

Project Paper

on

Deposit Management System of Midland Bank PLC

Submitted to

Controller of Examinations

National University

Gazipur – 1704

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Session: 2019-20

Major in Finance & Banking

Program: MBA

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National University

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Letter of Transmittal

12th November, 2023

Controller of Examinations

National University

Gazipur – 1704

Subject: **Submission of Project Report**

Dear Sir,

Here is the report of the Deposit Management System of Midland Bank PLC, Motijheel Branch. It was a pleasure for me to work on a topic like that. These opportunities allow me to apply our knowledge of the market world. I have tried my best to compile the data to prepare this guide.

I hope my report will meet your needs and impress you.

Yours sincerely,

Aminul Islam Sujon

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Student's Declaration

I, Aminul Islam Sujon a student of Masters of Business Administration (MBA), Major in Finance and Banking, Daffodil Institute of IT (DIIT), Under the National University. I have prepared the project on the Deposit management system. A study on Midland Bank, Motijheel branch prepared by me, for the fulfillment of the partial requirement of the MBA program under National University.

I also confirm that the report was prepared only by me to meet this academic requirement and not for any other purpose. It will not act in any way that could hinder the confidentiality and interest of the Bank. It may not be used with the interest of opposing bodies of Midland Bank.

I hope my respected faculty will consider my mistakes with a graceful perspective.

Aminul Islam Sujon

Roll no: 2020403

Registration no: 19601000504

Session: 2019-20

Major in Finance and Banking

Program: MBA

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Supervisor's Certificate

This is to certify that, Aminul Islam Sujon, Registration No: 19601000504, Student of Masters of Business Administration (MBA), major in Finance and Banking of Daffodil Institute of IT (DIIT) has completed his project paper on Deposit Management System of Midland Bank PLC.

He has done his job according to my supervision and guidelines. He has tried his best to do this successfully. I think his studies will help him build up his career in the future.

I wish him every success in life.

Md. Jahidul Islam Rony

Senior Lecturer & Coordinator

BBA Program

Daffodil Institute of IT

Acknowledgment

First of all, I pray a special thanks to our almighty God for giving me the strength to successfully complete the project report within the scheduled time of Midland Bank PLC, Motijheel Branch. It is very difficult to express my feelings which helped in the completion of this report.

I pay gratitude to the supervisor of my report, Md. Jahidul Islam Rony, Senior Lecturer & Coordinator, BBA Program, Daffodil Institute of IT, for his wholehearted supervision during my organizational attachment period. And I especially owe an enormous debt to my honorable faculty teachers who are always ready to lend their helping hands to me.

I also express my warm gratitude and cordial thanks to the management and officials of Midland Bank PLC, the Motijheel subsidiary, who helped a lot by providing important information and allowing me to prepare this report.

Last but not least, during the preparation of the report, we have come to a very favorable attitude of several people, family and friends who guided their ideas, time, and careful guidance to amplify the content of the report. I want to express my sincere gratitude to them for their valuable answers.

Abstract

The Deposit Management System of Midland Bank PLC in Bangladesh is a comprehensive process that involves several stages to manage the deposit system. The bank has implemented a well-structured system to ensure proper screening of the deposit management system. The process involves several steps, including application, collecting funds, investing in a better area, and disbursing to their customers. The bank also offers various types of deposits such as Fixed Deposit Receipt (FDR), Fixed Deposit-Corporate, FD Plus, Family Support, Shiksha Shanchay Scheme, Millionaire Saving Scheme, Kotipoti, Platinum Saving Scheme, Savings Deposit, and so on. The bank provides almost all the services of the modern commercial bank. Among the services day to day, transaction of the banking system is the main operation and are generally executed by the general banking division.

The bank ensures the requirement of Bangladesh Bank in this regard. The performance of general banking is satisfactory enough. They try to offer better interest rates to their customers. The year 2022 has seen that deposit accounts increased by 34,916 from 205,036 in 2021 to 239,952 in 2022 and loan accounts increased by 204 from 4,553 in 2021 to 4,757 in 2022. Total Loans and Advances increased by 15.10%, or BDT 6,925.32 million from 45,867.48 million in 2021 to 52,792.81 million in 2022.

The report contains six main parts. The first chapter is an introductory chapter here are the origin, scope, objectives, methodology, and limitations of the report. The second one is about the literature review. The third one is the organizational structure which contains the background, vision, mission, goals, and core values of Midland Bank PLC. The fourth chapter is about the conceptual framework of the deposit management system of Midland Bank PLC. The fifth chapter contains with deposit management system and evaluation of Midland Bank PLC. The sixth chapter is findings, recommendations, and conclusion.

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Chapter – 01

Introduction

1.1 Introduction

Generally, we mean “Bank” as a financial institution that deals with money. There are different types of banks Central banks, Commercial banks, Savings banks, Investment banks, Merchant banks, Cooperative banks, etc. But when we use the term bank it generally means commercial bank that is concerned with accepting deposits of money from the public, repaying demand or otherwise withdrawing on demand or otherwise, and employing the deposits in the form of loans and investments to meet the financial needs of business and other classes of society. Nowadays the banking sector is modernizing and expanding its hand in different financial events every day.

At the same time, the banking process is becoming faster, easier, and wider. To survive in the competitive field of the banking sector all organizations are looking for better service opportunities to provide their fellow clients. So it has become essential for every person to have some idea of the bank and banking procedure. Midland Bank PLC is a financial institution whose main objective is the mobilization of funds from surplus units to deficit units. In the process of acceptance of deposits and provision of loans, the Bank creates money. This characteristic feature sets the Bank apart from other financial institutions. The bank can influence the money supply through lending and investment.

The bank is an economic institution whose main objective is to earn profit through the exchange of money and credit instruments.

1.2 Origin of the Report

The internship program is an essential part of MBA program of National University and this report is prepared as a part of course outline. Every student must have to prepare a thesis report by observing an organization. As a student of Finance and Banking Department, I decided to prepare this report on Deposit Management System of Midland Bank PLC.

1.3 Objective of the Study

General Objective

The general objective of this report is to know the deposit management system of Midland Bank PLC.

Specific objectives

- To know about the various products and services of the bank
- To assess the procedures of opening a new bank account
- To examine what types of documents needed to open an account
- To evaluate the performance of the bank
- To find out the problems of the bank and suggest the way to solve the problems.

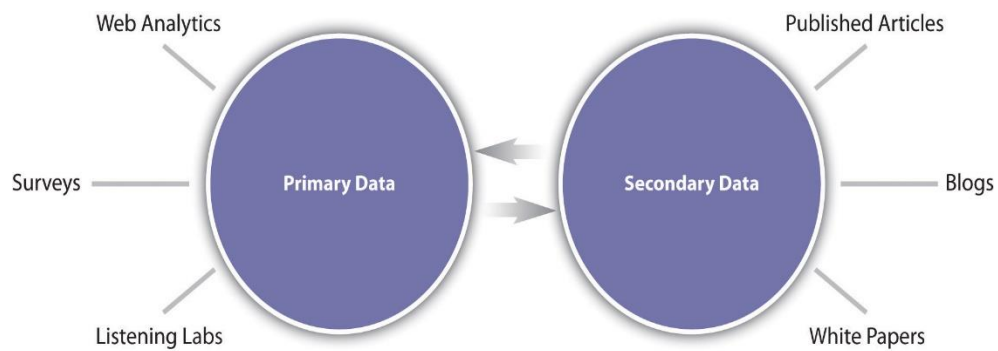
1.4 Methodology of the Study

This report is descriptive in nature. The information was collected from both primary and secondary sources of data.

1.4.1 Primary data

- Inspection in different desks
- Talking with professionals in a casual manner
- Observation
- Personal interview with the customers.
- Daily diary

Figure 01: Sources of Data Collection



Source: www.google.com

1.4.2 Secondary Data

- Website of the bank
- Annual Report of the bank
- Website of Bangladesh Bank
- Various publications on banking operation
- Different textbooks
- Study materials
- Articles
- Different research papers

1.5 Scope of the study

This report mainly covered the overall deposit management activities of Midland Bank PLC. Deposit Management is a comprehensive banking solution developed to automate and streamline simple-to-complex deposit operations in financial institutions. Midland Bank PLC has a commitment to the customers to build long-term beneficial relationships supported by mutual respect, pursuit of excellence, and integrity.

1.6 Limitations

Insufficient time

- As there was only one month to complete the report, it was almost impossible to cover the performance of the bank fully.

Limited data resources

- All the information was not available to access, so it was not possible to summarize the report properly.

Lack of experience

- Due to inexperience some unintentional errors may occur.

Privacy of Information

- Every establishment has its secrecy that is not shared with everyone. So this confidentiality of information was also an obstacle.

Chapter – 02

Literature Review

2.1 Literature Review

This chapter provides the literature on the Deposit Management System of Midland Bank PLC Motijheel Branch. The literature starts with a theoretical review of deposit management and then reviews some important and recent studies in deposit management. From the literature, a theoretical model of the study will be drawn to create a picture of the knowledge of the deposit management system and its relative impacts on the banking sector.

The system of bank deposit management is a combination of interrelated elements which in the process of their interaction support the action of the mechanism of their own interrelations, realize the function of rational forming the bank deposit base and is focused on supporting and raising bank effectiveness. – “A. A. Shelyuk, Journal of Governance and Regulation/Volume 2, Issue 1, 2013”. Midland Bank PLC has a commitment to the customers to build long-term beneficial relationships supported by mutual respect, pursuit of excellence, and integrity. That’s why they offer various types of deposits such as Fixed Deposit Receipt (FDR), Fixed Deposit-Corporate, FD Plus, Family Support, Shiksha Shanchay Scheme, Millionaire Saving Scheme, Kotipoti, Platinum Saving Scheme, Savings Deposit, and so on. They are concerned about all types of customers. The bank provides almost all the services of the modern commercial bank. Among the services day to day, transaction of the banking system is the main operation and are generally executed by the general banking division. To open a bank account Midland Bank PLC follows the rules and regulations of Bangladesh Bank. Charges for different services and minimum deposit amount to open a bank account are comparatively high. For the purpose of financial inclusion banks should reduce charges and amounts. Different types of documents are needed to open a bank account which is determined by Bangladesh Bank. The bank ensures the requirement of Bangladesh Bank in this regard. Midland Bank PLC has very diversified products and services regarding deposit and lending to fulfill customers’ needs. A well-diversified product and service can attract new customers but with present products and services, Midland Bank cannot attract all types of customers. So Midland Bank PLC should introduce more attractive products and services to attract new customers. Charges for different services and minimum deposit amount to open a bank account are comparatively high. The performance of general banking is satisfactory enough. Though the trend of growth

of different deposits such as Current Deposit, Savings Deposits, SND, etc. are increasing, the amount of deposits is not satisfactory. MDBL should increase the amount of the deposit. MDBL has only 26 branches across the country. It should increase the number of branches to spread its business. So it can be said if Midland Bank PLC maintains its standard service quality and eliminates the problems, the bank will reach the highest level of success very shortly.

Midland Bank PLC should increase their amount of deposit. A large number of deposits can help maintain liquidity and increase profitability. They have to open new branches all over the country to expand their business and should recruit the necessary skilled personnel to provide better services to customers and arrange periodic training programs for existing employees. They should be increasing marketing programs to attract new customers and also should ensure standard services so that these services can fulfill customers' needs. Deposit and lending rates should maintain in competitive range. Every organization has its positives as well as negatives and in the case of Midland Bank PLC existence of the latter one is less than the earlier one and as the management is determined to reach the pick of success it seems that in the near future, the negatives will be eliminated.

Chapter – 03

Organizational Structure

3.1 History of the Company

The Company was incorporated on March 20, 2013, under the Companies Act 1994 as a public company limited by shares for carrying out all types of banking activities with Paid-up Capital of Tk. 400,00,00,000 divided into 40,00,00,000 ordinary shares of Tk.10 each. The Company was also issued a Certificate for Commencement of Business on the same day and was granted a license on April 9th, 2013 by Bangladesh Bank under the Banking Companies Act 1991 and started its banking operation on June 20, 2013, at the Dilkusha Corporate Branch. The Principal Branch at Banani started its operations on July 5th, 2013. BACH, BEFTN, and SWIFT operations started as envisaged.

The Company is entitled to carry out the following types of banking business:

- All types of commercial banking activities including Money Market operations.
- Investment in Company activities.
- Financiers, Promoters, Capitalists, etc.
- Financial Intermediary Services.
- Any related Financial Services.

The Company (Bank) operates through its Head Office at Gulshan, Dhaka City, and 30 branches along with 30 agent centers across the country. The Company (Bank) carries out international business through a Global Network of Foreign Correspondent Banks.

3.2 Vision

Midland Bank PLC seeks to be the first choice of their customers as a distinct financial service provider, trusted, respected, and valued by all stakeholders within the region and beyond pursuing an endless voyage towards excellence in every respect.



Source: www.google.com

3.3 Mission

- ✓ To continuously provide quality banking service with enhanced customer focus and innovate a wide variety of need based products with widely popular solutions.
- ✓ To achieve supremacy in customer service through state-of-the-art delivery channels and user-friendly tools and technology.
- ✓ To sharpen leadership with the standard of a learning organization well supported by the finest team of banking experts and professionals.
- ✓ To maintain a healthy and diversified financial profile for inclusive economic growth.
- ✓ To be a responsible social enterprise by effectively blending commercial pursuits with social banking.
- ✓ To be the benchmark for the regulators in terms of compliance, corporate governance, and ethics.
- ✓ To build long-term shareholder value with consistent growth momentum.

3.4 Corporate values

Customer Centricity

They are listening and caring partners. They continuously improve their efficiency to serve customers better. They focus on solutions and deliver on their promises.

Quality

- They strive to exceed expectations.
- They take delight in delivering high standards in all areas of operations.
- They do not compromise with our service standard

Togetherness

They value teamwork and work together to succeed. They support each other in their journey to excellence. They draw strength from their diversity and synergy.

Mutual Respect

They treat their customers and colleagues with respect. They inspire each individual so that they can make a difference. They recognize achievement and ensure rewards and fair returns for all.

Integrity

Integrity and ethics is the hallmark of their banking relationship. They prefer truth, justice, and fair play above all means. They do business on a win-win proposition.

Responsible citizenship

They are tax-compliant. They are committed to corporate governance internal control and compliance. They are respectful of the laws and values of the land

Building the Future

They believe in real and sustainable development. They are going green to protect the planet and the environment. They keep building a family with their employees, shareholders, customers and community.

3.5 Strategic Goals

- **Balance Sheet Focus**

Top priority of Midland Bank PLC is a resilient and fortress like Balance Sheet based on solid provisioning and sustainable profitability.

- **Capital Strength**

They ensure that their Bank is adequately capitalized to weather any financial downturn and look forward to meeting new norms as they phase in.

- **Cost Control**

Midland Bank PLC emphasizes e-client and competitive cost management without compromising their quality and maximizing profitability through planned reduction in cost of funds, increased yield on advances and investments besides downsizing the cost of operation through technological leverage.

- **Risk Mitigation**

The Bank manages financial as well as non-financial risks to optimize profitability through effective risk management and internal control system.

- **Innovative Banking**

Midland Bank PLC inspires innovation in product, process, and market as the root for growth as much as technology as the prime agent for change.

- **Business Diversification**

They continue to diversify their portfolio into leading corporations, large businesses, MSMEs, agriculture, and retail customers to come together in a more sensible way.

- **A Better Human Force**

Midland Bank PLC adores the employees and fosters their growth as the future force with constant training and development.

- **For a Green Living Habitat**

Midland Bank PLC is careful about the community and the environment to make our homeland a green living habitat for all.

3.6 Customer Charter

- Midland Bank PLC has a commitment to the customers to build long-term beneficial relationship supported by mutual respect, pursuit of excellence and integrity.
- They undertake to understand the customers' needs and demands, and use all means to live up to their expectations.
- They are aware of contractual commitments and obligations with the customers and meet the terms of agreements with due diligence.
- Midland Bank PLC pursues good common practices and digital procedures for customers 'comfort and put a grievance redressed system in place to mitigate their complaints.



Source: www.google.com

- If there is any disagreement, the bank step forward to seek a speedy and equitable solution framed in the context of long-term and enduring relationship.

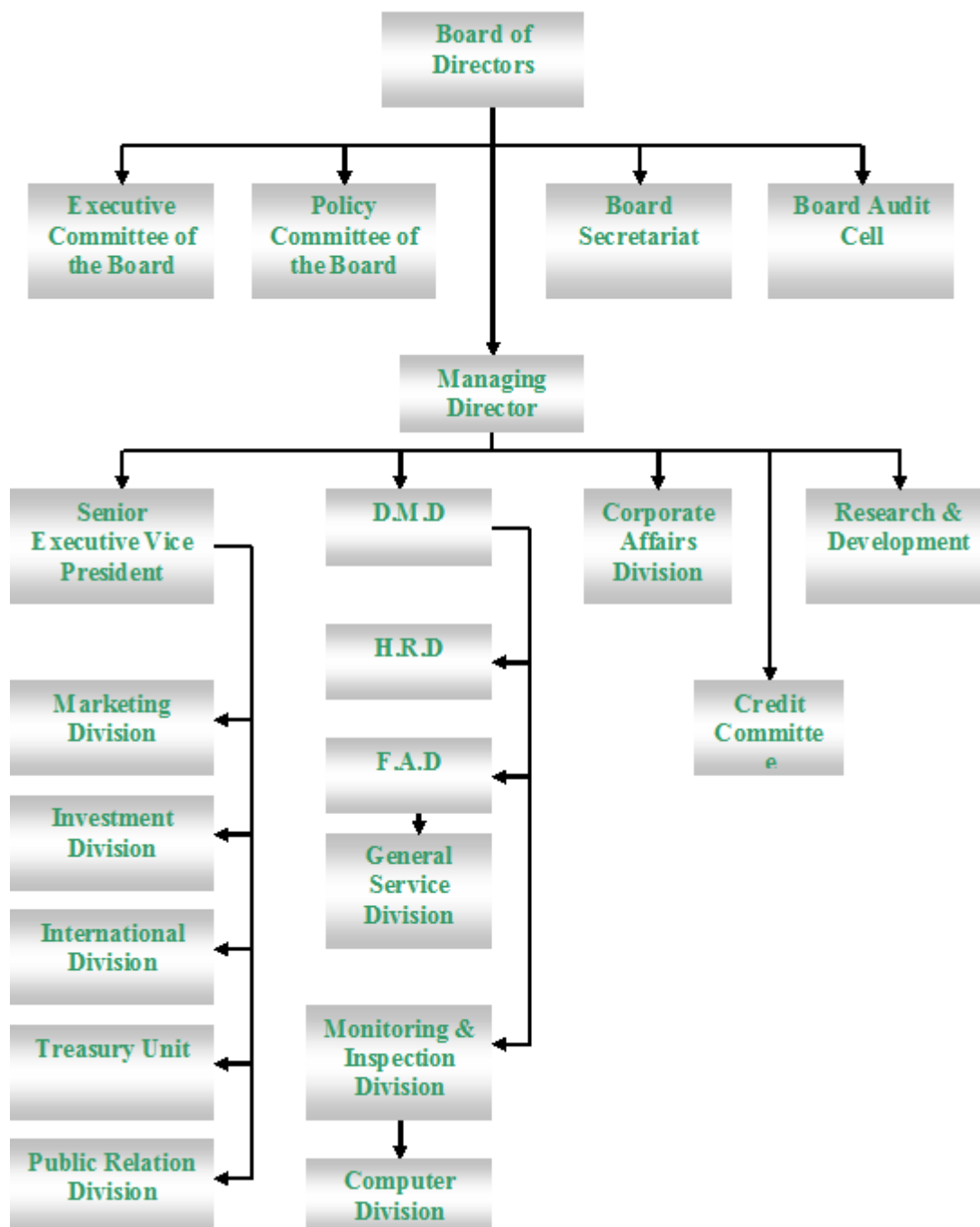
- Midland Bank PLC has Product Policy Guidelines (PPG) outlining the guiding principles in respect of various products and services offered by the Bank and the terms and conditions governing the conduct of the accounts.
- They enforce greater transparency in dealing with individual customers and create awareness among customers of their rights.
- Midland Bank PLC creates customer value, loyalty and equity, which add to customer delight over a lifetime of patronage.

3.7 Ethical Preferences

- Midland Bank PLC ensures full compliance with the laws of the land.
- They exercise zero tolerance for misconduct and corruption.
- They speak up when they sense any breach of rules and regulations.
- Midland Bank PLC stays compliant on Anti Money Laundering and Combating Financing of Terrorism guidelines and other prudential regulations.
- They sustain the confidentiality of our customers and fidelity to our principles.
- They do not go beyond the bounds of our banking business.
- They always look forward to sustainable means, free of risks and full of returns.

3.8 Organogram of Midland Bank

Figure 02: Organizational Structure of Midland Bank PLC



Source: www.google.com

3.9 MILESTONES

Table 01: Milestone of Midland Bank PLC

17-Apr-2012	Letter of Intent
20-Mar-2013	Certificate of Incorporation
20-Mar-2013	Commencement of Business
09-Apr-2013	Head Office Approval
10-Apr-2013	Gazette Published
27-Apr-2013	First Press Conference
20-Jun-2013	First Branch Operation (Dilkusha Corporate Branch)
30-Jun-2013	BACH Operation
02-Sep-2013	BEFTN Operation
08-Sep-2013	SWIFT Operation
18-Sep-2013	ATM Live Operation
18-Sep-2013	Q-Cash Operation
19-Sep-2013	Statutory Meeting of the Shareholders
07-Nov-2013	ATM Inauguration
26-Apr-2014	First Annual General Meeting (AGM)
11-Sep-2014	MDB Contact Center launched
11-Sep-2014	Midland Online (Internet Banking) Launched
01-Oct-2014	NPSB Operation Launched
19-Nov-2014	VISA Operation Inaugurated
01-Oct-2015	Completion of Centralized Banking Model (CBM)

29-Oct-2015	RTGS Operation Launched
26-May-2016	Midland Bank Training Institute (MDBTI) inaugurated
03-Jan-2017	“Midland Online” Android Mobile App launched
23-Jan-2017	First Agent Banking Center Inaugurated
07-Mar-2017	Introduction of MDB Prepaid Card
15-Sep-2017	Core Banking Software Upgraded from Desktop to Web version
02-Oct-2017	NPSB Fund Transfer through MDB Internet Banking “Midland Online”
23-Oct-2017	Titas Gas Bill Collection Started

Source: Website of Midland Bank PLC

Chapter – 04

Conceptual Framework

4.1 Bank

The term bank is either derived from old Italian word banca or from a French word banque both mean a Bench or money exchange table. In olden days, European money lenders or money changers used to display (show) coins of different countries in big heaps (quantity) on benches or tables for the purpose of lending or exchanging. A bank is a financial institution that deals with deposits and advances and other related services. It receives money from those who want to save in the form of deposits and it lends money to those who need it.

Figure 03: Types of Banks

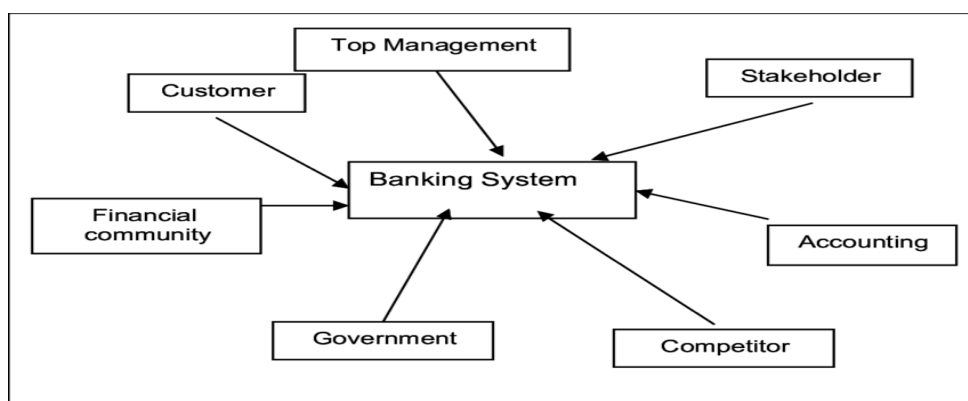


Source: www.google.com

4.2 Banking

Though the words bank and banking seem to be conveying the same meaning they have some differences between them. Banking is the business activity of a bank. Simply any activity carried out by a bank for business purposes is called banking. Such as accepting deposits, lending money, providing locker service, etc.

Figure 04: Visual Representation of Banking System

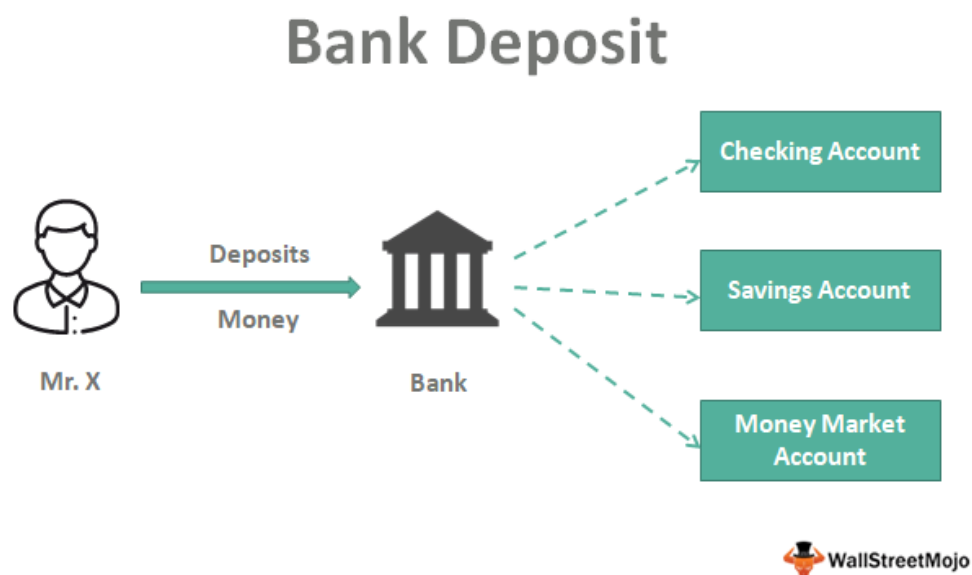


Source: www.google.com

4.3 General Banking

It is the starting point of all the banking operations. The General Banking Department is considered as the direct customer service center. It provides the foundation of the banker-customer relationship. This is an era of keen competition among Banks. General banking consists of the management of deposits, cash, clearing house, bills, account opening, security instruments handling, customer services, locker facilities, and other ancillary services of the bank besides Advance and Foreign Trade.

Figure 05: Visual Represent of Bank Deposit System



Source: www.google.com/wallstreetmojo

4.4 The Bank Company Act

The Bank Company Act, 1991

The Bank Company Act, 1991 deals with the provisions for regulating and bringing discipline in the banking sector of the country. This Act came into force in 14 February, 1991. The provisions of this Act are in addition to and not in derogation of the Companies Act, 1994 and any other Act for the time being in force. In case of Bank

Company, the number of members/directors is minimum 11 and maximum 20. (Section 4 of the Companies Act, 1994)

The banks registered with the RJSC which get license to operate under Bank Company Act, 1991 are termed as Scheduled Banks.

- The articles of the Act deal with the following aspects of banking companies:
- Operations;
- Prohibited activities;
- Acquisition of undertakings for the sake of public interest;
- Suspension of business, winding up and disposal of winding up proceedings.

The final articles deal with provisions in case of violation of the Act.

Important Sections of the Act

Section – 5: Definition of different terminologies/concept

- a) “Bank Company” means any company which serves financial transactions (Banking Business in Bangladesh) including all new banks and specialized banks.
- b) “Banking business” means accepting, in order to lend or invest, of deposits of money from the public which will be paid on demand or otherwise and will be withdrawal by cheque, draft, order or otherwise.

Section – 7: Form of business in which banking company may engage –

- a) The borrowing, collecting or taking up of money;
- b) The lending or advancing of money either against security or without security;
- c) Drawing, accepting, making, buying, selling, collecting and dealing with in bills of exchange, Promissory notes, debentures etc.
- d) To grant and issue of letter of credit, traveler’s cheques, credit card and circular notes;
- e) No bank company shall engage in any other business form except those referred in above.

Section - 8: Use of the word Bank or any of its derivatives Every banking company carrying banking business in Bangladesh shall use the word Bank or any of its derivatives as part of its name.

Section -10: Disposal of non-banking assets No banking company shall hold any immovable property however acquired, except such as is required for its own use, for any period exceeding seven years from the acquisition thereof.

Section-11: Prohibition on employment of managing agents and restrictions on certain forms of employment.

- a) No banking company shall employ Managing Agent for managing its management;
- b) No bank shall appoint any person who was once insolvent, convicted etc.

Section-12: No banking company shall remove from Bangladesh to a place outside Bangladesh any of its records and documents relating to its business in the Head Office or any of its branches, whether they are functioning or not, without the prior permission in writing of the Bangladesh Bank.

Section-13: Requirement as to minimum Paid-up Capital and it is mandatory for Private Banks to maintain the minimum requirement of paid-up capital and reserve fund. The minimum requirement is declared by the Bangladesh Bank from time to time based on minimum capital requirement of the Private Banks.

Section-14: Regulation of paid-up capital, subscribed capital, authorized capital and voting rights of shareholders. No banking company except a new bank or a specialized bank incorporated in Bangladesh shall run business in Bangladesh without satisfying the following conditions

- a) That the company's subscribed capital shall not be less than one-half of the authorized capital;
- b) That the company's paid-up capital shall not be less than onehalf of the subscribed capital;
- c) That the voting rights of any share-holder, except those of the Government, do not exceed 5(five) percent of the total voting rights of all the shareholders.

Section -15: Election of new directors All banking companies except a new bank or a specialized bank may elect new directors in the Annual General Meeting.

Section –15A: Filling up the post of Chief Executive Officer

Section -17: Vacation of the office of Director.

1. If any director of a banking company fails to
 - a) Pay advances or loans accepted by him or instalments or interests on that advances or loans, or
 - b) Pay the money he is bound to for any security, or
 - c) Accomplish any duty to be accomplished by him and the responsibility for which he has taken on in writing, and the said banking company gives him order through a notice by the Bangladesh Bank to pay the said advances, loans, instalments, interests or money or to accomplish the said duties and he fails to accomplish those duties and payments within two months after receipt of the order, in that case the office of director shall be vacant beginning from the expiry of the said term.
2. Whoever has received a notice under sub-section
 - a) may, within thirty days after receipt of the notice, send his statements on the subject in question, if any, in written form to the Bangladesh Bank, and a copy thereof to the banking company who issued the notice.
3. The decision of the Bangladesh Bank on any statement under subsection shall be final.

Section -18: Certain benefit of the directors

Section -19: Restriction on commission, brokerage, discount etc.

Section -20: Prohibition of charge on unpaid capital No banking company shall create any charge upon unpaid capital of the company.

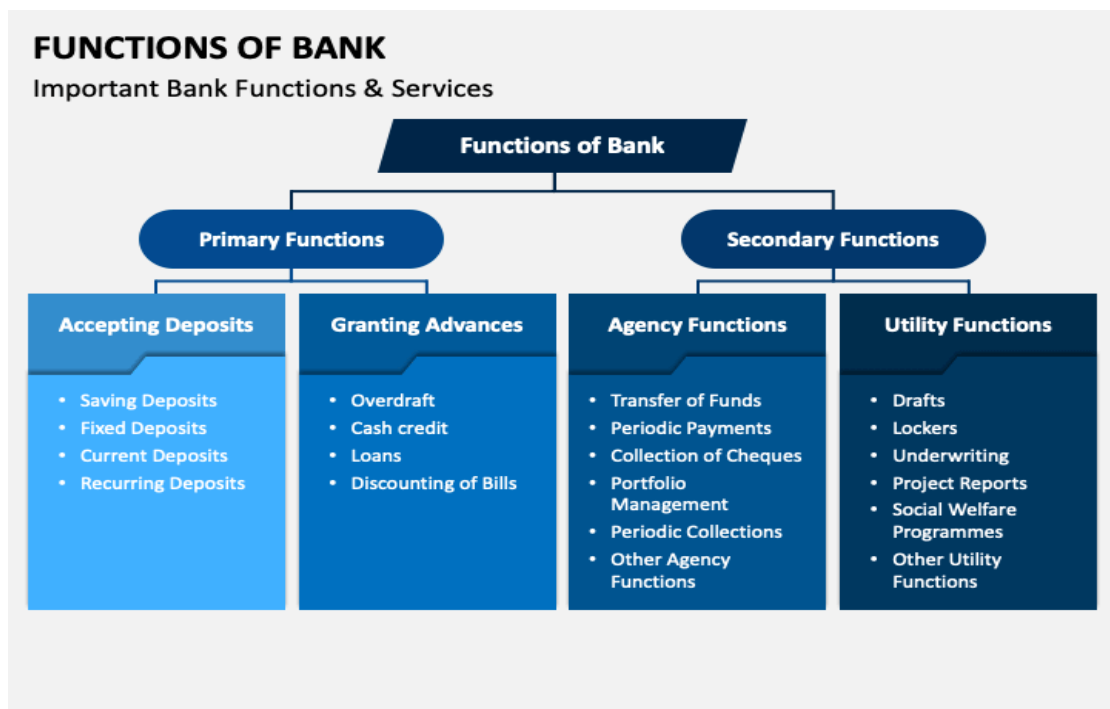
Section -21: Prohibition of floating charge on assets

4.5 Functions of a Bank

The functions of a bank are divided into two categories:

- Primary functions
- Secondary functions including agency functions.

Figure 06: Functions of Bank



Source: www.google.com

Primary functions

The primary functions of a commercial bank include:

- Accepting deposits and
- Granting loans and advances.

Accepting deposits

The most important activity of a commercial bank is to mobilize deposits from the public. People who have surplus income and savings find it convenient to deposit the amounts with banks. Depending upon the nature of deposits, funds deposited with

bank also earn interest. Thus, deposits with the bank grow along with the interest earned. If the rate of interest is higher, public are motivated to deposit more funds with the bank. There is also safety of funds deposited with the bank.

Grant of loans and advances

The second important function of a commercial bank is to grant loans and advances. Such loans and advances are given to members of the public and to the business community at higher rate of interest than allowed by banks on various deposit accounts. The rate of interest charged on loans and advances varies depending upon the purpose, period and the mode of repayment. The difference between the rate of interest allowed on deposits and the rate charged on the Loans is the main source of a bank's income.

➤ Loans

A loan is granted for a specific time period. Generally, commercial banks grant short-term loans. But term loans, that is, loans for more than a year, may also be granted. The borrower may withdraw the entire amount in a lump sum or in installments. However, interest is charged on the full amount of the loan. Loans are generally granted against the security of certain assets. A loan may be repaid either in a lump sum or in installments.

➤ Advances

An advance is a credit facility provided by the bank to its customers. It differs from loans in the sense that loans may be granted for a longer period, but advances are normally granted for a short period of time. Further, the purpose of granting advances is to meet the day-to-day requirements of business. The rate of interest charged on advances varies from bank to bank. Interest is charged only on the amount withdrawn and not on the sanctioned amount.

Modes of short-term financial assistance

Banks grant short-term financial assistance by way of

- Cash Credit
- Overdraft and
- Bill discounting.

a) Cash Credit

Cash credit is an arrangement whereby the bank allows the borrower to draw amounts up to a specified limit. The amount is credited to the account of the customer. The customer can withdraw this amount as and when he requires. Interest is charged on the amount actually withdrawn. Cash Credit is granted as per agreed terms and conditions with the customers.

b) Overdraft

Overdraft is also a credit facility granted by bank. A customer who has a current account with the bank is allowed to withdraw more than the amount of credit balance in his account. It is temporary arrangement. Overdraft facility with a specified limit is allowed either on the security of assets, or on personal security or both.

c) Discounting of Bills

Banks provide short-term finance by discounting bills that is, making payment of the amount before the due date of the bills after deducting a certain rate of discount. The party gets the funds without waiting for the date of maturity of the bills. In case any bill is dishonored on the due date, the bank can recover the amount from the customer.

Secondary Functions

Besides the primary functions of accepting deposits and lending money, banks perform a number of other functions which are called secondary functions. These are as follows—

- a) Issuing letters of credit, travelers' cheques, circular notes, etc.
- b) Undertaking safe custody of valuables, important documents, and securities by providing safe deposit vaults or lockers.
- c) Providing customers with facilities for foreign exchange.
- d) Transferring money from one place to another; and from one branch to another branch of the bank.
- e) Standing guarantee on behalf of its customers, for making payments for the purchase of goods, machinery, vehicles etc.
- f) Collecting and supplying business information.
- g) Issuing demand drafts and pay orders
- h) Providing reports on the creditworthiness of customers.

4.6 Different Modes of Acceptance of Deposits

Banks receive money from the public by way of deposits. The following types of deposits are usually received by banks:

- Current deposit
- Saving deposit
- Fixed deposit
- Recurring deposit
- Miscellaneous deposits

Current Deposit

Also called 'demand deposit', the current deposits can be withdrawn by the depositor at any time by cheque. Businessmen generally open current accounts with banks. Current accounts do not carry any interest as the amount deposited in these accounts is repayable on demand without any restriction. Banks usually charge a small amount known as incidental charges on current deposit accounts depending on the number of transactions.

Savings deposit

A savings deposit account is meant for individuals who wish to deposit small amounts out of their current income. It helps in safeguarding their future and also earning interest on the savings. A savings account can be opened with or without cheque book facility. There are restrictions on the withdrawals from this account. Savings account holders are also allowed to deposit cheques, drafts, dividend warrants, etc. drawn in their favor for collection by the bank. To open a savings account, it is necessary for the depositor to be introduced by a person having a current or savings account with the same bank.

Fixed Deposit

The term 'Fixed deposit' means a deposit repayable after the expiry of a specified period. Since it is repayable only after a fixed period of time, which is to be determined at the time of opening of the account, it is also known as a time deposit. Fixed deposits are most useful for a commercial bank. Since they are repayable only after a fixed period the bank may invest these funds more profitably by lending at higher rates of interest and for relatively longer periods. The rate of interest on fixed deposits depends

upon the period of deposits. The longer the period, the higher is the rate of interest offered.

Recurring Deposits

Recurring Deposits are gaining wide popularity these days. Under this type of deposit, the depositor is required to deposit a fixed amount of money every month for a specific period of time. After the completion of the specified period, the customer gets back all his deposits along with the cumulative interest accrued on the deposits.

Miscellaneous Deposits

Banks have introduced several deposit schemes to attract deposits from different types of people, like Home Construction deposit schemes, Sickness Benefit deposit schemes, Children's Gift plans, Old age pension schemes, Mini deposit schemes, etc.

4.7 Agency and General Utility Services Provided by Commercial Banks

It is known that the primary activities of commercial banks include acceptance of deposits from the public and lending money to businessmen and other members of society. Besides these two main activities, commercial banks also render a number of ancillary services. These services supplement the main activities of the banks. They are essentially non-banking in nature and broadly fall under two categories:

- Agency services
- General utility services.

Agency Services

Agency services are those services that are rendered by commercial banks as agents of their customers. They include: Collection and payment of cheques and bills on behalf of the customers. Collection of dividends, interest rent, etc. on behalf of customers, if so instructed by them. Purchase and sale of shares and securities on behalf of customers. Payment of rent, interest, insurance premium, subscriptions, etc. on behalf of customers, if so instructed. Acting as a trustee or executor. Acting as agents or

correspondents on behalf of customers for other banks and financial institutions at home and abroad.

General Utility Services

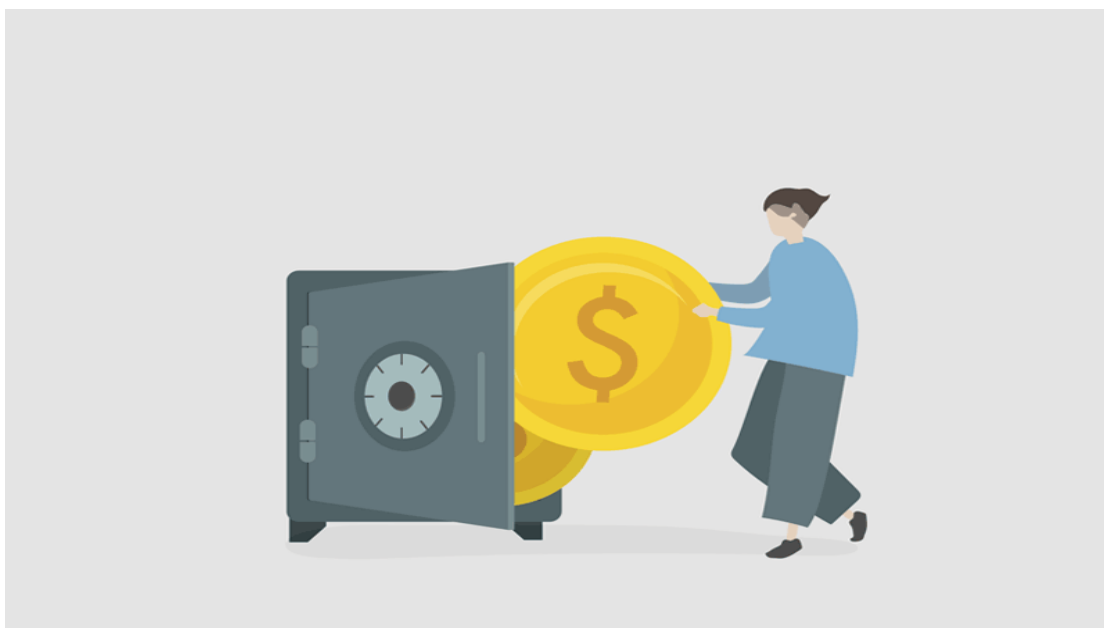
General utility services are those services that are rendered by commercial banks not only to the customers but also to the general public. These are available to the public on payment of a fee or charge. They include:

- Issuing letters of credit and travelers' cheques.
- Underwriting of shares, debentures, etc.
- Safe-keeping of valuables in a safe deposit locker.
- Underwriting loans floated by government and public bodies.
- Supplying trade information and statistical data useful to customers.
- Acting as a referee regarding the financial status of customers.
- Undertaking foreign exchange business.

Chapter – 05
Deposit Management System

5.1 Deposit

Customer Deposits are a core source of funding for commercial Banks. To scout the new customers was really challenging, being a fourth-generation Bank in the industry. However, we were able to manage the efficient mobilization of the deposit mix. The success was well supported by the expansion of the Branch Network, ATM Booths, Agent Banking Centers (ABCs), Collection Centers, Central Liabilities Team, and Islamic Banking Services through all of our Branch Networks and the introduction of various rewarding deposit products, competitive interest rates and excellent customer services. Business promotion continued through a liability campaign carried out by the Retail and Institutional liability team for no-cost and low-cost deposits. The bank also offered a number of attractive deposit schemes to cater to the needs of small and medium savers for improving not only the quantum of deposits but also focusing on qualitative changes in the future to the deposit structure.



The Bank successfully enhanced the deposit portfolio to BDT 50,730.04 million in 2021 with a growth of 12.56% compared to BDT 45,067.57 million in 2020 (note # 12). Cost of deposit and cost of funds stood at 4.17% and 5.69% in 2021, respectively as against 6.14% and 7.77% in 2020, respectively. The strong customer-based deposits comprise individuals, corporations, small & medium size enterprises, NBFIs, government entities, NGOs, autonomous bodies, and others. During the financial year 2021, MDB's deposit blend was stable with No-cost and Low- cost Deposits at 37.53%

of total Deposits, Fixed Deposits to total Deposits at 53.61%, and Scheme Deposits to total Deposits at 8.86%

5.2 List of Deposit Products

- Fixed Deposit Receipt (FDR)
- MDB Fixed Deposit-Corporate
- MDB FD Plus
- MDB FD Plus-Corporate
- MDB Time Deposit
- MDB Interest First FDR
- MDB Digital Fixed Deposit Receipt
- MDB Super Monthly Savings
- MDB Digital Monthly Savings
- MDB Double Benefit
- MDB Family Support
- MDB Shiksha Shanchay Scheme
- MDB Millionaire Saving Scheme
- MDB Kotipoti
- MDB Platinum Saving Scheme
- Savings Deposit (SB)
- MDB CPP Savings (CPP)
- Short Notice Deposit (SND)
- High Performance Corporate Account
- Current Deposit
- MDB Super Saver
- MDB Probashi Savings
- MDB Digital Savings Account
- MDB Abiram
- MDB Gift Cheque

5.3 Types of Deposits accounts

There are different types of account in a bank. Midland Bank PLC has the following types of accounts:

- ✓ Savings Deposit
- ✓ Fixed Deposit
- ✓ Short Notice Deposit
- ✓ Current Deposit

Figure 07: Types of Deposit Accounts



Source: www.google.com

Savings Bank Account

This is an interest-bearing account and only an individual person can open this type of account providing the necessary documents. The interest rate on savings deposits-

Table 02: Interest Rate on Savings Deposit

Title	Interest Rate
Rate of Interest	4.00%

(source: www.midlandbankbd.net)

Fixed Deposit Receipt (FDR) Account

Individuals, Firms, Companies, Associations can open this account at any time. The deposit is taken for a specific fixed period of time, such as 1 month, 3 months, 6 months, 1-year etc. Contrasting to CD, SND and SB account, Branch shall accept deposit of fixed amount of money from the customers for a fixed period of time with interest under the term plan time to time. FDR is neither transferable nor negotiable and payment against this instrument with interest is normally made to the depositor on maturity.

Features of Fixed Deposit –

- ✓ High rate of interest
- ✓ Loan Facility
- ✓ Encourages saving habits for longer period
- ✓ Bank can also invest such funds in profitable areas
- ✓ Bank can lend such funds for short term loans
- ✓ Bank can get the funds for longer period of time

Fixed deposit account can be opened in the name of:

- Individual (Single).
- Two or more persons (Joint)
- Sole Proprietorship Concern.
- Partnership concern (Firm).
- Limited Companies (Both Public and Private).
- Society / Club / Association / Local Bodies / Govt. / Semi Govt. Organization etc.

Table 03 -Interest Rate on FDR

Duration	Amount	Individual	Corporate
1 Month	Any Amount	05.00%	05.00%
3 Months	Any Amount	09.50%	09.50%

6 Months	Any Amount	09.50%	09.50%
12 Months	Any Amount	10.00%	10.00%
1 year and 6 Months	Any Amount	10.25%	10.25%
2 years	Any Amount	10.25%	10.25%

(source: www.midlandbankbd.net)

Short Notice Deposit (SND) Account

This is opened and operated for short term and for specific purpose. It is also an interest bearing account.

Table 04 - Interest Rate on SND

Amount	Interest Rate
BDT 1 lac to less than 1 crore	4.25%
BDT 1 crore to less than 25 crore	5.50%
BDT 25 crore to less than 50 crore	5.50%
BDT 50 crore to less than 100 crore	5.75%
BDT 100 crore and above	5.75%
Any amount of Bank & NBFI	3.50%

(source: www.midlandbankbd.net)

Current Deposit Account (CD)

It is popular known as Current Account. Any individual, company, firm, may open this type of account in its own name. This is non-interest bearing account which implies that no interest will be provide in this account. With Regular Savings Account one can

enjoy a large number of value-added benefits. Get delighted with security and ease of banking.

- **MDB Super Saver**

MDB Super Saver account is a daily interest bearing and monthly interest paying savings account for any Bangladeshi citizen.

Table 05 - Interest Rate on MDB Super Saver

Average Balance	Interest Rate
BDT 15,000-BDT 1.00 Lac	4.25%
BDT 1.0 Lac-BDT 5.0 Lac	4.25%
BDT 5.0 Lac-BDT 10.0 Lac	4.75%
BDT 10 Lac-BDT 25.0 Lac	5.00%
BDT 25.0 Lac-BDT 50.0 Lac	5.00%
BDT 50.0 Lac-BDT 1.0 Crore	5.00%
BDT 1.0 Crore and above	6.00%

(source: www.midlandbankbd.net)

- **MDB School Saver**

MDB School Saver Account is a daily interest bearing and half yearly interest paying savings account for school/college students.

Table 06 - Interest Rate on MDB School Saver

Average Balance	Interest Rate
BDT 2000-BDT 10000	4.50%
BDT 10000-BDT 50000	4.75%
BDT 50000and above	5.25%

(source: www.midlandbankbd.net)

- **MDB College Saver**

MDB College Saver is a daily interest bearing and monthly interest paying savings account for college/University students.

Table 07 - Interest Rate on MDB College Saver

Average Balance	Interest Rate
BDT 2000-BDT 10000	4.50%
BDT 10000-BDT 50000	4.75%
BDT 50000and above	5.25%

(source: www.midlandbankbd.net)

- **MDB Super Monthly Savings**

Customer(s) will pay certain monthly installment for a definite period and after maturity he/she will be given an amount as agreed at time of account opening.

Table 08 - Interest Rate on MDB Super Monthly Savings

Amount	3 Year	5 Year	8 Year	10 Year
TK. 500	20,781	38,133	70,848	98,165
TK. 1000	41,562	76,267	141,679	196,331
Tk. 5000	207,811	381,339	708,485	981,659
Tk. 10000	415,623	762,679	1,416,970	1,963,319
TK. 25000	1,039,059	1,906,699	3,542,426	4,908,299

Current rate of interest 9.50%

(source: www.midlandbankbd.net)

- **MDB Double Benefits**

The deposit amount will be doubled after 6 years 10 months.

Table 09 - Interest on MDB Double Benefits

Duration	Interest Rate
6 years 10 Months	10.68%

**Highest amount of BTD 50 lac for individuals*

(source: www.midlandbankbd.net)

- **MDB Family Support**

Customer will be given BDT 800.00 (before Tax) per month for each deposit of BDT100,000.00.

- **MDB Kotipoti**

MDB Kotipoti is a monthly deposit scheme account which will earn the account holders BDT10 Million (before tax) after a certain period. The scheme is offered with a wide range of tenor flexibility to meet varied customer needs. This scheme will be very much helpful to implement a future plan successfully by small savings by the depositors.

Table 10 - Interest Rate on MDB Kotipoti

Tenor	3 years	5 years	8 years	10 years	12 years	15 years	20 years
Installment size	241,500	131,940	71,310	51,610	40,750	28,220	16,470
Interest Rate	9.25%	9.25%	9.25%	9.25%	8.50%	8.50%	8.50%

**Maturity of Contact Amount (before tax): BDT 1 crore*

(source: www.midlandbankbd.net)

- **MDB Millionaire Savings Scheme**

MDB Millionaire Savings Scheme is a monthly deposit scheme which will earn the accountholders BDT 1 Million (before tax) after a certain period. The scheme is offered with a wide range of tenor flexibility to meet varied customer needs. This scheme will be very much helpful to implement a future plan successfully by small savings by the depositors.

Table 11 - Interest Rate on MDB Millionaire Savings Scheme

Tenor	3 years	5 years	8 years	10 years	12 years	15 years	20 years
Installment size	24,150	13,194	7,131	5,161	4,075	2,822	1,647
Interest Rate	9.25%	9.25%	9.25%	9.25%	8.50%	8.50%	8.50%

*Maturity of Contact Amount (before tax): BDT 10 crore

(source: www.midlandbankbd.net)

- **MDB Platinum Savings Scheme**

MDB Platinum Savings Scheme is a monthly deposit scheme which will earn the accountholders BDT 100 Million (before tax) after a certain period. The scheme is offered with a wide range of tenor flexibility to meet varied customer needs. This scheme will be very much helpful to implement a future plan successfully by small savings by the depositors.

Table 12 - Interest Rate on MDB Platinum Savings Scheme

Tenor	3 years	5 years	8 years	10 years	12 years	15 years	20 years
Installment size	2,414,968	1,319,411	713,077	516,131	407,511	282,179	164,676

Interest Rate	9.25%	9.25%	9.25%	9.25%	8.50%	8.50%	8.50%
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*Maturity of Contact Amount (before tax): BDT 10 crore

(source: www.midlandbankbd.net)

- **MDB Travelers' Savings Scheme**

MDB Traveler's Savings Scheme is a short term deposit scheme product designed to facilitate the customers to accumulate fund and plan for a family vacation with the maturity amount of the scheme. The matured amount ranges from BDT 100,000 (One Lac Taka) to 500,000 (Five Lac Taka) (before Tax) and shall be transferred to a complimentary MDB Prepaid Card which shall additionally carry various benefits to make it an attractive package for the customer. The scheme is offered with a wide range of tenor flexibility to meet varied customer needs. This scheme will be very much helpful to implement a future plan successfully by small savings by the depositors. Interest Rate on MDB.

Table 13 - Interest Rate on MDB Travelers' Savings Scheme

Tenure (Years)	Maturity Value BDT 100,000	Maturity Value BDT 200,000	Maturity Value BDT 300,000	Maturity Value BDT 400,000	Maturity Value BDT 500,000
1 Year	BDT 7,936	BDT 15,872	BDT 23,808	BDT 31,743	BDT 39,679
1.5 Years	BDT 5,170	BDT 10,339	BDT 15,508	BDT 20,677	BDT 25,846
2 Years	BDT 3,793	BDT 11,378	BDT 11,378	BDT 15,170	BDT 18,963

(source: www.midlandbankbd.net)

5.4 Deposit Interest Rate

Table 14 – Different types of deposits with interest rates

Deposit Name	Interest Rate (%)	Time (Year)
Fixed Deposit Receipt (FDR)	6.50%	1
Double Benefit	7.00%	10
MDB Family Support	6.50%	1
Millionaire Saving	7.10%	1
Kotipoti	7.10%	1
Platinum Saving Scheme	7.10%	1
Savings Deposit	2.50%	1
RMG Star Savings	2.50%	1
Current Deposit	0.00%	0
Super Saver	3.10%	1
Probashi Savings	3.125%	1
Digital Savings Account	3.25%	1
Gift Cheque	4.50%	1

Source: Website of Midland Bank

5.5 Deposit Mix Table

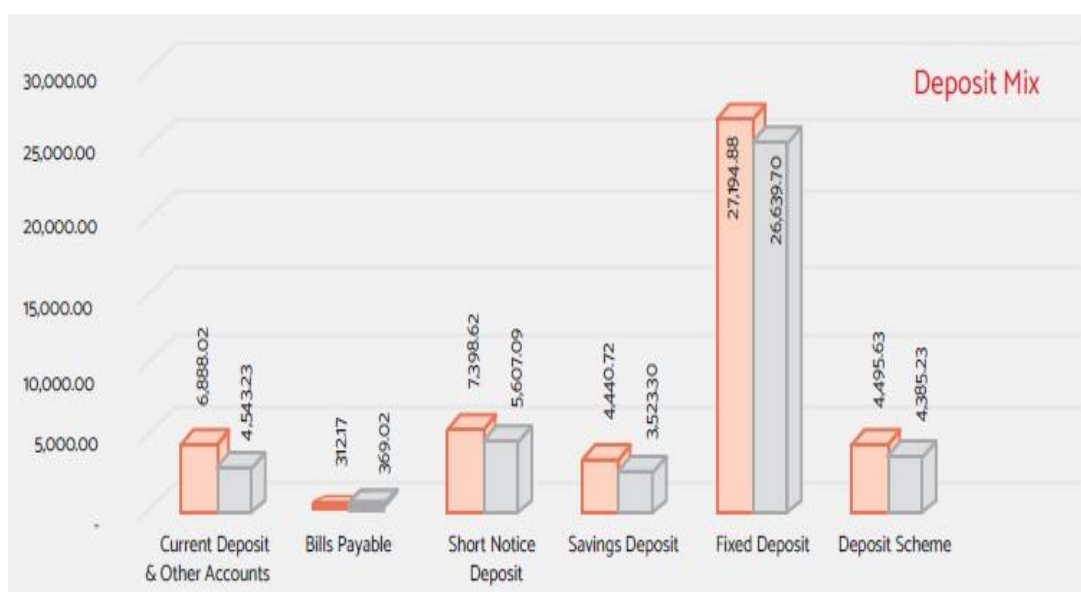
Table 15 – Deposit Mix of 2020 and 2021

Deposit Mix	Outstanding Amount (in BDT Million)		% of Growth in 2021 over 20 20	Deposit Mix (%)	
	2021	2020		2021	2020
Current Deposits	6,888.02	4,543.23	51.61%	13.58%	10.08%
Bills Payables	312.17	369.02	-15.41%	0.62%	0.82%
Short Notice Deposits	7,398.62	5,607.09	31.95%	14.58%	12.44%
Saving Deposits	4,440.72	3,523.30	26.04%	8.75%	7.82%
Fixed Deposits	27,194.88	26,639.70	2.08%	53.61%	59.11%
Scheme Deposits	4,495.63	4,385.23	2.52%	8.86%	9.73%
Total Deposits	50,730.04	45,067.57	12.56%	100.00%	100.00%

Source: Website of Midland Bank

5.6 Histogram of Deposit Mix

Table 16 - Interest income in 2021- 3,232.76 (Million) % Of Growth -2.30%



Source: Website of Midland Bank

5.7 Deposit Increase with Time

The Bank successfully enhanced the deposit portfolio to BDT 50,730.04 million in 2021 with a growth of 12.56% compared to BDT 45,067.57 million in 2020. Cost of deposit and cost of fund stood at 4.17% and 5.69% in 2021, respectively as against 6.14% and 7.77% in 2020.

Table 17 - Deposit and Interest Income Increasing with time.

Particulars	BDT in Million	
	2021	2020
Interest income	3,232.76	3,160.18
Interest Paid	(2,262.66)	(2,748.19)
Net interest income	970.10	411.99

Source: Annual Book of Midland Bank

5.8 Performance Evaluation of Midland Bank PLC

Table 18 - Current Deposit of Midland Bank PLC (In Million)

Year	Deposit	Growth	Growth rate
2018	141.67		
2019	478.56	336.89	237.80
2020	3633.34	3154.78	659.22
2021	2038.82	(1594.52)	-43.89
2022	2634.19	595.37	29.20

Source: Midland Bank, Annual Financial Statement

Table 19 - Savings Deposit of Midland Bank PLC (In Million)

Year	Deposit	Growth	Growth rate
2018	281.26		
2019	604.31	323.05	114.86
2020	1441.18	836.86	138.48
2021	2051.85	610.67	42.37
2022	2512.75	460.90	22.46

Source: Midland Bank, Annual Financial Statement

Here savings deposit of MDBL in the year 2018 was 281.26 million which was increased by 114.86% in the year of 2019. In 2020 savings deposit was 1441.18 million which was also increased in trend. Again in 2021 it increased by 42.37% and it was continued to increase by 22.46% in 2022. From the above table and graph savings deposit trend is seemed to be increased. Most of the people deposit their fund in savings deposit account. So MDBL should attract people towards savings deposit and manage it incremental trend.

Table 20 - FDR of Midland Bank PLC (In Million)

Year	Deposit	Growth	Growth rate
2018	5385.18		
2019	14022.78	8637.60	160.40
2020	16260.92	2238.14	15.96
2021	23220.18	6959.25	42.80
2022	22331.84	(888.33)	(3.83)

Source: Midland Bank, Annual Financial Statement

Fixed deposit of MDBL in the year of 2018 was 5385.18 million. In 2019 it was increased by 160.40% which was good sign. Similarly, in 2020 it was 16260.92 million which was increased by 15.96% and 2021 it was also increased by 42.805. But in 2022 the fixed deposit amount decreased by 3.83%. From the graph and table though from the year 2018 to 2021 the deposit amount was increased but in 2022 it was decreased. Since the fund of fixed deposit can be utilized for long term investment, it should be made consistent. So such increase and drastic decrease can affect the profitability of the company.

Table 21 - SND of Midland Bank PLC (In Million)

Year	Deposit	Growth	Growth rate
2018	365.06		
2019	535.45	170.39	46.67
2020	1895.25	1359.80	253.96
2021	2407.27	512.02	27.02
2022	4462.89	2055.62	85.39

Source: Midland Bank, Annual Financial Statement

The amount of SND of MDBL significantly increased during the year 2018 to 2022. In these years the growth rate was 46.67, 253.96, 27.02 and 85.39 respectively, and the deposit of these were 535.45 million, 1895.25 million, 240.27 million, and 4462.89 million respectively. It is seen that among the five the growth rate of 2018 to 2022 was very high. From the above table and graph, it is seen that the trend of SND of MDBL is an increase in nature.

Table 22 - DPS of Midland Bank PLC (In Million)

Year	Deposit	Growth	Growth rate
2018	2092.04		
2019	2066.25	(25.79)	(1.23)
2020	2827.65	761.40	36.85
2021	2742.53	(85.12)	(3.01)
2022	2757.83	15.30	0.56

Source: Midland Bank Limited, Annual Financial Statement

DPS of MDBL in the year of 2018 was 2092.04 million. In 2019 the deposit was decreased by 1.23% but in 2020 deposit growth rate was significantly increased. Again 2021 DPS decreased by 3.01% and 2022 the deposit slightly increased by 0.56%. During the year 2014 to 2022 the DPS of MDBL fluctuating though it was increasing trend. With an increase trend of DPS a company can collect fund regularly and increasingly but in decreasing time a company cannot fulfill their fund target.

Chapter – 06
Findings, Recommendations
And Conclusion

6.1 Findings

Midland Bank PLC provides all the general banking services very efficiently and effectively but still, it has a lot of scope to improve the quality of the services. Some findings are given below –

- MDBL has only 26 branches across the country which is comparatively less than the other banks’.
- Due to insufficient employee, they can’t provide better services to their customers.
- Due to a lack of ATM booth facilities the bank is not able to attract new deposits thus lending ability of the bank is getting low.
- The marketing policy of the bank is not satisfactory. Most of the people don’t know about the bank properly.
- Though the bank provides Mobile banking, Internet banking, SMS banking services, these services are not up to the mark. The customer does not get transaction notification in time.
- Deposit rate is comparatively higher than the other banks’ which lessen the profitability of the bank.
- MDBL is fully centralized bank. So to take decision a branch needs to contact head office which increased complexity.
- Minimum deposit to open a student account and savings account is 600 and TK. 700 respectively. This amount is not suitable for all the customers.
- MDBL takes minimum 7 working days to issue cheque book and ATM card. It is a lengthy time for the customers.

6.2 Recommendations

As they have various scopes to improve, I'll try to provide some recommendations according to their problems. Those are -

- The bank has to open new branches all over the country to expand its business.
- The bank should recruit necessary skilled personnel to provide better services to customers and arrange periodic training programs for existing employees.
- The bank should increase the number of ATM booths to provide 24/7 services to the customers.
- The bank should be increasing marketing programs to attract new customers.
- The bank should ensure standard services so that these services can fulfill customers' needs.
- Deposit and lending rates should be maintained in the competitive range.
- Complexity and lengthy process of working should be eradicated.
- Bank charges on different services should be lessened and the minimum deposit to maintain an account should be decreased.
- The Bank should decrease the time of issuing cheque book and ATM cards.

6.3 Conclusion

In the last month I was quite intriguing to prepare my thesis report about Midland Bank Limited. While preparing the report I learned about the banking sector which will definitely help me to realize my career in present job market. Lots of new commercial bank has been established in last few years and these banks have made this banking sector very competitive. So, now banks have to organize their operation and do their operations according to the need of the market.

Banking sectors no more depend on a traditional method of banking. In this competitive world this sector has trenced its wings wide enough to cover any kind of financial services anywhere in this world. The major task for banks, to survive in this competitive environment is by managing its assets and liabilities in an efficient way.

So in conclusion it can be said that every organization has its positive as well as negatives and in case of Midland Bank Limited existence of the later one is less than the earlier one and as the management is determined to reach the pick of success it seems that in near future the negatives will be eliminated. Nine years is a very short span of time and the organization, which can establish itself as one of the most reputed private commercial bank in the country within this short period deserves special credit and with their able leaders Midland Bank will reach the highest level of success very shortly.

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