse and representative dataset for the study.

1.5 Scope of the Report:

This report has therefore been written based on an in-depth interview with the employees and customers of Union Bank Plc. The main intention of the study is to acquire substantial research knowledge on the retail banking activities undertaken by the particular bank. It also offers important information on the functioning of a prominent government bank of the fundraising country, Bangladesh. The scope of the report specifically includes the following areas:

A. Historical Efficacy of Union Bank PLC: A Background and Inception:

This section gives an insight into the formation and development of Union Bank Plc and lays a foundation as the bank is identified as a fourth generation bank of Bangladesh. Starting with the history of the bank it describes its formation, its reason for formation, its goals and objectives, its hierarchy and its achievements. Particular focus is made of its compliance with the principles of Islamic banking, the orientation on innovations in service provision, and its contribution to the extension of the banking sector to different population segments.

B. Evaluation of Customer Satisfaction in Retail Banking

This segment evaluates customer satisfaction by focusing on customer feedback and experience in the retail banking division of Union Bank Plc. It investigates the key factors influencing satisfaction levels, including service quality, responsiveness, accessibility, and the efficiency of problem resolution mechanisms. The section also highlights customer retention strategies and provides actionable recommendations to enhance overall satisfaction and loyalty in a competitive market.

C. Working Paper on Reviews of the Literature in the Context of the Retail Banking Industry:

The first segment of any such work is to analyze all the previous literatures and papers on the given context of retail banking, in order to discern its working and potential problems. It covers major ideas, strategic developments and advancements within the sector, including but not limited to approaches to customer experience, technology utilization, and business performance. The review helps to depict the theoretical pattern by applying which may facilitate the identification of a cross-section of retail banking sector activities of Union Bank Plc, and position the activities of the Bank in the context of the financial sector of Bangladesh.

D. A Review of the Efficiency of Promotional Exercise Undertaken by Union Bank PLC:

This part discusses on the strategies that has been used to market the banks retail banking division. It examines the practices of marketing communication, customer contact/engagement activities, and the application of Web 2.0 technologies to capturing and sustaining customer relationships. The analysis also highlights the strengths and weaknesses of the more intensive promotion activity and offers suggestions on how to improve it and match it to market requirements for its further development in bank.

1.6 Limitations of the Report:

This study was conducted to make it as comprehensive and accurate as possible. However, several challenges and constraints were encountered during the process. Despite efforts to address these issues, the study faced the following limitations:

1. It was not feasible to physically visit all the branches of Union Bank Ltd.
2. Not all relevant personnel of the bank could be interviewed due to accessibility and scheduling constraints.
3. A lack of prior experience in conducting such studies posed challenges in some areas.
4. Time constraints limited the scope of discussions and analysis in this report.
5. Organizational confidentiality restricted access to certain information, as employees were unable to disclose sensitive data.
6. Being a corporate branch, the selected location was exceptionally busy compared to other branches, which further limited interactions and access to information.

Despite these limitations, the report provides valuable insights and findings based on the data and resources available

<u>Chapter 2</u>

Overview of the Organization

2.1 Banking Operations in Bangladesh

Banking is singularly one of the most important driving forces of socio-economic activities on which the financial development of an economy mostly depends. Nowadays the banking sector has a significant impact on the socio-economic of any country especially in the developing country where Bangladesh is situated. These three factors that constitute the primary sources of a nation's wealth namely agriculture, commerce, and industry must be integrated. For a strong economy to support fast economic development, a strong economic system is a requirement, where the banking facilities are among the important connectors.

Another importance of banks is about mobilization of financial resources because banks can access funds of various people and have multiple operations. This makes banking to be an interdisciplinary profession, which entails profession specialist. Banks act as agents of change in relation to social, economic, industrial and agricultural development within the country.

One of the essential aspects of the economic life of a given society is banking that allocates significant power. Since the government has control over the banks within a socialist system, it is easier to exercise controls additionally in many business enterprises – big or small, apart from the fact that the command and directive elements in the practice of economics are highly advanced.

In Bangladesh, Bangladesh Bank is the banker or the supervising authority of the local banking systems. It started operating on December 16, 1971 under the Bank Bahadur Order of the Government of the People's Republic of Bangladesh for the purpose of monitoring and directing the operations of the country's financial markets.

Commercial banks require licenses from Bangladesh Bank to operate within Bangladesh according to the provisions of the Bank Companies Act of 1991. In order to obtain this license banks must follow the procedures put down by the Companies Act of 1994 by registering with the Registrar of Joint Stock Companies and obtaining a Certificate of Incorporation. Moreover, new capital through public share offering also requires the consent of the bank from the Securities and Exchange Commission of Bangladesh.

Banking institutions in the country are categorized into various groups, with most adhering to the branch banking model. Under this structure, banks operate through a network of branches, both domestically and internationally, controlled by their head offices. Bangladeshi banks with foreign branches must also comply with the regulations of their home country.

2.2 Introduction of Union Bank

Every nation depends heavily on banks as essential institutions. Modern society depends on proper money management along with effective financial control to advance forward. Every nation depends on a well-developed financial system to reach its development goals. Modern banks serve as essential organizations that enable economic development together with social development. A strong financial infrastructure serves two essential roles by supporting national development while providing economic expansion along with societal welfare improvements. Banks fill a vital position that sustains the financial operations of every country.

Banks exist as vital connections which unite sectors that hold excess funds with the sectors that require financial support. Their broad knowledge extends across both economic sectors to allow them to perform efficient resource distribution. The current situation involving environmental degradation and poverty requires banks to implement sustainable banking solutions that make meaningful contributions towards resolving these problems.

A bank implementing sustainable banking practices will include proactive environmental initiatives and social responsibility into its operations for sustainability purposes. Sustainable banking practices enable financial institutions to implement environmental and social elements through their strategic business model and product definition process and organizational vision framework. The sustainable operation model at Union Bank Plc. shows the standard for such financial institutions. Union Bank Plc. founded its mission on sustainable environmental protection and poverty reduction from day one.

The bank adopts the "Mantra of Zero" as a guiding principle. This concept, deeply rooted in Indian philosophy and spirituality, aligns with the idea of Nirvana—a state of “nothingness” where desires are transcended. In this context, the mantra represents a vision where corporate goals centered solely on profit and growth are transformed. By starting from "Zero to Infinity," businesses can prioritize economic, environmental, and social impacts, integrate corporate social responsibility (CSR), and promote good governance, ultimately achieving sustainable growth (Union Bank Plc., 2017).

Union Bank Plc. aspires to this ideal of spiritual and corporate balance through its commitment to financial inclusion, green financing, and CSR initiatives. By incorporating these principles into its operations each year, the bank aims to drive sustainable development and foster growth in society.

2.3 Company Profile

Union Bank Plc. is a prominent fourth-generation bank in the local banking sector, established on April 1, 2013, with the aim of offering global opportunities to its customers. The bank began its operations as a Shariah-compliant bank in the private sector on May 20, 2013, with the opening of its Gulshan branch. Union Bank Plc. has a paid-up capital of Tk. 4,280 million, an authorized capital of Tk. 15,000 million, and 428 million shares valued at Tk. 10 each. It provides a comprehensive range of banking services within the framework of the Bank Companies Act of 1991 and 2013, adhering to Islamic Shariah principles. The bank is governed by a Board of Directors, ensuring that its operations align with the mission and objectives of the institution.

Islamic banking has become a global phenomenon, gaining ground in both Muslim and non-Muslim countries. In the latter half of the 20th century, there was a notable shift towards banking policies and practices based on Shariah law. Union Bank Plc. has successfully embraced this transformation and continues to expand its services accordingly.

The bank offers top-notch customer services by integrating modern banking technologies along with Shariah-compliant products. It has expanded significantly, opening 72 new branches in strategically important locations across the country, with 22 branches in Dhaka and 50 branches in various other regions, including rural areas. Union Bank Plc. is dedicated to providing a wide array of services for individuals, small entrepreneurs, and industrial firms alike, in line with its vision of broadening access to financial services.

To ensure efficient and accurate service delivery, the bank has partnered with Ababil, a leading provider of internet banking services, and established a robust online banking system. While technology plays a significant role in enhancing services, the bank also focuses on providing physical banking facilities to cater to a wide customer base, particularly targeting unbanked rural populations.

In the 21st century, international banking services have become a key part of most commercial banks, and Union Bank Plc. is no exception. The bank has acquired a SWIFT code, enabling it to facilitate secure and efficient international money transfers. The bank’s skilled and dedicated staff have proven successful in managing international remittance transactions.

Union Bank Plc. is committed to the highest ethical standards and adheres to a strong code of conduct. The bank emphasizes the importance of corporate governance, fairness, transparency, accountability, and responsibility in all its operations. Employees share a unified commitment to these core values, which are integral to the bank's culture and success. Moreover, the bank continually strives to maintain a positive social impact by supporting various community-driven initiatives and sustainability projects, reinforcing its commitment to both financial and social development.

2.4 Islamic Banking

An Islamic bank operates following Islamic principles and must adhere to the guidelines of Shariah law in all its activities. The term "Shariah" originally referred to the "path to the source of life" in Arabic and now denotes a legal system that aligns with the moral and ethical codes prescribed by the Holy Qur'an (Koran). Islamic banking is grounded in these principles, which guide the financial operations and transactions of the bank.

Islamic ally regulated investment demonstrates behavior through four essential principles.

1. **Prohibition of Interest (Riba):** Islamic banks operate without participating in interest-based transactions and practices. Islamic financial transactions exclude interest because Shariah law considers both interest payment and interest charging exploitative under Shariah law. Islamic banks operate without using traditional borrowing arrangements connected to interest rates. The policy adopts profit-sharing agreements while using equity-based funding instead.
2. **Avoidance of Speculation (Gharar):** Islamic banks refrain from carrying out speculative transactions known as Gharar in their operations. Islamic banks operate outside domains of speculation or excessive uncertainty that includes betting and risky investment practices. The practices are believed to create negative impacts on what benefits society. The system prevents investments from being made without genuine substance. Economic activities maintain clear value because their worth stems from real market operations.
3. **Implementation of Zakat (Islamic Tax):** Islamic Tax Zakat functions as a mandatory system of almsgiving for Muslims charity in Islam. Zakat distribution forms part of Islamic banking through mandatory profit-based donations. Islamic banks use their profits to support charitable activities which help fight against social inequality and poverty.
4. **Prohibition of Haram Activities:** Islamic banks take a strict stance against conducting business activities which violate Islamic law. All business sectors and industries that Islamic law recognizes as forbidden (haram) need to be avoided by Islamic banks. This Islamic banks refrain from participating in business sectors that produce alcohol and gambling and pork products along with any activity contradicting Islamic ethics. Islamic values and ethics.

As a Shariah-compliant financial institution, Union Bank Plc. adheres strictly to these principles in its operations. The bank's commitment to these rules ensures that all its financial products and services are in full alignment with Islamic law, offering its customers ethical and socially responsible banking solutions. This approach not only ensures compliance with religious principles but also promotes financial stability, fairness, and economic justice within society. By offering products that adhere to these ethical standards, Union Bank Plc. plays a significant role in fostering a responsible and sustainable banking environment.

2.5 Vision of Union Bank PLC:

Union Bank Plc. aims to establish itself as a socially responsible, world-class financial institution that delivers exceptional banking services while making a positive impact on society.

2.6 Mission of Union Bank PLC:

The mission of Union Bank Plc. is rooted in a commitment to improving the lives of the underprivileged by offering accessible and efficient banking services. The bank strives to empower the impoverished by providing financial solutions that help lift them out of poverty.

Union Bank Plc. also seeks to become the leading provider of Shariah-compliant Islamic banking services in Bangladesh. Through this mission, the bank is dedicated to promoting ethical and responsible banking practices based on Islamic principles.

The bank is committed to delivering fast, accurate, and reliable customer service, ensuring satisfaction by maintaining transparency, business ethics, and a high standard of corporate governance at all levels of operation.

Furthermore, Union Bank Plc. aims to create a technology-driven banking environment that fosters professionalism while ensuring a strong and stable capital base. By integrating advanced banking technologies, the bank seeks to enhance customer experience and operational efficiency.

The bank places a strong emphasis on investment-facilitating banking products, helping businesses and individuals access financing opportunities to grow and prosper. Through these efforts, Union Bank Plc. continues to focus on contributing to the overall economic development of the country while providing sustainable banking solutions.

2.7 Objectives of Union Bank PLC:

1. **Expand Access to Banking Services:**
   Provide secure and inclusive banking services to unbanked individuals across the nation, ensuring financial inclusion in every corner of Bangladesh.

2. **Build Financial Entrepreneurial Networks:**
   Establish agent booths nationwide to facilitate financial transactions and empower local entrepreneurs by integrating them into the banking system.

3. **Regional Back Office Setup:**
   Set up district- and upazila-level back offices to decentralize operations and improve efficiency in financial service delivery.

4. **Blend Modern and Traditional Banking Practices:**
   Offer a seamless mix of traditional and modern banking services by incorporating global best practices into their operations.

5. **Promote High-Quality Banking Standards:**
   Ensure partners and stakeholders benefit from superior banking services characterized by high standards of quality and reliability.

6. **Lead in Foreign Exchange Operations:**
   Enhance foreign exchange services, including international money remittance and currency exchange, to support the financial needs of expatriates and their families.

7. **Support Families of Expatriate Workers:**
   Facilitate the efficient and timely delivery of inward remittances to families of expatriates, ensuring smooth and secure transactions.

8. **Utility Payment Services:**
   Enable customers to pay utility bills, passport fees, and other social safety net payments conveniently through Union Bank's service points.

9. **Agricultural, SME, and Retail Credit:**
   Process and provide credit facilities for agriculture, small and medium enterprises (SMEs), and retail sectors through agent points, contributing to economic development.

10. **Enhance Customer Credit Facilities:**
    Extend a range of credit options to meet the diverse financial needs of customers.

11. **Deliver Prompt and Reliable Services:**
    Ensure swift and standardized services for customers to maintain trust and satisfaction.

12. **Custodial Services:**
    Offer secure custodial services, including locker facilities, to safeguard customers' valuables.

13. **Comprehensive Banking Services:**
    Provide a full range of general banking services tailored to meet the unique requirements of individual and corporate clients.

14. **Foreign Currency Operations:**
    Facilitate the buying and selling of foreign currencies to support international trade and

travel.

15. **Enable Online Financial Transactions:**
 Empower agent points to offer online business services, enhancing the accessibility and convenience of banking.

16. **Introduce School Banking Programs:**
 Promote financial literacy and savings habits among students by introducing school banking initiatives.

17. **Support SME Development:**
 Train and nurture aspiring SME entrepreneurs to strengthen the nation's economic foundation.

18. **Promote Green Banking Initiatives:**
 Finance sustainable projects like solar home systems and renewable energy solutions to support environmental conservation.

19. **Improve Service Speed:**
 Continuously work on reducing service delivery times to enhance customer experience.

20. **Offer Interest-Free Banking Services:**
 Provide customers with Shariah-compliant, interest-free banking options to align with Islamic principles.

21. **Develop Entrepreneurs with Islamic Values:**
 Establish a network of entrepreneurs who adhere to ethical Islamic banking values.

22. **Strengthen Islamic Banking Foundations:**
    Focus on building a robust and qualitative Islamic banking system that adheres to global standards.

23. **Invest in Technology and Human Resources:**
    Upgrade technological infrastructure and enhance employee skills to improve the quality and efficiency of Islamic banking services.

24. **Maximize Global Contributions:**
    Strive to contribute significantly to the global profit pool of Union Bank Plc., solidifying its presence in international markets.

By aligning these objectives with their mission, Union Bank Plc. seeks to create a sustainable, inclusive, and technologically advanced banking ecosystem while staying true to the principles of Islamic finance.

2.8 Special Features of Union Bank PLC.

As an Islamic bank, Union Bank Plc. stands out in every positive aspect, offering a range of cutting-edge banking services while staying true to its Shariah principles. The bank is distinguished by its unique products, strict adherence to Islamic values, and unwavering commitment to honesty and integrity. Here are some of the key features that make Union Bank Plc. notable in the Islamic banking sector:

1. **Shariah-Compliant Banking:**
   All operations at Union Bank Plc. are conducted under a profit and loss-sharing system, in full compliance with Islamic Shariah principles. This ensures that the bank's financial dealings promote fairness, transparency, and ethical business practices, free from interest (riba) and speculation (gharar).

2. **State-of-the-Art Technology:**
   Union Bank Plc. has equipped its head office and branches with state-of-the-art computer hardware and software to ensure efficient and swift execution of daily operations. The bank has adopted advanced Bangladeshi software solutions to support local developers and promote indigenous technology development, making it a significant player in the tech-driven banking sector.

3. **ATM and Debit Card Services:**
   Union Bank Plc. introduced Automated Teller Machine (ATM) and Debit Card services in 2013, offering customers a convenient and secure way to access their accounts. Through ATMs and Point of Sale (POS) systems, customers can withdraw money, check account balances, and even purchase goods using their debit cards, making banking more accessible and user-friendly.

4. **Islamic Banking Spirit:**
   The bank is deeply committed to providing services infused with the Islamic values of brotherhood, peace, and fraternity. Union Bank Plc. believes that banking should not only focus on financial transactions but also foster a sense of community and social responsibility.

5. **Shariah-Compliant Investment Policies:**
   Union Bank Plc. strictly follows Shariah-compliant investment policies. The bank's investment strategies are carefully designed and monitored by its Shariah Council to ensure they adhere to Islamic principles. This commitment guarantees that all financial products offered by the bank are in line with the ethical standards of Islamic finance.

6. **Welfare-Oriented Banking:**
   The bank is dedicated to creating a welfare-oriented banking system that addresses the needs of the low-income and underprivileged sectors of society. Through tailored

financial products and services, Union Bank Plc. aims to uplift economically disadvantaged communities and contribute to poverty alleviation in Bangladesh.

7. **Promoting a Just Economic System:**
   Union Bank Plc. upholds the Islamic principles of creating a just economic system by promoting social emancipation and ensuring the equitable distribution of wealth. The bank believes in fostering a fair and inclusive economy where wealth is shared more equally, and social justice is achieved through responsible banking.

In these ways, Union Bank Plc. not only provides innovative financial services but also strives to play a key role in the social and economic development of Bangladesh while adhering to the core values of Islamic banking.

2.9 Business Plan of Union Bank PLC

For General Banking:

- **Mobilization of Low-Cost Deposits:**
  Focus on gathering deposits with low or no cost from diverse sources and strategically invest in low-risk ventures to ensure steady financial growth.

- **Nationwide Expansion:**
  Expand the network of branches and agent booths across both urban and rural areas, ensuring equitable access to banking services for all citizens.

- **Exceptional Client Services:**
  Deliver superior customer experiences by responding promptly to client inquiries and ensuring consistent, high-quality service across all touchpoints.

- **Promoting Green Banking Practices:**
  Pioneer the implementation of environmentally sustainable banking practices, making Union Bank a leader in Green Banking initiatives in Bangladesh.

- **Fulfilling Corporate Social Responsibilities (CSR):**
  Actively engage in CSR activities to support community development, education, and environmental sustainability, contributing to the broader welfare of society.

For Corporate Services:

- **Boosting Foreign Currency Business:**
  Strengthen the bank's position in foreign currency operations, focusing on export facilitation and supporting remittances from expatriates and service providers.

- **Centralized Online Banking System:**
  Operate a robust and seamless central online banking system to ensure real-time service delivery, operational efficiency, and improved customer satisfaction.

- **Building Financial Stability:**
  Prioritize establishing a strong financial foundation for the bank over immediate profit maximization, ensuring long-term stability and trust.

- **Effective Risk Management:**
  Stay proactive in identifying, managing, and mitigating risks inherent in banking investments, ensuring secure and sustainable operations.

By executing this comprehensive business plan, Union Bank Limited aims to reinforce its position as a reliable, innovative, and socially responsible financial institution while adhering to its core values and principles of Islamic banking.

2.10 Schemes Offered by Union Bank Limited (UBL)

Union Bank Limited provides several Shariah-compliant financial plans which serve customers of different needs through products that align with Islamic banking practices. These schemes offer advanced banking options which satisfy Islamic principles while promoting financial growth and ethical financial conduct. The following list includes the primary financial plans UBL offers:

1. **Al-Wadiah Current Account:** A non-profit-bearing financial account serving as a convenient and safe option for TMPATaily spending needs through simple fund access.
2. **Mudaraba Savings Account**: UBS offers a savings account that promotes wealth growth through profit sharing as per Islamic financial guidelines.
3. **Mudaraba Monthly Deposit Scheme:** The savings scheme combines periodic payments with profit distributions that reward customers for their savings commitment.
4. **Mudaraba Monthly Profit Scheme:** Savers can expect regular monthly profits from their savings deposits through this scheme which enhances both their financial protection and long-term financial planning possibilities.
5. **Installment Term Deposit:** Customers deepen their financial discipline through this fixed-term savings product which provides flexible payment options
6. **Mudaraba Kotipoti Scheme:** This deposit solution enables users to accumulate considerable savings towards their primary financial targets.
7. **Mudaraba Millionaire Scheme:** This structured savings program provides customers with an opportunity to achieve millionaire status through sustained over-time contributions.
8. **Mudaraba Mohor Scheme:** Through its Mahr (dower) support service the scheme assists married Muslims in fulfilling their religious duty.
9. **Double Deposit Scheme:** The scheme enables customers to maintain Shariah compliance while doubling their savings during a designated time.
10. **Mudaraba Pension Scheme:** This welfare-focused savings plan builds retirement security through financial stability after retirement.

11. **Hajj Deposit Scheme:** This savings scheme assists Muslims to save money specifically for performing their religious obligation of visiting Mecca through Islamic principles.

Guiding Principles of UBL's Schemes

The initiatives at Union Bank Limited follow the Holy Qur'an's revelation:

"*Allah has permitted trade and forbidden interest*" (Surah Al-Baqarah, Verse 275).

The divine commandment leads UBL to combine modern banking technology with Islamic values during its operations. The financial institution uses modern technologies to provide customers with moral financial options. The bank is committed to the business model seeks to reach excellence through its activities in both the present world and the eternal afterlife. Key objectives include:

- Delivering quality service to all customers with integrity and transparency.
- The institution provides innovative financial solutions based on Islamic principles which maintain the highest possible quality.
- Union Bank Limited fosters welfare-oriented banking operations that enhance economic fairness and justice.
- The financial institution provides help to underprivileged groups to help establish balanced economic development and growth.

Union Bank Limited works to expand Islamic banking operations by following these values as part of its strategic plan. The corporation strives to create a just financial network that benefits everyone.

2.11 Products and Services of Union Bank Limited (UBL)

Union Bank Limited provides customers with various Shariah-compliant banking products and services that meet their needs. These services are divided into three main departments: The services of Union Bank Limited are organized through three main departments which include General Banking, Credit Department and Foreign Exchange Department. Below is a detailed overview:

General Banking & Deposit Management

Union Bank ensures efficient and customer-centric general banking services, which include:

1. **Account Opening and KYC Procedures:** Supports clients in account creation while following regulatory Know Your Customer (KYC) standards to maintain transparency and security.
2. **Issuance of DD/TT/PO/FDR:** The bank offers Demand Drafts (DD), Telegraphic Transfers (TT), Payment Orders (PO), and Fixed Deposit Receipts (FDR) as services designed for easy financial transactions.
3. **Inter-Bank Transactions (OBC/IBC):** Manages both Outward Bills for Collection (OBC) and Inward Bills for Collection (IBC) efficiently to enable smooth inter-bank transaction operations.
4. **Account Section:** Ensures account records remain up-to-date through regular maintenance and accurate updates.
5. **Clearing Section:** The clearing section operates automated systems to handle both inward and outward cheque clearings which ensures prompt settlements.
6. **IT Section:** Implements modern technology to support online banking, ensuring a seamless and secure banking experience.

Credit Department

UBL provides customized credit solutions through structured processing and documentation procedures:

1. **Credit Proposal Processing:**
    - Evaluates and processes credit proposals in compliance with Islamic Shariah guidelines.
2. **Documentation and Loan Disbursement:**
    - Ensures all necessary documentation is completed before timely loan disbursement.
3. **Returns Overview:**
    - Prepares and monitors financial returns and reports for proper credit risk management.

Foreign Exchange Department

Union Bank facilitates international trade and remittance through comprehensive foreign exchange services. This department is divided into four key segments:

I. Cash L/C Services:

1. **Opening Letters of Credit (L/C):**
    - Supports customers in initiating Import L/Cs with proper documentation and Shariah compliance.
2. **Lodgment of Import Bills:**
    - Records import bills promptly and accurately.
3. **Payment Against Import Bills:**
    - Facilitates payment settlements for imported goods and services.
4. **B/E Matching:**
    - Matches Bills of Entry (B/E) to ensure compliance with import regulations.
5. **IMP Reporting:**
    - Prepares Import Monitoring and Performance (IMP) reports for regulatory authorities.

II. BTB (Back-to-Back) L/C Services:

1. **Export L/C Checking:**
    - Verifies the authenticity of export L/Cs for smooth processing.
2. **Opening of BTB L/C:**
    - Manages BTB L/Cs for local, foreign, Export Development Fund (EDF), and Export Processing Zone (EPZ) transactions.
3. **Lodgment and Maturity Date Confirmation:**
    - Ensures timely lodgment and tracks maturity dates for settlement.
4. **Pre-shipment Credit (PC) Allowance:**
    - Provides pre-shipment financing to exporters.
5. **Payment Realization/Forced Loan Management:**
    - Monitors payments against export proceeds or arranges forced loans when necessary.
6. **B/E Matching and Reporting:**
    - Ensures B/E matching and submits periodic reports to regulators.

III. Export Services:

1. **Scrutiny and Negotiation:**
    - Reviews export documents and negotiates terms with foreign entities.
2. **Follow-up and Realization:**
    - Tracks export progress and ensures timely realization of proceeds.
3. **Export Reporting:**
    - Prepares detailed reports on export activities for regulatory compliance.

IV. Foreign Remittance Services:

1. **FDD and FTT Services:**
    - Issues Foreign Demand Drafts (FDD) and Foreign Telegraphic Transfers (FTT) for international remittances.
2. **Endorsements for Traveling, Education, and Treatment:**

    - Provides endorsements for foreign currency requirements related to travel, education, and medical treatment.
3. **Cash Rebates and FC Issuance:**
    - Facilitates cash rebate services and foreign currency issuance for eligible customers.

Union Bank Limited's commitment to providing state-of-the-art Islamic banking products, coupled with a focus on advanced technology and ethical practices, ensures a seamless and customer-focused banking experience. By aligning with Islamic principles, UBL continues to be a leader in the financial sector, serving a diverse clientele with trust and efficiency.

2.12 Management of Union Bank Limited

Union Bank Limited operates under the leadership of a dedicated **Board of Directors**, comprising 14 members. This governing body plays a pivotal role in shaping the strategic direction of the bank. The responsibilities and structure of the management are as follows:

Board of Directors

The Board oversees the bank's overall governance and strategic planning. It includes diverse members such as:

- **Sponsor Directors** (Chairman, Vice Chairman),
- **Managing Director**,
- **Shareholder Directors**,
- **Ex-officio Directors**, and
- **Company Secretary**.

They collaborate to formulate policies, evaluate operational performance, and approve significant investment plans and fund procurement strategies.

Executive Committee

An **Executive Committee**, appointed by the Board, is tasked with overseeing the daily operational functions of the bank. Its roles include:

- Monitoring investment strategies, budgets, and operational plans.
- Evaluating and reviewing significant investment activities and projects.

Policy Committee

The **Policy Committee**, composed of eight directors, focuses on human resources and organizational policy-making. This includes:

- Designing personnel policies to ensure employee welfare and performance.
- Strengthening the professional environment to align with the bank's Islamic values.

Managing Director

The Board appoints a **Managing Director** who is entrusted with the responsibility of managing the bank's day-to-day operations. This includes:

- Ensuring that the bank operates efficiently within the framework of its policies.
- Leading initiatives to improve service delivery and operational excellence.

The governance model of Union Bank Limited emphasizes transparency, strategic leadership, and adherence to Islamic Shariah principles. By combining the expertise of its Board and committees, the bank ensures a balanced approach to decision-making, operational efficiency, and long-term growth. This structure not only supports its business objectives but also upholds its commitment to ethical and socially responsible banking practices.

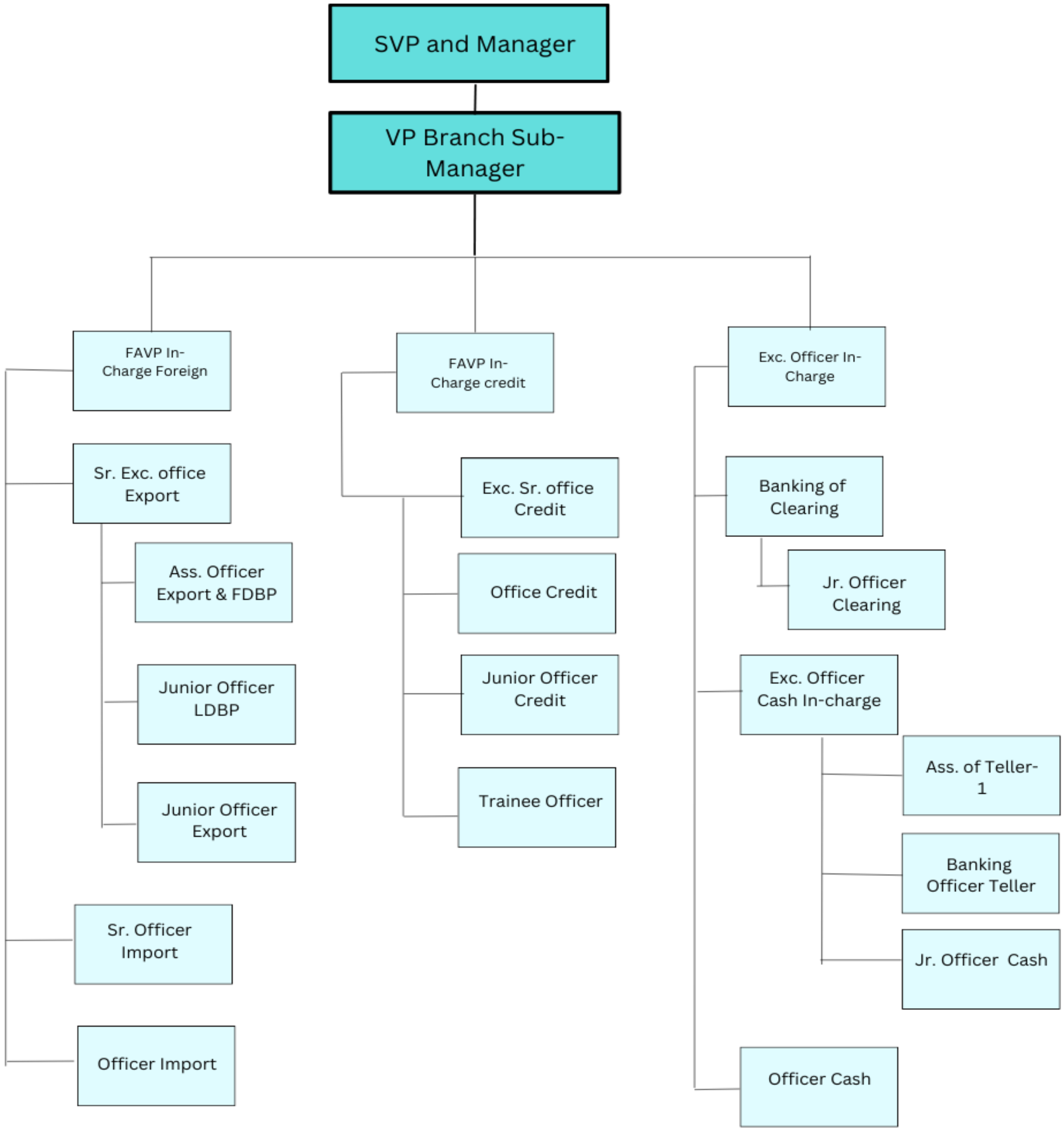

Figure 1: Organogram of Union Bank.

Chapter 3

Retail Banking Activities

3.1 Retail Banking

Consumer banking or retail banking refers to all the services offered to customers by various branches of big commercial banks. It provides for all routine banking needs and includes services like saving accounts, current accounts, personal banking, loans, home loans, credit cards and debit cards, and certificates of deposit (CDs). Retail banking primarily targets the individual customers, which approach the bank as a' On e-Stop-Shop' for all their financial needs.

In essence, the target of retail banking is to create the convenience and simplicity; providing a range of numerous simple banking products and services that will be suitable for customers. These services include deposit taking, payment services, credit services as well as offering goods and services such as Certified Deposit and Lines of credit. Retail banks exist to always offer direct banking services to the public with intention to develop an understanding with them based on good quality and reliable services.

Retail banking relies on Local branch offices in that they provide first contact to clients or customers. At these branches, financial representatives help not only to perform ordinary operations but also to consult on financial issues unique to each customer. They help their clients with credit-approved products including personal loans and mortgages, and offer help during the underwriting stage.

Retail banking has over the recent past adopted new models such as online and mobile applications, which acts as their selling points. These advances enable the clients accomplish a broad range of standard banking operations they would otherwise be conducted via the internet, for instance, Money transfer, bill payment, loan application among others. Nevertheless, the branches still play a significant role for the retail banking, because the customers prefer personal turn to them if they have individual problems or issues.

Retail banking remains one of the most dynamic and customer-oriented segments of the financial services industry, striving to offer banking products and services that will help people improve their financial lives.

3.2 Objectives of Retail Banking

1. **Enhancing Living Standards:** Promote better standards of living for some target clientele by offering collateral-based loans so that people given loans do not have to meet conventional security demands.
2. **Promoting Socio-Economic Growth:** Direct the financial management to the needs of the people and the important challenge to facilitate economic uplift of different communities in a given country.
3. **Expanding Accessibility:** Make sure that banking services are provided to extend the inclusion to a broad population of our people especially in the developing and rural sectors.
4. **Diversifying Loan Portfolios:** Reduce credits risks through portfolio diversification, credit spread across the economy and not focusing on a particular market to borrow money from or depending on just one client segment.

Consumers regard retail banking as an important tool that enables community members to obtain financial products and services meeting their needs and, at the same time, contribute to the creation of a comprehensively stable and effective financial system that fosters economic stability and growth. Nevertheless, retail banking is still on the move in striving to meet new needs of society through new products and services.

3.3 Features of Retail Banking

1. **Access to Consumer Credit:** Credit products available in retail banks let the clients meet their important needs, particularly buying houses, cars, or other necessary goods. They consist of products such as; mortgages, auto loans, credit cards and the likes that depends on the needs of the client.

2. **Safe Money Management:** Retail banks are the individual banks through which people can deposit their money and keep it safe for whenever they need the money or as when they wish to transact.
3. **Convenient Money Handling:** Through offering checking accounts as well as debit cards, retail banks assist consumers to organize their budgets effectively. This saves on the need to use cash in form of cash bills and coins which is convenient, safe, and easy on the process of performing transactions.

Retail banking, on the other hand, is aimed at offering specialized banking solutions targeting common people with the common need of engaging in one basic financial transaction or another.

3.4 Marketing Strategy

A marketing strategy depicts the most elaborate plan that contains all the necessary toolkit which underlines all the marketing activities of an organization to fulfill its goals efficiently. It covers the navigation of relationships between strategic and operational marketing goals and promotional tactics that will guarantee continuous growth and profitability.

The concepts of customer-based marketing include extensive analysis of the markets that will allow determining the customers' needs and wants and trends in these markets. It deals with achieving the right proportion of goods and/or services that provides maximum utility to the target consumers as well as guarantees maximum profit.

It serves both as the foundation to overall marketing strategy, as well as providing a frame for evaluation of price, promotion, place and communication activities strategies. When market conditions change, firms' strategies should be modified as well, and their stability will ensure that firms eventually thrive.

3.5 Marketing Environment

The marketing environment refers to the combination of internal and external factors that influence a business's marketing strategies and operations. These factors shape how a company interacts with its target market and positions its products or services.

The key characteristics of the marketing environment include:

1. **Controllability**: Some factors, such as internal policies and resources, are within the company’s control.
2. **Uncontrollability**: External elements, like economic trends, regulations, and competitive activities, are beyond the company’s direct control.
3. **Influence on Marketing Systems**: Both internal and external factors collectively shape and impact a company’s overall marketing framework.
4. **Customer Relationship Management**: The marketing environment plays a critical role in building and maintaining meaningful relationships with target customers.

Businesses must thoroughly analyze and adapt to their marketing environment to mitigate risks and leverage opportunities. Proactively addressing challenges posed by environmental factors can help firms achieve sustained growth and maintain competitive advantage.

3.6 Retail Banking of Union Bank:

✧ Deposit Section

Banks’ deposit business is essential and an essential element of a bank’s income-generating activities. Traditionally, deposit mobilization has been one of the cardinal activities of banking in Nigeria. The Union Bank deposit section is important for handling and keeping record of all deposit accounts in order to meet and deliver efficient services to the customers. This section has subgroups to various accounts using specific code numbers to allow practical distinction of various accounts.

The deposit section handles three primary types of transactions: **cash transactions**, **clearing transactions**, and **transfer transactions**. To ensure efficiency and accuracy, the following tasks are performed by this section:

1. **Transaction Posting:** Every single transaction made by a customer whether depositing, withdrawing or transferring from one account to another, is documented. This puts in place measures that check and balance the kind of records kept or maintained about the customers.

2. **On-Demand Reporting:** Generally, upon request, the deposit section offers the customers and the management a report that is updated in real-time. Specifically, the reports forwarded include balance summaries, transactions history, and summaries of account balances for decision making.

3. **Cheque Management:** The section deals with cheque deposit, encashment and cheque clearance processes most carefully. This helps to avoid inconveniences in passing of cheques in the organization whilst at the same time avoiding unnecessary formation of queues owing to errors or any other reasons that might delay the process.

4. **Daily Transaction Summary:** Each day when the banking is over the deposit section is to prepare a report of all transactions done for that day. They assist in keeping track of the daily activities incurred in running the business and closing the books.

5. **Monthly Closing Reports:** To monitor compliance and audit trails, the section prepares a summary of the business transactions of the month. This is useful in ascertaining the present financial performance and finding out any variance.

By focusing on these core activities, the deposit section of Union Bank not only safeguards customer assets but also ensures efficient and reliable service, fostering customer trust and satisfaction. Through meticulous account management and reporting, it supports the bank's overall goal of providing high-quality retail banking services.

✧ Deposit Schemes

Union Bank provides a number of sophisticated and customer-oriented deposit products primarily aimed at satisfying the various needs of customers. These schemes are designed with the view to encourage the issue of saving and come up with methods of managing people's finances throughout their life periods. Below is a detailed overview of these schemes:

6. **Union Deposit Scheme (UDS):** A flexible fund collection program that provides for good yields. Customers can provide funds for a predetermined period of time and get better profits in cognizance with the principles of Shariah.
7. **Literally it is also known as Educational Savings Scheme (ESS):** Developed to enable parents formulate, prepare and invest for their children's education systematically. By providing for the cost of tuition fees or other education related expenses this scheme helps relieve the burden of meeting the costs of tertiary education.
8. **Medicare Deposit Scheme (MDS):** A specially designed scheme that caters for the health needs of its customers and allows them to bargain as they save for health crises and other health-related needs. One of the ways the use of appropriate deposits has benefits is that account holders can be assured in case of any medical emergencies.
9. **Rural Deposit Scheme (RDS):** Being targeted at the rural people, this scheme promotes saving among people in the rural areas offering them a chance to receive the necessary financial services and develop a reliable saving option.

10. **Marriage Savings Scheme (MSS):** Assists clients to set aside for marriage occasion in order to be in a position to organize for an excellent wedding ceremony with no debts.
11. **Monthly Savings Scheme (MSS):** This more flexible scheme let the consumer put a fixed commitment of amount per month into the system. It is suitable for people who want to accumulate some financial reserve over time.
12. **Double Benefit Scheme (DBS):** Gives the clients an opportunity to make twice the deposit they make over a given period of time. This is a profitable saving product for the people intending to invest their money in fast yielding Shariah compliant savings product.
13. **Union Bank Daily Profit (SBP):** A very special method of offering daily earning facilities on the money being deposited at the sites. This is especially appreciated by customers who expect to receive stable income for their savings.
14. **Non-resident deposit or Non-Resident Deposit Scheme NRDS:** This arrangement is available only for expatriate Bangladeshis and it enables those to save in Bangladesh itself while earning proper returns. It also does easy fund transfers for family and other obligations.
15. **School Banking Scheme (SBS):** Aimed at developing saving culture among school going children. Some of the reason include, Parent can apply for accounts for their children with intention of saving for future educational or personal use.
16. **Retirement Savings Scheme (RSS):** This is a scheme that prepares them financially for a secure retirement. Regular the corpus from the accrual of deposits during the working years is substantial post-retirement needs.
17. **Union Bank Deposit Pension Scheme (SBDPS):** This scheme is aimed to give a financial security in the later years through which customers can. You will periodically contribute and then you will have a steady pension income upon maturity.
18. **Triple Benefit Scheme (TBS):** A way to increase depositing amount by three times and give it back over a period of time. For savers with very long time frames, it is a good way to provide excellent returns.

19. **Union Bank Millionaire Scheme (SBM):** Ideal for customers desiring to become millionaires with any amount of savings acquired through being disciplined. With this scheme guarantees to reach the desired amount by systematic monthly contributions within the stipulated time.

These have defined the diverse deposit schemes used by Union Bank to help realize the financial goals individuals might have. It promotes a culture of savings and also protects and empowers and families. It is each scheme is designed in line of Islamic thought fairness and ethical profit sharing in line with banking principles.

✧ Bills and Clearing Section

In modern banking, financial instruments such as Demand Drafts (DD), Payment Orders (PO), Secure and convenient financial transactions are done by and cheques. Union Bank offers efficient collection and clearing services for these and other instruments on its customers' behalf. The process by which the bank clears, collects these instruments to credit the customer's It is termed clearing and collection account.

Clearing Operations in Bangladesh

The central Clearing House is operated by Bangladesh Bank at Dhaka and is responsible for clearing business between any two commercial banks. In absence of Bangladesh Bank in some areas, Union bank takes up the role of a clearing. The Bangladesh Bank depends on the agent for uninterrupted financial transactions customers

Key Functions of the Bills and Clearing Section

The Bills and Clearing Section performs the following critical functions:

1. Collection Through Bangladesh Bank Clearing House:

a. Financial instruments which include cheques along with DDs and POs get collection through the Bangladesh Bank Clearing House before their clearance process.
b. The Bangladesh Bank Clearing House provides safe transaction services for payments. The clearing procedure enables banks to exchange money between individual account operations different banks within a specific region.

2. Outside Bank Clearing (OBC):

c. Operation of financial instruments drawn from banks outside Bangladesh Bank Clearing House jurisdiction is possible through OBC services.
d. Union Bank works with additional banks to execute time-sensitive and secure collection operations.

3. Inter-Branch Clearing (IBC):

e. The IBC system through Union Bank supports financial instrument clearing between bank accounts which have different branches within the bank's network.
f. The service allows Union Bank customers to make fast fund transfers between their different bank locations.

Importance of the Clearing Section

- ❖ **Security and Efficiency:** By handling financial instruments like cheques and DDs securely, the cash handling risks decrease significantly because this part along with efficient transaction management processing of transactions.
- ❖ **Customer Convenience:** The fast and correct fund allocation process provides customers with convenient banking features through the system into their accounts without the need for manual intervention.
- ❖ **Network Support:** The widespread network of Union Bank enables clearing services to reach all corners of its operations.The service reaches every remote region to enhance its customer service capabilities because of its broad network reach.

- **Adherence to Regulations:** The clearing process follows all relevant rules as part of its standard procedures. These financial operations follow the regulations of the Bangladesh Bank to support transparent financial operations.

Union Bank maintains the smooth financial transactions of its customers through the Bills and Clearing Section. Union Bank delivers safe and uninterrupted financial operations which builds credibility and trust throughout its banking services.

3.6.2 Outward Clearing

Under outward clearing financial instruments including cheques and Demand Drafts (DD) or Payment Orders (PO) are transmitted to different bank branches within specified clearing zones and different branches of the same bank such as Dhaka city. Payment Orders (PO) along with Drafts (DD) get transmitted via branches of other banks or different branches of the same bank throughout a clearing zone different branches of the same bank within the clearing zone, such as Dhaka city. This is the paying bank uses outward clearing when customer instruments require clearing through banks other than the bank's own establishment by other specified branches. This process enables funds to reach the client's bank account correctly promptly and accurately.

Procedures for Outward Clearing

To maintain efficiency and security, the following systematic steps are taken:

1. **Receiving Instruments from Clients**

    - The bank receives duly signed instruments such as cheques or DDs from clients.

- Proper verification is conducted to ensure that the deposit slips are filled out correctly.

2. **Verification for Discrepancies**

    - Each instrument is meticulously checked for any visible discrepancies, such as mismatched signatures, incorrect dates, or incomplete information.
    - Any irregularities are flagged and communicated to the client for correction.

3. **Affixing Clearing Stamps**

    - A clearing stamp is affixed on both the instrument and its corresponding deposit slip.
    - This marks the instrument for outward clearing, ensuring proper tracking and accountability.

4. **Adding Branch Code Number**

    - The branch code number of the receiving bank is stamped on the instrument.
    - This identifies the specific branch responsible for processing the instrument, streamlining the clearing process.

5. **Authorization and Endorsement**

    - The authorized officer of the bank verifies and endorses the instruments with their signature, confirming their validity for clearing.

6. **Recording in the Outward Clearing Register**

    1. Details of the instruments, such as the client's information, instrument amount, and voucher details, are recorded in the "Outward Clearing" register.
    2. This ensures that all transactions are documented and can be tracked during and after the clearing process.

7. Importance of Outward Clearing

- **Efficient Fund Transfer**: Ensures that clients' funds are credited in a timely manner, even if the instruments are drawn on branches of other banks.
- **Error Reduction**: Through systematic verification, the risk of processing errors is minimized, safeguarding client transactions.
- **Centralized Tracking**: The outward clearing register serves as a comprehensive log, enabling transparency and accountability.
- **Compliance**: The process adheres to regulatory standards set by the Bangladesh Bank, ensuring legal and procedural accuracy.

Through its robust outward clearing process, Union Bank ensures that financial instruments drawn on external branches are managed with efficiency, accuracy, and adherence to banking standards, providing reliable service to its clients.

3.6.3 Remittance through a Foreign Bank

Remittance through foreign banks involves the transfer of funds from one country to another, facilitated by financial institutions with an international presence. This service is particularly beneficial for individuals and businesses needing to send or receive money across borders. In the context of Bangladesh, Union Bank ensures a smooth and reliable process for foreign remittance.

Process of Foreign Bank Remittance

1. **Money Transfer by Remitter**

    - The sender, or remitter, initiates the transfer through a financial institution that has branches or correspondent banking relationships in both the sender's and recipient's countries.
    - The remitter provides necessary details, including the recipient's banking information.
2. **Receipt of Funds by the Bank in Bangladesh**

- The funds are received by the bank in Bangladesh from its foreign branch or a partner financial institution.
- The bank then processes the transaction for disbursal to the recipient's account or makes the funds available for withdrawal.

3. **Transfer to the Beneficiary**

    - Once the funds are received, the bank credits the beneficiary's account or informs them about the availability of the remittance for collection.

4. **Filling the 'C' Form for Large Transactions**

    - For remittances amounting to $2,000 or more, the recipient must complete a 'C' form.
    - This form is required by regulatory authorities in Bangladesh as a declaration for foreign currency remittance.
    - It ensures compliance with financial regulations and facilitates proper documentation for tax and foreign exchange purposes.

Additional Information

- **Exchange Rates**: The remittance amount is converted into Bangladeshi Taka (BDT) based on the prevailing exchange rates, which the bank updates regularly.
- **Speed and Security**: With advanced international banking systems, the remittance process is fast and secure, providing peace of mind to both senders and recipients.
- **Support for Expatriates**: This service is particularly useful for expatriates sending money home to their families or for business payments.
- **Compliance with Regulations**: Union Bank ensures strict adherence to international and national banking laws, including anti-money laundering (AML) and Know Your Customer (KYC) requirements.

Benefits of Using Union Bank for Foreign Remittance

- **Reliable Network**: Access to a wide network of foreign branches and correspondent banks facilitates smooth transactions.
- **Customer Convenience**: Quick processing times and dedicated support staff ensure a hassle-free experience.
- **Transparency**: The bank provides clear information about fees, exchange rates, and compliance requirements.
- **Accountability**: Proper documentation, including the ‘C’ form, ensures regulatory transparency and fosters trust.

Union Bank’s foreign remittance services are designed to make international money transfers seamless, secure, and compliant, catering to both individual and business needs effectively.

3.6.4 Local Remittance

Local remittance refers to the transfer of funds from one location to another within the same country. Customers of Union Bank benefit from extensive local remittance services enabled by its complete service offerings at its numerous outlets throughout the country. The bank maintains an extensive domestic branch network allowing its customers to perform secure money transfers throughout the national territory and efficiently. Local fund transfers at Union Bank can be made through its primary financial instruments include:

1. **Pay Order (PO)**
    - A Pay Order is a written order of the bank to pay a certain sum of money to the payee. It is used for the payment within the country and it is also considered safe and secure guaranteed transactions.
2. **Demand Draft (DD)**
    - Demand Draft is a prepaid negotiable instrument to make payments in secure way. You are assured the payment, because the bank is responsible for the amount mentioned on the draft.
3. **Telegraphic Transfer (TT)**

- A Telegraphic Transfer is an electronic method of transferring funds from one bank to another. It is a fast and reliable way of remitting money, typically used for urgent transactions.

4. **Mail Transfer (MT)**

- The Telegraphic Transfer is an electronic method of transferring funds from one bank to another. Remitting money is fast and reliable way to move money to close, particularly useful for urgent transactions.

Union Bank's local remittance services are designed to provide safe, reliable, and efficient solutions for individuals and businesses to send and receive money within Bangladesh.

A. Pay-Order (PO):

The Payment Order (PO) is a local area fund transfer instrument such as within the same clearing house region. As an example, if certain funds need to be transferred from. A Payment Order is normally used between one part of Dhaka to another.

Accounting Treatment: PO via Cash:

Table 1 Accounting treatment

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.		………….

B. Demand Draft (DD):

Demand Draft (DD):

The financial instrument Demand Draft (DD) allows a bank to instruct another bank branch or different bank to pay the stated amount to a person through a written order.A bank different from the original one issues this order to pay a designated amount of money to whom the draft identifies draft. Members of the banking system who need to send money between different parts of the country utilize this instrument. For example, if when funds require transfer from Dhaka to Khulna one typically uses a Demand Draft. Demand the redemption of funds through one bank segment to another or a different bank branch makes drafts a commonly accepted method for payment transfer across the country to another.

Difference between Pay-Order (PO) and Demand Draft (DD):

While both Pay Orders and Demand Drafts are used for fund transfers, they have distinct differences:

1. **Account Requirements:**
   For a Demand Draft, both the payer and payee are required to have accounts with the bank. However, there are no such specific account requirements for a Pay Order.

2. **Scope of Usage:**
   Pay Orders are used for transactions within the same clearing area, while Demand Drafts can be used for transactions across the entire country, making DD more versatile for national remittances.

3. **Issuing Bank:**
   A Demand Draft is drawn on a specific bank office or branch, whereas Pay Orders do not have a fixed rule for the issuing bank; they can be drawn from various locations within the same clearing house area.

These differences make each instrument suitable for specific remittance needs, with Demand Drafts being the preferred choice for inter-city or national transactions.

C. Telegraphic Transfer (TT):

A Telegraphic Transfer (TT) is one of the fastest ways through which funds can be transferred in as much as the remitter makes a request that the bank pay the amount to the recipient's account. It is usually employed in emergency or instant purchase orders. It is done electronically through Telex, Telephone or telecommunication means thus making it possible to do it at a very short time. Nonetheless, appeal to the cost of the transfer is borne by the remitter in addition to local telex or telephone communication charges.

Telegraph transfer is best suited to international remittance as well as remittances which require immediate processing. The speed and security of TT make it an attractive option for individuals or businesses who need to ensure that their funds are delivered swiftly to the recipient's account. Accounting treatment for (TT):

Table 2: **TT posting**

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

D. Mail Transfer (MT):

Mail transfer otherwise called mail transfer check is an instrument in writing and in the nature of a bill of exchange drawn by one branch of a bank to another branch of the same bank or another bank for a sum of money payable to the sound order of the person or order indicated on the check. Unlike some forms of payment tools, for example demand drafts, the MT is not handed over to the recipient directly. However, the sending bank forwards the payment information through mail and the beneficiary can, then, pick the cash from the concerned branch.

Mail Transfers are applied for domestic transfers, especially if the sender has to transfer money far away in the country. This instrument is safe to undertake the transfer of funds, and while preferred for its safety it is generally slower than other payment instruments such as TT, used through the use of post office. In general, MT is less likely to be completed as a one-day process due to the fact that it relies on mail services to transfer documentation between branches.

3.7 Account Section:

The Account Section is another very important department in any commercial bank since it involves in keeping of records of transactions of various departments. This section overseer the heights of accuracy of the amounts and other details of the financial transactions of the bank. The main duty of the Accounts Department is to check that all accounting is correct and there is no break in bank records.

The activities of the Accounts Section are diverse and essential for the smooth operation of the bank, and include:

1. **Transaction Recording**: Every financial activity at the bank gets entered into the cash book for precise recordkeeping. The bank maintains a cash book where all financial information gets accurately tracked.
2. **Ledger Maintenance:** The system stores detailed financial records both in the main and supplementary books. Transactions easily move from cash books to overall accounting records and sub-accounts.
3. **Fund Function and Reporting:** The section prepares daily fund functions, weekly positions, and periodic financial statements, which are crucial for internal monitoring and decision-making.
4. **Reporting for Compliance:** The account section prepares financial statements to both obey banking rules and produce needed information.
5. **Salary Management:** The section is responsible for preparing the payroll and ensuring employees are paid on time, which includes calculating and disbursing salaries.
6. **Branch Expenditures:** The account department controls all branch operational spending through payments for services utilities and office maintenance expenses.
7. **Inter-Branch Fund Remittance:** The section facilitates money transfers between different bank offices while maintaining correct financial records throughout the system.
8. **Branch Budgeting:** The section participates in the budget system by steering money use at the branch to reach desired results and by planning ahead for future financial requirements.

By performing these tasks, the Account Section plays a crucial role in maintaining financial order, supporting operational efficiency, and ensuring the bank's overall financial health.

3.8 Customer Service:

As a result of its desire to always achieve top notch customers service, Union Bank has incorporated various systems and services in its operation. Besides inclusion of full computerization features, the bank has incorporated features such as corporate client services and one stop shop services.

Union Bank has implemented SWIFT (Society for Worldwide Interbank Financial Telecommunication) in twelve branches for better foreign exchange activities to be secure, speedy and efficient. In addition to this the bank has invested on internet solutions: established website, offer Reuters services, Internet Banking and Ready Cash solution, all to customer convenience.

Union Bank is also planning on increasing this growth by installing the shared ATM system at strategic centers. These ATM's have already been ordered by the bank to ensure that more facilities are provided to the customer in areas of high traffic. By these programs, Union Bank seeks to present a transformed banking service provision that responds to the new generation's requirements of the customers.

3.9 Islamic Mode of Investment:

Union Bank initially opened its doors to business and offered the "Local Bank, Global Opportunity" as its initial publicity. Since the establishment, the bank considered it as its competitive advantage when it introduced the new Shariah compliant banking services acting under the conventional banking system. Union Bank also stepped a major achievement as it formally and officially launched the Islamic Banking branch on May 03, 2013 at 72, Bahela Tower, Gulshan Avenue, Dhaka and it's another branch of the Islamic Banking at Zindabazar, Sylhet on July 07, 2013.

The core principles and features of Union Bank's Islamic Banking operations are as follows:

1. All banking activities are conducted in compliance with Islamic Shariah principles.

2. The bank's financial dealings are interest-free, aligning with the core tenets of Islamic finance.
3. The relationship between the bank and its customers is based on partnership, rather than interest-based transactions.
4. Investments are made according to Islamic principles, ensuring ethical and socially responsible financial practices.
5. One of the primary objectives is to improve the living standards of low-income and underprivileged groups.
6. The bank aims to provide exemplary customer service, ensuring that clients are treated with respect and care.
7. Union Bank actively participates in welfare activities, contributing to the well-being of the broader community.

In line with its commitment to fostering economic growth, Union Bank offers a range of credit facilities to support trade, commerce, and industry, with competitive packages and rates designed to meet the diverse needs of its customers. Through these efforts, Union Bank strives to uphold the values of Islamic banking while contributing to the socio-economic development of the nation.

3.10 ATM Services:

The ATM services have been in operations since 2013 and ever since the number of ATM's provided have been rising gradually. Currently, the bank is a member of the Q-Cash Consortium, National Payment Switch Bangladesh (NPSB), and VISA so that the customers of such bank may be aware of a wide network of automatic teller machines. Currently, Union Bank has its own 45+ ATMs and offer 24/7 cash withdrawal services and shared ATMs come more than 6,500 all over Philippines.

Some social indicators that have been taken by Union Bank to increase convenience through ATM placement include; location of the ATM in the major centres of the bank branches, airports, railway stations, post offices, university and other busy public places. Also, with the help of specific measures in relation to individual ATMs and systems, it is planned to increase the reliability of the functioning of individual ATMs and overall satisfaction with the availability and quality of the ATM network by the end of the year.

These steps indicate Union Bank commitment for delivering effective banking services to its customers, enhance banking as easy, efficient and reliable. The development and expansion of the ATM services in the bank carry on its continuous attempt to improve the value proposition it offer and more importantly to facilitate the increasing trend in the use of digital based services in banking.

Debit Card:

Union Bank Limited helps its customers travel and shop securely in Bangladesh by providing a Debit Card without using physical cash. The debit card makes day-to-day spending more convenient and secure for Union Bank Limited customers.

Features:

1. **24/7 Availability:** The debit card service is available around the clock, ensuring that customers can access their funds at any time.
2. **High-Level Security:** The card is equipped with advanced security features to protect against unauthorized transactions, offering peace of mind to users.
3. **Tax Payment Facility:** Customers can conveniently use the debit card for tax payments, adding an extra layer of ease to financial management.
4. **Cash Withdrawal:** The debit card allows customers to withdraw cash from any ATM in Bangladesh, providing flexible access to funds.
5. **Point of Sale (POS) Usage:** People use it for everyday shopping at locations that accept Point of Sale (POS) systems through many types of retail stores daily purchases.
6. **ATM Services:** Customers can check their account balance and request a mini statement directly from ATMs, helping them manage their finances on the go.

7. **Unlimited POS Transactions:** There is no transaction limit for POS payments, enabling customers to make purchases without restrictions.
8. **ATM Transaction Limit:** The debit card offers up to four ATM transactions per day, ensuring customers can access their money whenever needed.

Union Bank's Debit Card is designed to enhance customer convenience, providing a seamless, secure, and efficient way to manage money and make payments.

Table 3: Debit card charge and fees

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)

Credit Card:

This being so, Union Bank Limited has noted the importance of making the customers more financially flexible hence the new product that is soon to be introduced in the market as Credit Card that will offer maximum benefits at only a minimal fee. This card is made of a plastic material and has the extra advantage of being used in local and in foreign currency transactions. Customers can select the card type which they want, for within Bangladesh usage and the international usage outside Bangladesh. The credit card system will provide local and foreign currency limits which will depend on the approved credit limit for the customer.

Features:

1. **24/7 Availability:** The credit card service is available around the clock, allowing users to access funds and make purchases at any time.
2. **Low Interest Rates:** The credit card offers one of the most competitive interest rates in the market, ensuring affordability for customers.
3. **High-Level Security:** Equipped with advanced security features, the credit card ensures safe transactions both locally and internationally.
4. **Tax Payment Facility:** Customers can use their credit card for tax payments, offering a convenient option for managing obligations.
5. **Cash Withdrawal Facility:** The card allows for 100% cash withdrawals, within the defined limit, from any ATM in Bangladesh.
6. **POS Transaction Facility:** Customers can make unlimited point-of-sale transactions up to their limit, making it perfect for everyday purchases.
7. **Versatile Usage:** The card is accepted in shopping outlets, departmental stores, and restaurants that have a POS terminal, enabling easy payments.

8. **Account Balance & Mini Statement:** Customers can check their account balance and obtain a mini statement at any ATM, providing real-time access to their credit card status.
9. **Interest-Free POS Transactions:** Enjoy interest-free transactions for POS payments within the specified grace period, up to 50 days from the statement date, allowing users to manage their spending more efficiently.
10. **Daily Transaction Limit:** Customers can make up to four transactions per day, offering flexibility for both daily and emergency needs.

Union Bank's Credit Card is designed to provide customers with greater financial freedom, secure transactions, and unmatched convenience, whether they are shopping locally or traveling internationally.

Credit Limit:

Table 4: **Credit card 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	125,000	1,250

Table 5: Fees and charges of credit card

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		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)

Prepaid Card:

Union Bank Limited offers a **Prepaid Card** designed for customers who may not hold an account with the bank. This card provides an easy, secure, and efficient way to manage transactions, as it comes preloaded with a predetermined monetary value. The bank also introduces a **Prepaid Dual Currency Card**, allowing users to transact seamlessly in both local and foreign currencies. Customers can use it for cash withdrawals from ATMs or for purchasing goods and services via POS terminals. This feature-rich card ensures financial convenience for individuals without the need for a traditional bank account.

Features:

1. **24/7 Availability:** Enjoy round-the-clock access to your funds and services with the prepaid card.
2. **Tax Payment Facility:** Customers can pay taxes easily and free of additional charges, offering extra value for taxpayers.
3. **Versatile POS Usage:** The card can be used at shopping outlets, departmental stores, and restaurants equipped with POS terminals, providing flexibility for various purchases.
4. **Card Balance & Mini Statements:** Users can check their card balance and retrieve mini statements from ATMs, ensuring transparency and control over their finances.

5. **PIN Change Option:** A secure PIN change facility is available to enhance security and user convenience.
6. **Daily Transaction Limit:** Perform up to four transactions per day, covering both cash withdrawals and POS transactions.

Union Bank's Prepaid Card offers unmatched convenience and financial independence, making it ideal for customers seeking a quick, hassle-free, and secure payment solution both locally and internationally.

Fees, Charges and Limit:

Table 6: Prepaid Card Charges

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 – BDT 10
	NPSB Transaction –15
POS Transaction Fee	Free
ATM Cash Withdrawal	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:

Table 7: Trade Investing Rate

Credit Packages	**Interest Rate(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 PLC. Co.	7%
Work order of Govt. Semi Govt. /Crop.	10%
Wage Earners Dev. Bond	13%
4. Housing Loan	
Residential	12%
Commercial	9%
5. Small Loan	10%
6. Consumers	12%
7. Loans to Public Sector Enterprises	12%
8. Cash Credit Facilities for Small Business Enterprises	12%

3.12 Investment Types:

In commercial banking, loans can be broadly classified into two categories: **secured loans** and **unsecured loans**, depending on whether collateral is involved. These classifications play a critical role in defining the terms, risks, and recovery mechanisms associated with the loans.

3.12(a) Secured Loans:

A secured loan can therefore be defined allocation where by the borrower provides an asset such as property and car as security to back the loan. It is used with the aim of ensuring the creditor or the lender has a standby in case the borrower fails to repay the amount borrowed. In such cases, transfer of title in such assets that had been pledged is given to the creditor free and then sold to recover the remaining balance due.

In the event that the realized sale proceeds of the security are lower than the outstanding loan balance, the lender will perform a deficiency awareness to recover the arrears from the borrower. Some of the examples of secured loans include; Real estate loans which include mortage loans, automobile loans/ financiering, and business loans which are secured on specific goods.

Features of Secured Loans:

1. **Lower Risk for Lenders:** The presence of collateral reduces the risk for lenders, often resulting in lower interest rates for borrowers.
2. **Asset Ownership Risk:** Borrowers risk losing ownership of the pledged asset if they fail to meet repayment obligations.
3. **Larger Loan Amounts:** Lenders are generally more willing to extend larger loan amounts under secured arrangements due to the security provided by the collateral.

4. **Credit Terms Flexibility:** Secured loans may offer more flexible repayment terms compared to unsecured loans.

Secured Loans vs. Unsecured Loans:

The only difference is the support for the credit. While with secured loans the borrower pledges a valuable property as collateral, unsecured loans do not involve pledging of an asset. This form of credit comes with greater risk to the creditors and in return has more narrow qualifying conditions and slightly higher rates.

It has remained a popular product for anyone willing to borrow high amounts of money with an opportunity for lenders to secure their loans. This is a position that is important for borrowers in order for them to be informed of the effects of these loans in order to meet their financial obligations informatively.

3.12(b) Unsecured Loans:

An **unsecured loan** is a type of financial borrowing where no collateral or asset is pledged by the borrower as security. Unlike secured loans, unsecured loans are based solely on the borrower's creditworthiness, financial stability, and repayment ability. This makes them riskier for lenders, who often compensate by charging higher interest rates or imposing stricter eligibility criteria.

Loans without security come in many sizes including personal or business credit cards as well as small-term credit choices or corporate credit lines. Financial institutions provide these loans using many different product names to suit customers of all types.

Examples of Unsecured Loans:

1. **Bank Overdrafts:** A short-term loan option lets people and organizations access up to a set amount beyond their account balance.
2. **Corporate Bonds:** Debt instruments issued by companies to raise funds from investors without pledging any specific asset as security.

3. **Credit Card Debt:** An open credit product lets users spend and withdraw from a set borrowing limit before payment on set due dates.
4. **Credit Facilities or Lines of Credit:** Pre-approved loan limits that borrowers can utilize as needed, with interest charged only on the utilized amount.

Key Features of Unsecured Loans:

1. **No Collateral Required:** Without collateral requirement borrowers avoid right away financial danger while lenders have greater exposure.
2. **Higher Interest Rates:** Due to the absence of security, unsecured loans generally carry higher interest rates compared to secured loans.
3. **Credit-Based Approval:** Approval depends on the borrower’s credit history, income stability, and debt-to-income ratio.
4. **Flexible Usage:** Borrowers have the freedom to use the loan for various purposes without restrictions tied to specific collateral.
5. **Risk of Legal Action:** In case of non-repayment, lenders may take legal action to recover the loan, impacting the borrower’s credit score and financial reputation.

Unsecured loans are an ideal option for borrowers who do not have assets to pledge or prefer not to risk their property. However, understanding the terms and managing repayments responsibly is critical to avoid financial challenges.

3.13 SME Finance:

Small and medium-sized enterprises (SMEs) depend on small business finance for their financial needs that represent a main part of business finance. The market lets specific and large business entities find money sources while setting up pricing terms for funding.

The business finance market provides several ways for SMEs to get funds through its platforms:

- **Bank Loans and Overdrafts:** Traditional lending options that provide businesses with access to working capital and funds for expansion.

- **Leasing and Hire-Purchase Agreements:** Financing options that enable SMEs to acquire assets while spreading payments over time.
- **Equity or Corporate Bond Issuance:** Raising capital by offering ownership stakes or issuing debt instruments to investors.
- **Venture Capital or Private Equity:** Investments from individuals or firms in exchange for equity, aimed at high-growth potential businesses.
- **Asset-Based Financing:** Options like factoring and invoice discounting, where businesses use their receivables or other assets to secure funding.

By leveraging these financial instruments, SMEs can gain access to the capital required for growth, innovation, and day-to-day operations, ensuring their contribution to economic development and job creation.

3.14 Micro Credit Division:

It is now agreed that microcredit can significantly help in enhancing economic growth and poverty reduction levels through encouraging the growth of small businesses in rural and semi urban centers. Being conscious of these opportunities, in 2003 Union Bank Limited established its Micro Credit Division at the Head Office level with a clear mission in poverty reduction.

This division entails provision of micro credit products to individuals/ groups with an aim of supporting self-employment/economic mobility. To optimize the bank’s performance and offer quick solutions to its customer needs, the bank is ready to develop more strategies for urban, semi-urban, and rural regions to improving socio-economic stability and efficiently bringing numerous opportunities to invest and grow in those areas.

Table 8: Micro Credit Division

SL.	Project/Programs	Target group	Loan size in Tk.	Rate of Interest(%)
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	Small &	Highest - 10,000	11
	project	Medium frame		
12	Herbal, Forestry, Medicinal and Nursery development Credit	Poor energetic youth	Highest - 25,000	11

3.15 Locker Service:

Union Bank Limited offers secure locker services at select branches, providing customers with a safe and reliable solution for storing their valuable belongings. This service ensures the utmost security and peace of mind for clients who wish to safeguard their important items.

Table 9: Locker Service Scale

Locker Size	Yearly Charge (Tk.)	Security Deposit(Tk.)
Small	2,500	5,000.00(refundable)
Medium	3,500	
Large	4,000	

3.16 SMS Banking:

Union Bank Limited has recently launched SMS Banking to help the customers to get information of their accounts instantly. Using this service, customers can easily know their current account balance by making a call to dial this number. For customer to qualify with this feature they have to type SBL(space)BAL then send it to the number 6969. In few minutes they will receive feedback message with their account balance information. However, for this service to be activated the customer has to provide the mobile number in their account. This facility of withdrawing money from ATM is available for a nominal charge of 58 BDT for a half-yearly basis.

3.17 SWOT Analysis of Union Bank:

SWOT stands for Strengths, Weaknesses, Opportunities, and Threats. It serves as a strategic tool to evaluate an organization's internal capabilities and external environment. By analyzing these four components, a SWOT analysis provides a comprehensive overview of a company's strengths and areas for improvement, helping it identify effective strategies for achieving success.

3.17.1 Strengths:

Strengths are assessed from both an internal viewpoint and the perspective of customers and the market. Key strengths of Union Bank include:

1. Superior service management that ensures customer satisfaction.
2. Transparent fee structure with low service charges and no hidden costs.
3. Strong brand positioning as a leading private bank in the retail banking sector.
4. Effective internal coordination and a well-structured Board of Directors.
5. Banking products aligned with government initiatives and schemes.
6. Lower comparative risk profile compared to other banks.

3.17.2 Weaknesses:

Weaknesses highlight internal limitations or challenges that may hinder an organization's growth and efficiency. Union Bank faces the following weaknesses:

1. Companies focus too much on fixed deposits which increases account costs for their clients.
2. Top-level management controls all decisions which reduces operational freedom at local branches.
3. ATM booths do not satisfy the level of customer demand across locations.

4. The practice of employing employees behind masks arises from the hiring patterns used in internal recruitment.
5. The organization needs to allocate more effort toward promotional along with marketing efforts to boost their market visibility.

3.17.3 Opportunities:

Opportunities refer to external factors that can be leveraged to foster growth and improve services. Union Bank can take advantage of the following opportunities:

1. Expanding business operations by introducing new services for customers through international banking.
2. Enhancing the online banking system for better customer experience.
3. Broadening market reach by establishing branches in remote and underserved areas across the country.

3.17.4 Threats:

Threats are external challenges that can hinder growth or impact performance. Union Bank faces the following threats:

1. Both domestic and international banks continue to rise as competitors.
2. Political influence affecting decision-making processes.
3. Government-imposed low-interest rates affecting profitability.
4. Increasingly stringent banking regulations and compliance requirements.
5. Bank operations face two distinct challenges from bad loans and black money operations.

Chapter 4

Customer Satisfaction Survey

4.1 Introduction

A bank uses customer satisfaction to check how well its services work and learn what clients want from their financial services. A detailed survey measured Union Bank Limited customer satisfaction for all banking services and service elements. Participants from 40 different individuals took part in this survey which delivered useful information about how well the bank served its customers.

4.2 Objectives of the Survey

The primary objectives of this survey were:

1. To understand customer preferences regarding banking products and services.
2. To assess the frequency of branch visits and usage of online services.
3. To evaluate customer satisfaction levels in areas such as transaction speed, service availability, and complaint resolution.
4. To identify areas for improvement and potential new services to enhance customer experience.

4.3 Survey Design

A bank uses customer satisfaction to check how well its services work and learn what clients want from their financial services. A detailed survey measured Union Bank Limited customer satisfaction for all banking services and service elements. Participants from 40 different individuals took part in this survey which delivered useful information about how well the bank served its customers.

Here's the revised format where the **question** comes first, followed by all response options, and then the **purpose** is described in detail:

4.4 Survey Questions

1. What type of account do you hold with the bank?

- a) Savings Account
- b) Current Account
- c) Fixed Deposit
- d) Other

Purpose: This question aims to identify the types of accounts held by customers. Understanding this helps the bank analyze the distribution of account types and develop specific services or offers tailored to different customer needs, such as savings incentives, current account benefits, or fixed deposit schemes.

2. How frequently do you visit the bank's branch?

- a) Weekly
- b) Monthly
- c) Quarterly
- d) Rarely

Purpose: The survey aims to establish customer usage patterns of branch facilities. The bank can evaluate branch resource needs while staffing appropriately through this information to promote digital banking for infrequent users.

3. How would you rate the overall customer service at the branch?

- a) Excellent
- b) Good
- c) Average
- d) Poor

Purpose: This question evaluates the quality of customer service provided at the branch. Customer feedback on this aspect is crucial for improving staff training programs, ensuring a positive customer experience, and addressing service gaps.

4. How satisfied are you with the bank's online banking services?

- a) Very Satisfied
- b) Satisfied
- c) Neutral
- d) Dissatisfied

Purpose: This question assesses customer satisfaction with the bank's online services. Understanding user experiences with the digital platform allows the bank to identify areas of improvement, enhance user interface design, and add features that improve convenience and accessibility.

5. What is the primary purpose of your account?

- a) Personal Savings
- b) Business Transactions
- c) Loans and Credit Services
- d) Other

Purpose: By identifying the main purpose of customer accounts, the bank can develop specialized services and marketing strategies tailored to specific customer segments, such as personal finance tools or business-focused solutions.

6. How easy is it to understand the bank's terms and conditions for services?

- a) Very Easy
- b) Easy
- c) Difficult
- d) Very Difficult

Purpose: This question determines how effectively the bank communicates its terms and conditions. Simplifying complex information can improve transparency, foster trust, and enhance customer satisfaction.

7. How would you rate the speed of transaction processing?

- a) Very Fast
- b) Fast
- c) Slow
- d) Very Slow

Purpose: The objective is to evaluate the efficiency of transaction processing. Speedy transactions improve customer satisfaction and highlight the effectiveness of the bank's systems and infrastructure.

8. Are you satisfied with the availability of ATMs in your area?

- a) Very Satisfied
- b) Satisfied
- c) Neutral
- d) Dissatisfied

Purpose: This question helps assess whether the bank's ATM network meets customer needs. Insights can guide decisions on expanding or optimizing ATM locations to improve accessibility.

9. How important is Islamic/Shariah-compliant banking to you?

- a) Very Important
- b) Important
- c) Neutral
- d) Not Important

Purpose: This question identifies the importance of Shariah-compliant banking for customers. The response helps the bank assess the demand for such services and decide whether to expand offerings in Islamic banking.

10. How do you usually contact the bank for assistance?

- a) Visit the Branch
- b) Phone Call
- c) Online Chat/Email
- d) Mobile App

Purpose: The purpose is to understand customers' preferred methods of communication. This helps the bank improve its customer service channels and allocate resources to the most used platforms.

11. Are you aware of the various loan and credit facilities offered by the bank?

- a) Yes
- b) No

Purpose: This question gauges' customer awareness of loan and credit options. Low awareness could indicate a need for better marketing and customer education about the bank's products.

12. How secure do you feel using the bank's digital services?

- a) Very Secure
- b) Secure
- c) Neutral
- d) Not Secure

Purpose: This question evaluates customer perceptions of digital security. Addressing concerns raised in the responses can strengthen trust in the bank's online platforms and improve cybersecurity measures.

13. How would you rate the bank's efforts in handling customer complaints?

- a) Excellent
- b) Good
- c) Average

- d) Poor

Purpose: The goal is to measure how effectively the bank resolves customer issues. Feedback can highlight areas for improvement in complaint resolution processes to ensure customer satisfaction.

14. What additional services would you like the bank to offer?

- a) More Digital Services
- b) More Loan Options
- c) Enhanced Customer Support
- d) Other (Please specify)

Purpose: This question provides insights into customer needs for additional services. Responses can guide the development of new offerings and improvements to existing ones.

15. Would you recommend this bank's retail services to others?

- a) Yes, definitely
- b) Maybe
- c) Not Sure
- d) No

Purpose: This question measures customer loyalty and satisfaction by assessing their willingness to recommend the bank. High recommendation rates reflect strong brand trust and customer satisfaction, while low rates highlight areas for improvement.

4.5 Data Presentation and Analysis

Each question's responses were analyzed, and the results were represented using pie charts to provide a clear visual understanding of customer feedback. The analysis helped in identifying strengths, areas of improvement, and customer preferences.

4.5.1 Account Preferences

Reason for Selection: Understanding the types of accounts held by customers helps assess their preferences and priorities, providing insights into the demand for savings, transactional, or long-term deposit products.

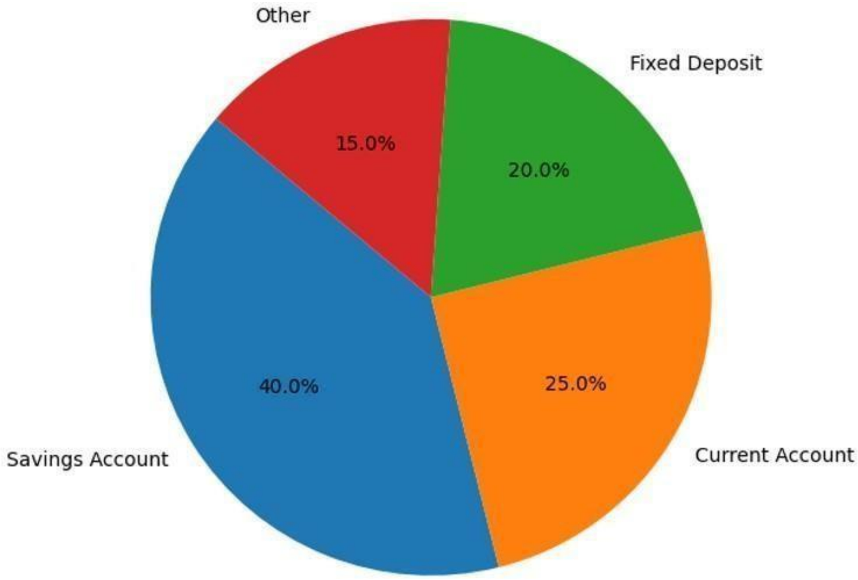

Figure 2: Percentage of Account type

Description: The majority of respondents hold Savings Accounts (40%), followed by Current Accounts (25%). Fixed Deposits account for 20%, while 15% chose Others, including joint or specialized accounts. Savings Accounts are the most preferred, highlighting their importance for personal financial planning. Current Accounts reflect the bank's reach among businesses, while Fixed Deposits indicate a stable demand for long-term investment. Specialized accounts under "Others" could represent niche customer needs, signaling opportunities for customized banking solutions.

4.5.2 Branch Visits

Reason for Selection: Analyzing branch visit frequency reveals customer reliance on physical locations despite growing digital options

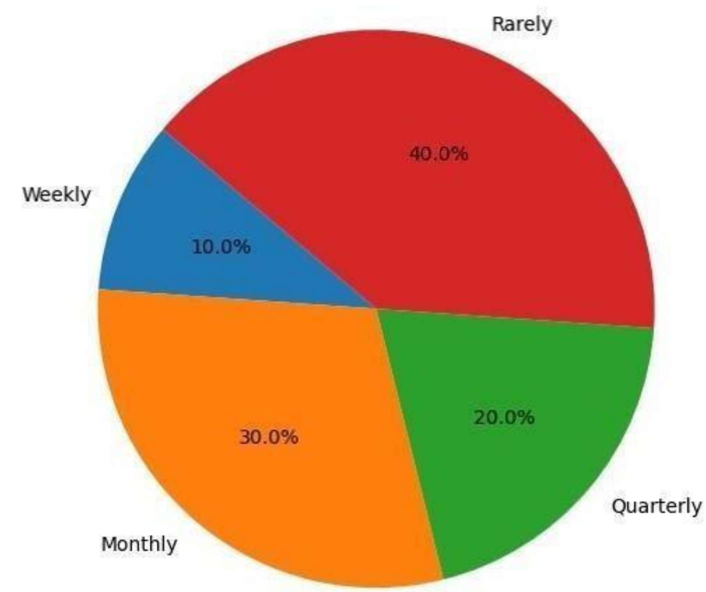

Figure 3: Percentage of Branch Visits

Description: A significant portion rarely visits the branch (40%), while Monthly visits account for 30%. Quarterly visits make up 20%, and only 10% of respondents visit weekly. of these trends, highlighting the shift towards less frequent branch visits for many customers. The preference for rare or monthly visits suggests customers rely more on digital banking for routine transactions. Efforts to optimize branch services for infrequent yet high-value visits could improve customer satisfaction.

4.5.3 Customer Service

Reason for Selection: Customer service is a core factor influencing loyalty and satisfaction. Good service leads with 35%, followed by Excellent (25%). Average service accounts for another 25%, while Poor service remains low at 15%.

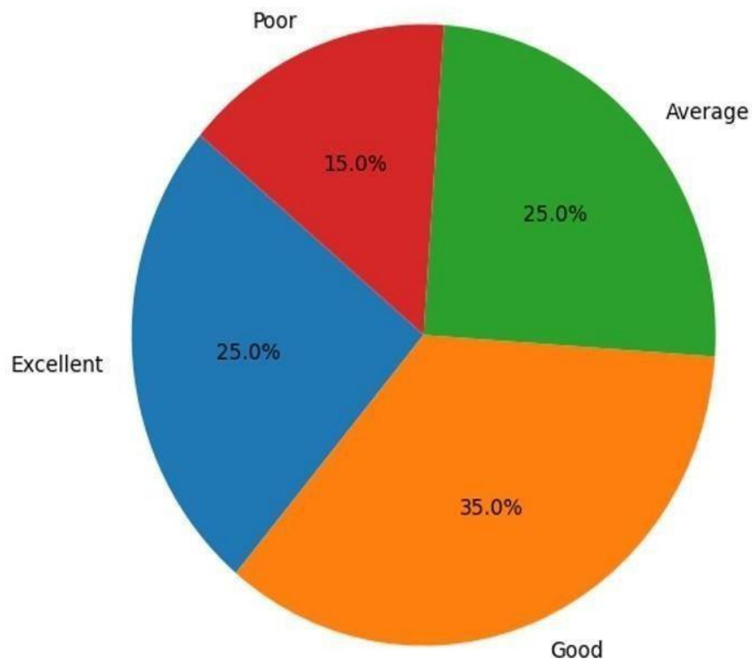

Figure 4: Percentage of Customer Service

Description: While the majority are satisfied with the service quality, a quarter of respondents rate it as average, highlighting areas where consistency and efficiency can be improved.

4.5.4 Online Banking Satisfaction

<u>Reason for Selection:</u> Online services are a critical offering in modern banking, directly affecting convenience and usability.

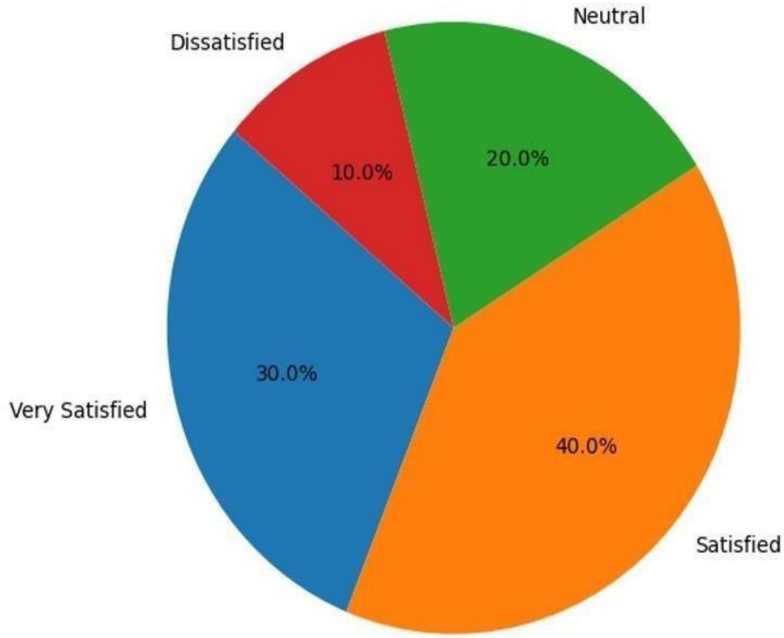

Figure 5: Percentage of Online Banking Satisfaction

<u>Description:</u> While most customer's express satisfaction, the Neutral and Dissatisfied responses indicate the need for feature enhancements or improved user experience in online banking.

4.5.5 Account Purpose

Reason for Selection: Understanding account usage enables banks to align products with customer needs.

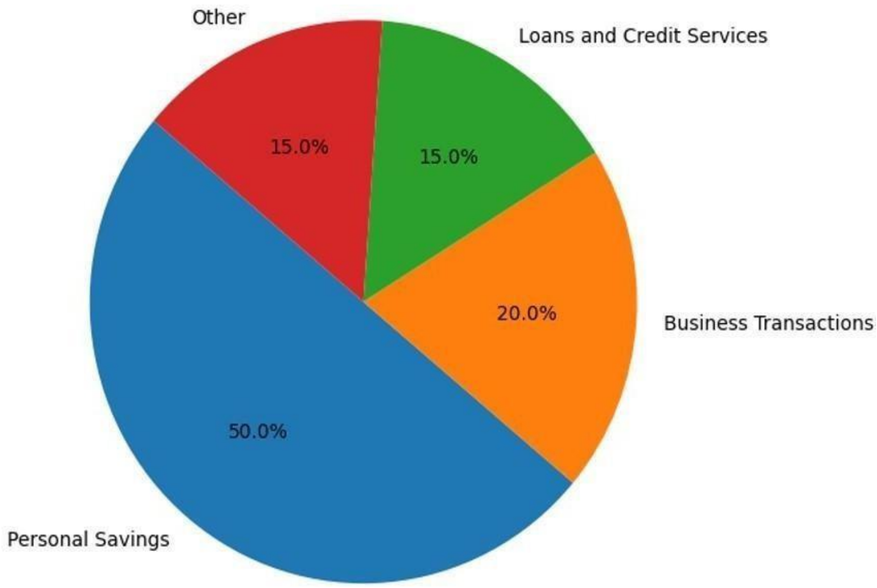

Figure 6: Percentage of Account Purpose

Description: Personal Savings dominate usage, reflecting the bank's strong presence in personal finance. The 20% share for Business Transactions indicates the importance of catering to SMEs and entrepreneurs. Loans and Credit Services suggest growth opportunities in financial assistance.

4.5.6 Terms and Conditions Clarity

Reason for Selection: Clarity in communication builds trust and avoids disputes.

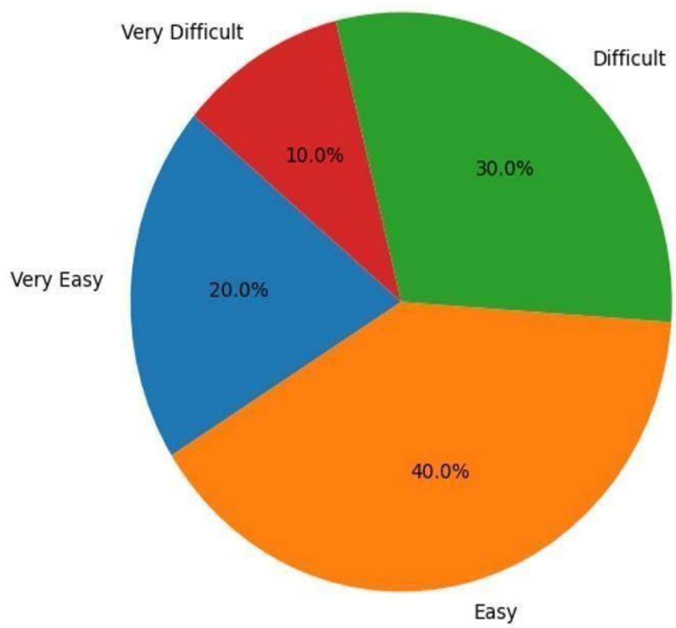

Figure 7: Percentage of Terms and Conditions Clarity

Description: While the majority find terms understandable, the 40% reporting difficulty indicates an opportunity to simplify terms further through plain language guides or personalized assistance.

4.5.7 Transaction Processing Speed

Reason for Selection: Transaction efficiency is a key service benchmark.

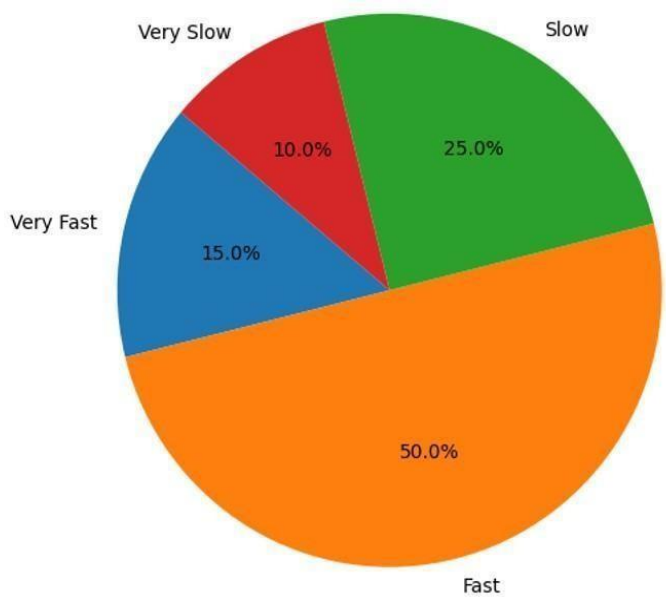

Figure 8: Percentage of Transaction Processing Speed

Description: Transaction processing speeds are satisfactory for most customers, but the 35% experiencing delays suggest room for optimizing backend systems or staff training.

4.5.8 ATM Availability

Reason for Selection: ATM coverage impacts ease of access to cash and basic banking services.

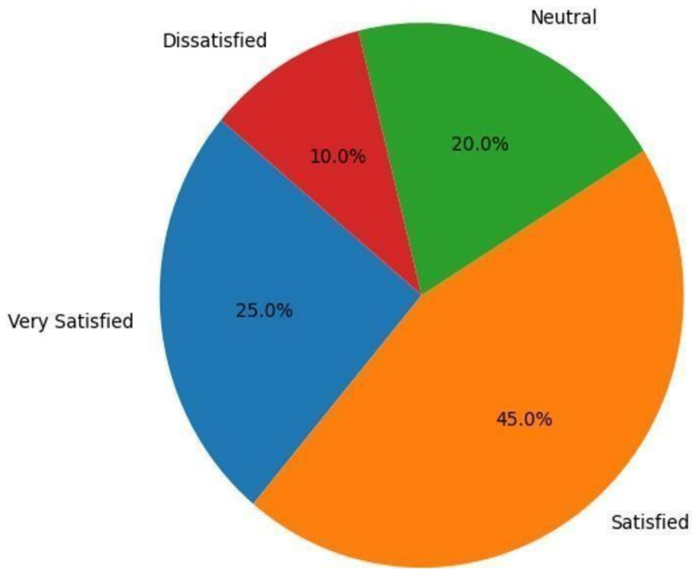

Figure 9: Percentage of ATM Availability

Description: The majority find ATM availability sufficient. However, the Neutral and Dissatisfied responses point to potential gaps in underserved areas or specific regions requiring additional ATMs.

4.5.9 Islamic/Shariah-compliant Banking

Reason for Selection: Understanding customer preferences for Shariah-compliant banking helps expand specialized services.

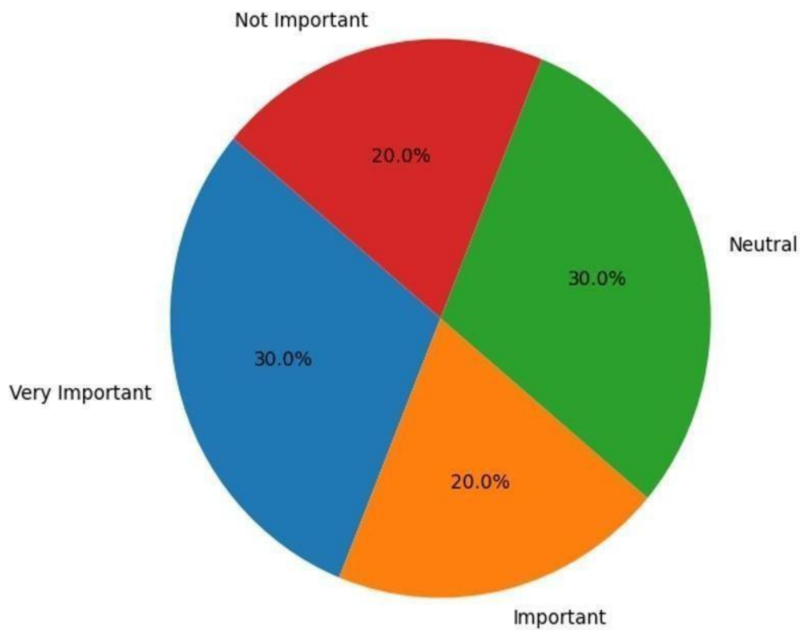

Figure 10: Percentage of Islamic/Shariah-compliant Banking

Description: A considerable portion values Shariah-compliant banking, indicating the importance of catering to this demographic. Neutral responses suggest potential for awareness campaigns.

4.5.10 Customer Contact Preferences

Reason for Selection: Identifying communication preferences helps enhance support services.

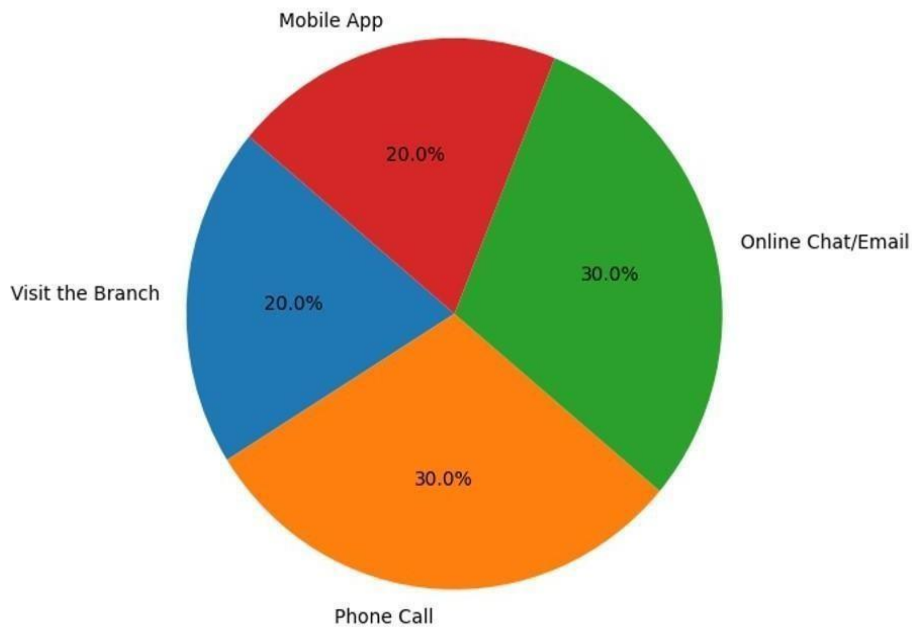

Figure 11: Percentage of Customer Contact Preferences

Description: The preference for digital channels like calls and online communication highlights the importance of investing in robust customer support infrastructure.

4.5.11 Loan and Credit Facility Awareness

Reason for Selection: Awareness impacts the uptake of financial products.

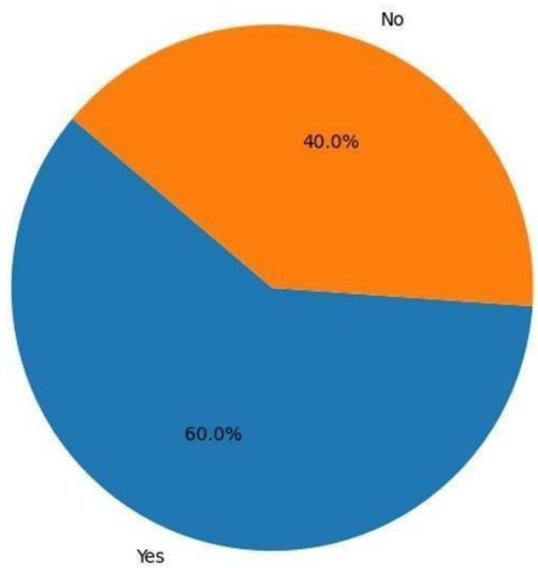

Figure 12: Percentage of Loan and Credit Facility Awareness

Description: While most customers are aware, *Description:* While most customers are aware, outreach programs can further increase product awareness among the remaining 40%.

4.5.12 Digital Services Security

Reason for Selection: Security perceptions influence digital banking adoption.

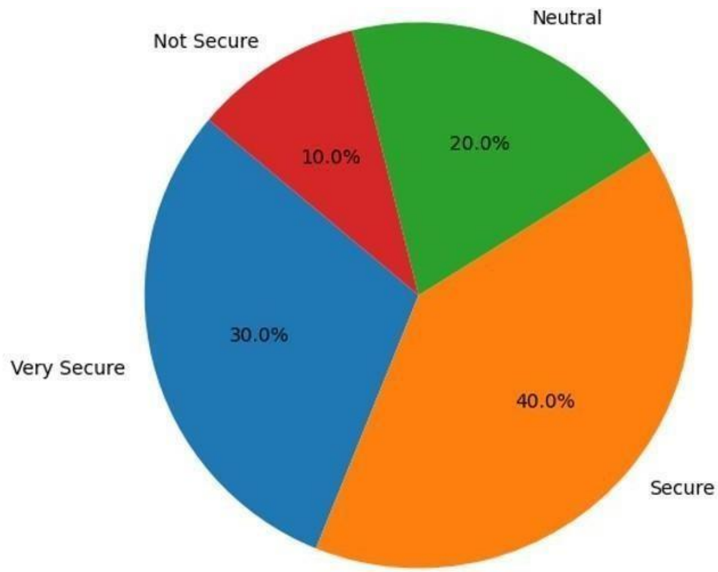

Figure 13: Percentage of Digital Services Security

Description: Positive responses reflect confidence in digital security, but the remaining 30% suggest continuous monitoring and updates are critical.

4.5.13 Complaint Handling

<u>Reason for Selection</u>: Complaint resolution directly impacts customer satisfaction.

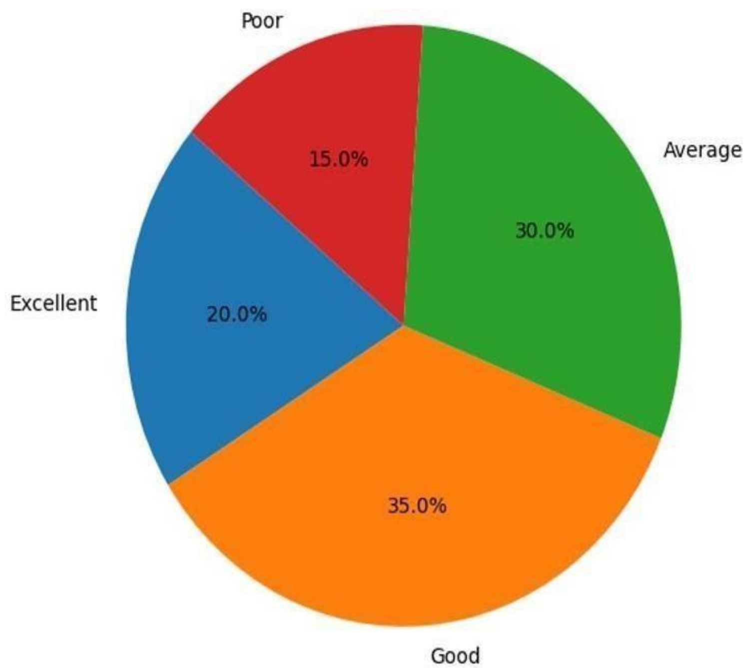

Figure 14: Percentage of Complaint Handiling

<u>Description</u>: While handling complaints well, the 45% rating it Average or Poor suggests the need for more proactive measures in addressing grievances.

4.5.14 Additional Services

Reason for Selection: Understanding demand for new services helps in strategic planning

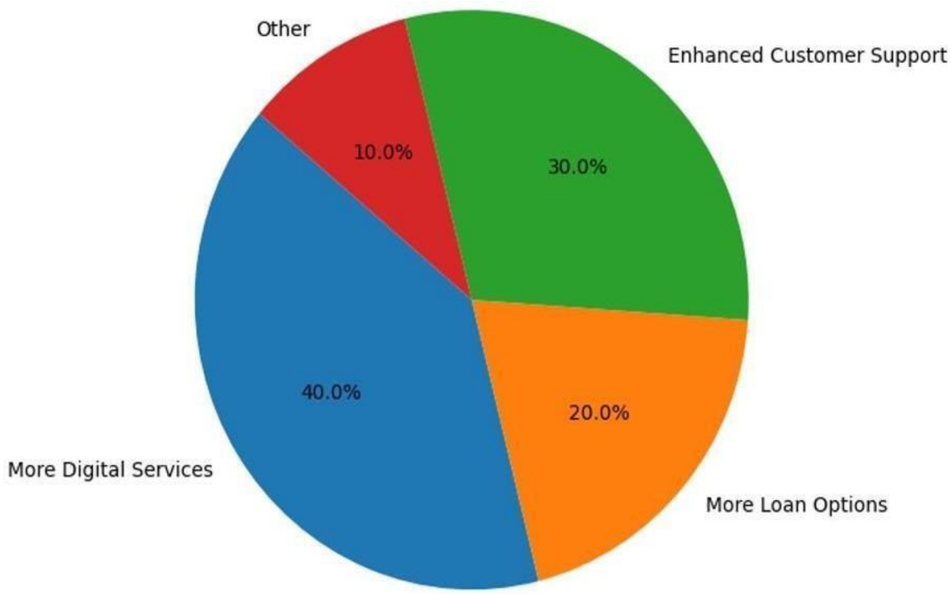

Figure 15: Percentage of Additional Services

Description: The focus on digital services and support highlights the need for innovation and responsiveness, while loan options suggest financial product diversification.

4.5.15 Service Recommendation

Reason for Selection: Recommendations indicate overall satisfaction and trust.

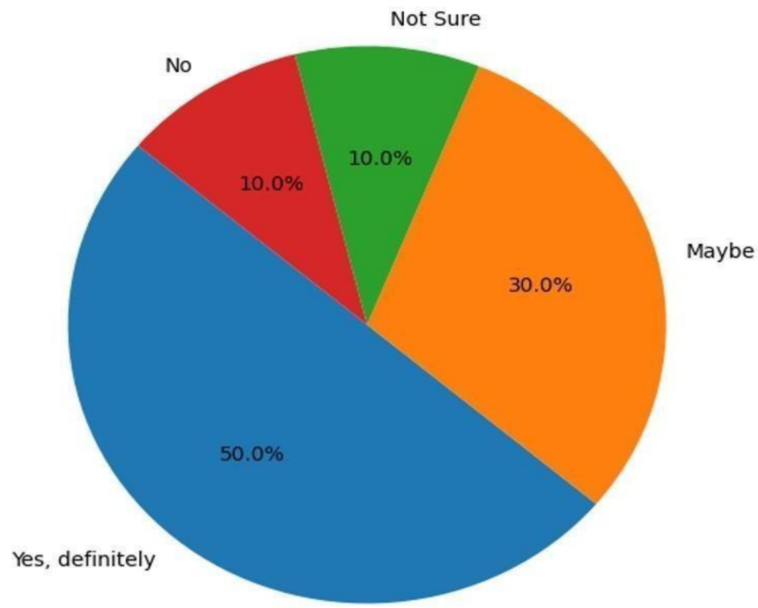

Figure 16: Percentage of Service Reconmmedations

Description: High recommendation levels reflect a positive reputation, though ensuring consistent service quality is key to sustaining this trust.

4.6 Conclusion

The findings from this survey provide valuable insights into the customer experience at Union Bank Limited. By addressing identified weaknesses and leveraging opportunities, the bank can enhance its service quality and strengthen customer relationships.

Chapter 5

Conclusion and Recommendation

5.1 Findings

Union Bank PLC. is one of the most popular and fast emerging banking organizations in Bangladesh. It has successfully carved out a niche for itself belonging to the 4th generation banks in the country, which is considered a leader in 4th generation banks. Among its major advantages, credible financial base can be listed, and it is one of the important factors that distinguish it from other newly created banks. At present Union Bank has its operation in more than 74 branches in Bangladesh and it is opening 8 new branches soon to strengthen itself.

Bangladeshi banking sector gives an idea about its current scenario, differences between business sector and banking sector and importance of corporate culture. Some of the operation factors relevant to the bank may include the appreciation of the clients and their needs, the working knowledge of the environmental factors that may affect the work of the bank. Another aspect that deserves attention is the fact that rates of turnover in banks' employees are relatively low in comparison with those rates in other industries.

Union Bank also organizes various training programs for the focal employees so as to improve their level and help in the expansion of the bank. This goes hand in hand with the fact that the organization emphasized skills development of its human resource. Moreover, the bank has in its branches experienced managers who greatly enhance operations and customer care.

However, there are challenges within banking industries, especially low interest in careers in the banking industry among talents. This has often been blamed on high work pressure and problems with deposit recovery. Solving such problems means using motivational methods from top management to encourage and maintain employees. Other measures like flexible work, policies, and performance based pay are could still be used to improve satisfaction and productivity of employees even more.

5.2 Recommendations

To address existing challenges and further enhance its performance, Union Bank PLC. can consider the following recommendations:

1. As a persuasive strategy, it recommends that the bank should follow up on the kind of services provided and expand the menu of services to that of other highly developed private commercial bank in order to enhance competition.
2. The author concludes that if UBL is to retain and even extend its lead in the sector, its employees need to be fully responsive and proficient when it comes to public service delivery.
3. The current banking system needs to be enhanced and modernized, along with the application and enhancement of full-scale internet banking services that can meet today's customer needs.
4. Emphasizing different target customer groups will aid UBL in directing its products, and services in a way that best fulfills the different needs of targeted customers.
5. More efforts must be made in reporting more strongly the brand image of the bank to the general public and other potential clients.
6. Having a dedicated call center can indeed help to bring about better organization whereby clients can easily use the services required to solve their queries with reasonable ease.
7. It implies that introducing more offers and campaigns within a business will pull more customers, boost the interaction with clients, and enhance the customer loyalty.
8. Currently the bank should consider opening more branches in such areas to penetrate new market and increase on clients.
9. In order to maintain an up to date workforce with the latest in technologies and service best practices, training programs should be on a regular basis.
10. The feedback mechanism should be enhanced to ensure that it efficiently collects information and adapts services provided to consumers' needs and demands.

If these measures are put in place, then Union Bank Ltd. will be able to overcome its challenges, enhance its ordination of customer satisfaction and realize long-term development.

5.3 Conclusion

Union Bank PLC has been positioned itself as a significant part of the socioeconomic development of Bangladesh, especially in industrial sector. It provides common retail banking services heading enhanced by specific financial activities designed to foster economic advances.

For the bank to achieve sustainable progress, it is important that the operational expenses be closely monitored and quickly addressed appropriately where necessary due to existing the aforementioned constraints. With coherent attempts, Union Bank Limited may rank amongst one of the most prominent financial institutions of the country.

As it is with any organization, Union Bank Limited is modeled with an aspect of strength and weakness. But, it has many more strengths as opposed to its weaknesses. Supported by highly motivated and professional management team the bank enjoys all the prospects to set new records to become as the pride of the Bangladesh banking industry in the very near future.

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To Whom It May Concern

It is our immense pleasure to certify that **Mr. Deb Brata Datta**, S/O- **Mr. Amal Chandra Datta** an BBA student of United International University, Dhaka attended a 03(Three) months Internship Programmed on "**Retail Banking Operations**" at Union Bank PLC Chatkhil Branch, Noakhali w.e.f. 15.08.2024 to 15.11.2024. **Mr. Saiful Islam** maintained a successful job rotation at different departments of our Branch with full satisfaction to the management. While accomplishing internship, he showed his strong knack for banking activities.

We wish him every success and service progression in his life.

For Union Bank PLC.

(Md. Delowar Hossen)
Head of Branch