



Dedication

**I dedicated this
efforts to my
Parents & Teachers
who Guide
&**

Encourage me during the course Of My Studies and preparation Of this Report.



Preface

Every student of Master in Business Administration at COMSATS INSTITUTE OF SCIENCE AND TECHNOLOGY has an essential requirement to do Six weeks internship in any of the well reputed organization. The purpose of this program is to acquaint the students with practical applications of theoretical concepts taught to them during conduct of their MBA program.

The internship in HABIB BANK is personally arranged by my own resources and the department gave me a letter for getting this internship.

Really, it was a nice opportunity to have a close comparison of theoretical concept in practical field, involving the use of primary and secondary data. All the efforts on the way are summarized in shape of this Internship Report. This Report may depict deficiencies on my part but still it is an output of a student' efforts, for which I beg pardon.

The out put of my analysis is summarized in a shape of Internship the contents of the report

Shows the detail of sequence of these. The report is concluded with problem and suggestions.

I have no words to express my gratitude to the chairman management sciences and my advisor Assistant Professor, Sir, AMIR RASHEED for their intellectual guidance without which it could have been rather difficult for me to complete this report.

(MUHAMMAD ANEES KHAN)

MBA (FINANCE)

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ACKNOWLEDGEMENT

No one can say that I am perfect everyone should admit that without the help of ALLAH and His people a man cant get anything so I bow my head before almighty Allah with gratitude. I am also very much thankful and presents salute to many individuals who

have helped me in shaping this report .I am also very much thankful to lot of former fellows and contemporary colleagues who took the time and trouble during the last few days to speak to me about the way this text could be further improved. First of all this report owes it originated to the valuable assistance of our learned & honorable teacher Sir AMIR RASHEED whose able guidance and encouraging attitude throughout has been a source of inspirations for us. Without his kind attitude patronage, we would have never accomplished this task.

I am also thankful to the the staff Habib Bank Ltd especially to Sir NASEEB ZAMAM (Administrative officer) who provide me an opportunity to work in friendly environment. I am also very much thankful to Sir IRFAN (Cash Officer) and Sir Muhammad Ali (Advances In-charge).

It has been an honor and pleasure to work with:

Mr.Shah Mehmood (Manager HBL)

Mr. HAJI Naeem Khan (Clearing In- charge)

Mr. M.Nawaz (Accountant)

Mr. Naseeb zaman (I.T Section In-charge)

Executive




Summary:

As we all know very well that time and tide wait for none. So, because of this rapid change in time and era we have to cope with it. During this era I got an opportunity of getting practical knowledge about the Banking system in Pakistan. So to quench the thirst of practical exposure and for getting the basic knowledge about Bank I joined HBL Preedy Gate Bannu. During six week in HBL i gather all necessary information about HBL.

Efforts have been made to compile this report in such a way that activates its salient features not only for students but also for the layman. I have divided this report into different Chapters.

First Chapter is about introduction OF HBL. Second Chapter is about General Banking Department gives us description about how to open an account, how to deposit and clearing.. Third Chapter discuss the procedure of customer dealing and satisfaction fourth Chapter is about the branch where I worked and watch different function which I learnd in HBL Preedy Gate Bannu.

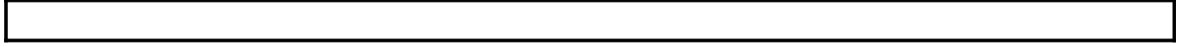
Fifth Chapter is about the procedure of getting different type of loans and advances. Sixth Chapter is gust of knowledge acquired by me.Chapter seven is about SWOT ANALYSIS of HBL.Chapter Eight tells about my knowledge because here I gave different type of Recmendation to different problems.

At last I must say that this text is designed to stimulate the curiosity about management practices of HABIB BANK Ltd of Pakistan.and to raise reader's consciousness about the banking system working in  Pakistan and out side the Pakistan .

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CHAPTER # 1

INTRODUCTION


Meaning of Bank

The word “bank” has been derived from the French word “banque” or bancus which means bench, office or institution for the keeping, lending and exchanging of money. Some authorities have the opinion that “Bank” is derived from the “German” word bank which to the meaning of “joint stock fund”. The bank is a financial institution that borrows money from one party and lends to the other party (Government, individual, business) and the difference between borrowing and lending make profit for the bank. Bank borrows and lends money on interest basis. Banks are classified according to their sphere of activity; the main types of banks are as under.

- ❖ Commercial banks
- ❖ Industrial banks.
- ❖ Agricultural banks.
- ❖ Saving banks.
- ❖ Exchange banks.
- ❖ Central banks.
- ❖ Cooperative banks

COMMERCIAL BANK

Commercial is engaged in performing the routine duties of banking business. Such bank collects the money from the people (as borrowing) and extends the same money as a loan for development purposes. Commercial bank plays a vital role in the economic development of a country by performing the variety of function as given below:

- ❖ Accepting of deposits  (Current, saving and fixed account).
- ❖ Making loans and advances (overdraft, cash credit, discounting bill).

- ❖ Agency services to customers (Collection of cheques, dividends, electricity, water and gas bills, and sale of securities, and acts as a trustee.
- ❖ General utility services (Foreign business, Issue traveler cheques, providing trade information).

HISTORICAL DEVELOPMENT OF BANK:

History of bank is very old, the history of bank is traced to as early as 2000 B.C. The priest in Greece used to keep money and valuable of the people in temples. Its origin is also traced to early goldsmiths. They used to keep strong safe, for storing the money and other valuable of the people. People with surplus money deposited with them. The first stage in the development of banking was the acceptance of deposits from people.

Later on goldsmiths began to issue receipts for the money deposited with them to settle transactions. These receipts were used in payment of debt and acceptable to all. This was the second stage towards the development of banking.

When goldsmiths realized that they had surplus money therefore they intended to lend some portion of money to he nearly traders and merchants who constantly requested for loans This business was quiet profitable and they instead of charging interest from depositors began to give interest on the money deposited with them to attract more people this was the third stage towards the development of banking.

They also planned to allow the customers to withdraw in excess of the amount deposited to meet the customer's needs. This facility is called overdraft and they used to keep some portion of money for this purpose. After some time there was then started too much confusion in the banking system and they were not able to

Meet the demands of customers.
to return money caused distress



This failure on the part of money lender
among the people.

To overcome this problem people felt that their must be a bank which control the banking activities of different lending organization. As a result of conference held in 1548 at Nuremberg. The decision was taken in favour of establishing a bank that regulates the banking activities.

The first bank was found in Geneva in 1587. Later on many other banks were established with the same objective.

We can conclude that commercial banking system actually developed in nineteenth century. Now a days the banking activities has greatly increased commercial banks are now multi serviced organizations and play an important role in financial markets and in the economic development of the country.

HISTORY AND DEVELOPMENT OF Habib Bank Ltd :

The Habib Bank Group is a leader in Pakistan's services industry. An extensive network of 1425 domestic branches – the largest in Pakistan and 55 international branches has enabled HBL to provide comprehensive services that meet customer needs. This has ensured thriving client relationships that form the backbone of the Bank's operation.

Today, HBL plays a central role in Pakistan's financial and economic development. It has come a long way from its modest beginnings in Mumby on August 25, 1941 when it commenced operations with a fixed capital of 25,000 rupees.

Impressed by its initial performance, Quaid-e-Azam Mohammed Ali Jinnah asked the Bank to move its operations to Karachi after the creation of Pakistan. HBL established itself in the Quaid's city on August 7, 1948 and became a symbol of pride and progress for the people of Pakistan.



Habib Bank has been a pioneer in providing innovative banking services. These have included the installation of the first mainframe computer in Pakistan followed by the first ATM and more recently, internet banking facilities in all our 1425 domestic branches.

The Bank's towering presence in Pakistan's financial and commercial life has remained unchanged over the decades. The strength of its brand and image is symbolized by its prominent Head Office building that has dominated Karachi's skyline

for35Years.

We continue to build on our track record and in our quest for excellence we strive to meet the needs of both our customers and our employees. At Habib Bank we aim to ensure customer satisfaction by providing high quality banking services. This is made possible by the professionalism of our employees all of whom are provided with the requisite training and opportunities to enable them to realize their full potential.

GOALS OF HBL:

- 1 To mobilize private savings and public funds for diverting the same into productive channels and ensure their availability.

To promote industrial agriculture and socioeconomic process through the active participation of private and public sector in the province.

- 2 Help under developed areas and create employment opportunities, especially in the rural areas of the province. Further, to guide and assist the people of Pakistan serving overseas to effectively and profitably invest their foreign savings in the province as well as in other parts of Pakistan.
- 3 Create a diversified and sound portfolio for utilization of idle funds and their investment in the existing and new ventures especially in the pioneering of high-techs agro-based export oriented and engineering project to ensure maximum returns.
- 4 Participative and seek the share of the country in the capital market of Pakistan by way of subscription through locally peopled resources in the leading stock exchange of the country and eventually paying the way for establishing a stock market in the province.



FUND RAISING SOURCES

Capital & Reserves

Certificate Capital	
Authorized	
50,000,000	
Certificate of Rs.10/-each	<u>Rs.500,000,000</u>
Issued, subscribed and paid up Capital	397,072,000
Reserves	<u>189,371,667</u>
	Rs.586,443,667
Redeemable Capital	100,000,000
Security Agent Assets Leased out	<u>32,432,247</u>
	<u>Rs.819,898,309</u>

WHEN HBL PARADI GATE IS ESTABLISHED.

1. This Branch was established on May 10,1952 to facilitate two giant Business community and inhabitant of HBL (BANNU) Branch ,besides providing series of general banking to the citizens and nearby areas. Currently it an on-line bank.

2. BASIC FUNCTIONS

- **Accepting of deposits:**

1. Current account
2. Saving account
3. Fixed deposit account

- **Advancing of loans:**

1. Loans and advances
2. Cash credits
3. Provision of Qarze-e-Hasna

3. Agency functions

- Collection of cheques



- Transfer of funds from one place to another
- Handling of Salaries and Pensions of federal/provincial employees and defense personnel
- Assisting to Agriculture

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- Act as an agent or representative of his customers
- Collection of Negotiable Instruments
- Issuing Guarantees and Indemnities
- Granting of letter of credit

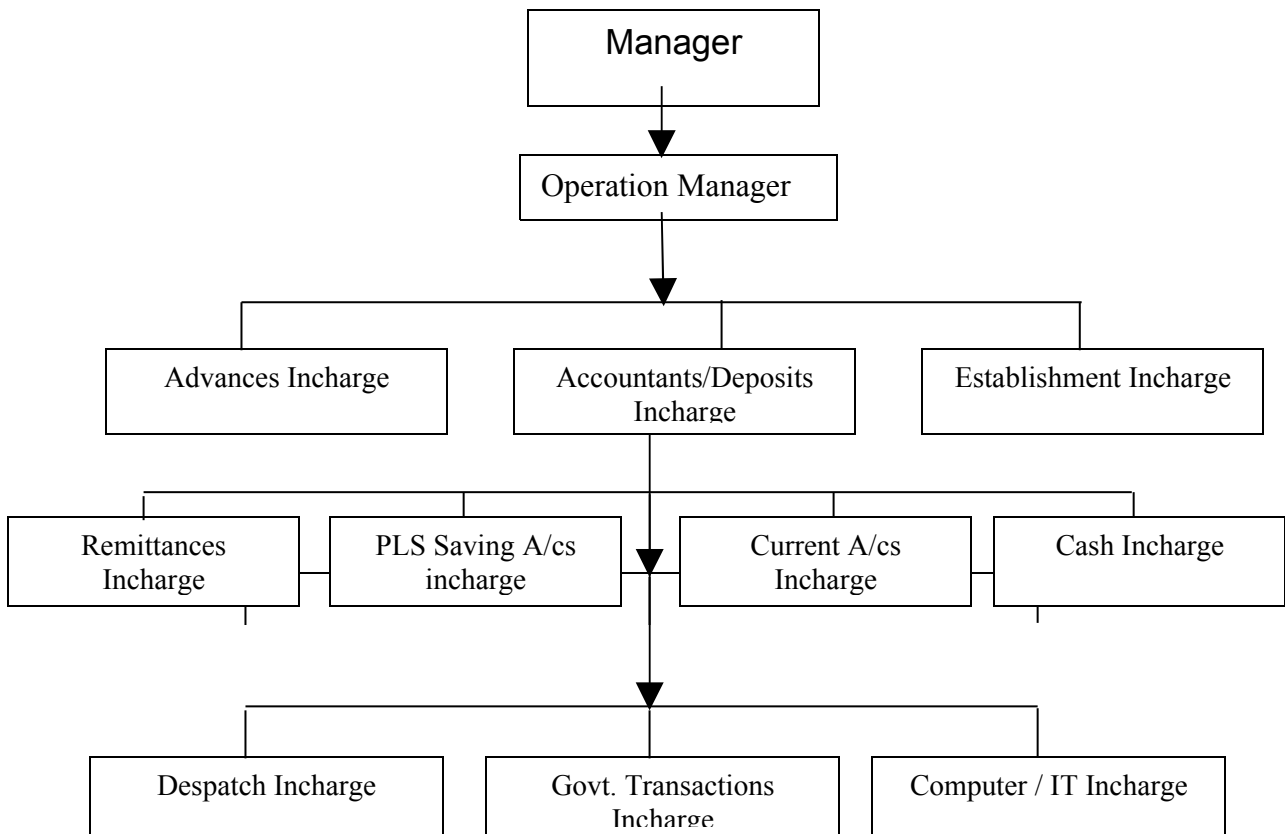
4. **General utility services:**

- Utility Bills collection
- Sale and encashment of Prize Bonds
- Issue of Travelers Cheques
- Supplying of Trade information
- Act as a referee
- Financing of Foreign Exchange
- Preparation of feasibility reports for small industrial units
- Collection of fees and money for people proceeding on “Haj” providing pilgrimage services
- Acts as Income Tax adviser



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HIERARCHY OF HBL(BANNU) PARADI GATE BRANCH



Chapter#2

GENERAL BANKING DEPARTMENT

This department consists of the following sections:-

1. Account opening section.
2. Deposit section.
3. Clearing section.
4. Remittance section.
5. Accounts section.

1. ACCOUNT OPENING SECTION:

A. HOW TO OPEN AN ACCOUNT

There are certain formalities which are to be observed for opening of a current or saving account with a Bank. These formalities in brief are as under



i. FORMAL APPLICATION:

The customer is to fill "Account Opening Form. It is a formal request by a customer to the bank to allow him to have and operate the current or saving account.

ii. OBTAINING INTRODUCTION:-

The bank before opening, and account obtains introduction of the customer from old customer, responsible person etc.

iii. SPECIMEN SIGNATURE

When the Banker is satisfied about the integrity of the customer, he agrees to open the account. The Banker obtains the specimen signatures of the customer on the signature book or on card.

IV. MINIMUM INITIAL DEPOSIT:-

In Pakistan the current account can be opened with a minimum of Rs. 500/- and PLS Saving Account with a minimum of Rs 100/- These amounts are also the minimum balances to be maintained by the account holders with the Bank.

V. OPERATING THE ACCOUNT.

When an account is opened in a Bank, the Banker gives to the customer.

- i. Pay in slip book.
- ii. Cheque Book and pass book with a view to operate it.

IV. PRECAUTIONS IN PREPARING THE PASS BOOK:-

The Banker should be _____ careful in preparing the pass book
However, the customer himself _____ should.



- i. Send the pass book for making entries and also periodically check up them.
- ii. He should also see that the entries are initialed by the accountant.
- iii. The customer should verify the entries with own books of account.
- iv. In order to safe guard the secrecy of the account; the customer should receive the pass book in closed cover.

B. WITH-DRAWL.

Withdrawal is made on cheques supplied by the Bank. A new cheque book is issued only on receipts of the requisition slip attached to the cheque book issued previously and this presented along with the depositor pass book for entire against cheque book challan. Cheque book is issued on discretion of the branch manager.

C. INTEREST.

The current rate of interest allowed on deposit in saving Bank account is ascertained at the Bank. This rate is subject to change. The amount of interest is calculated for each calendar month on the lowest balance at credit of an account between the close of the sixth day of a month and the end of the month and only on every complete sum of ten rupees.

Every account is made up half yearly to 30th June 31st December, and the interest calculated as above is added to the balance of each account as on these dates.



D. TRANSFER OF AN ACCOUNT.

Account can be transferred to any other branches of N.B.P. free of charge. If a depositor wants to transfer his account, he presents his pass book personally or sends it to Bank and writes an application for the transfer of an account.

E. CLOSING OF AN ACCOUNT:

A depositor willing to do, his account must present his pass book in order that with drawls and the amount of interest due on the account is entered therein and final balance stuck. This balance is then paid to the depositor and his receipt is taken, the pass book is canceled, unused cheque forms on hand are also surrendered at the same time.

F. SECRECY:

The secrecy of depositor's account is the. Responsibility of every official engaged in the Bank service.

G. MONEY DEPOSITED OR DRAWN BY POST:

When money is sent by post for deposit, the pass book and a letter starting the amount of the deposit and the number of the account accompany it.

When a depositor wishes to withdraw money by post he must forwards his pass book with a letter starting the number of his account, the amount to be drawn and either the money is to be remitted by money-order or in currency notes registered.



H. TYPES OF BANK ACCOUNT.

i. Saving account

Saving Account is that account in which customer puts his surplus money which he saves from his daily expenditure.

The account can be operated by depositing a minimum cash of Rs. 5/-. Small percentage of interest is allowed on the balance of this account.

ii. CURRENT ACCOUNT:

The current account is that one which the customer draws his daily cheques and is normally operated by the Business-men. It can be operated by minimum amount of Rs. 500/- Any number of cheque amounting undue minimum balance limit can be issued by the account holder for withdrawal or for payment. No interest is allowed on this account.

iii JOIN ACCOUNT

A joint account occurs when two or more than two customers have one account. The parties to a joint account are considered in law as they are one person.

iv. PROFIT AND LOSS SHARING ACCOUNT.

This can be operated by a person, firm or organization by depositing Rs. 100/- or above. The holder of this account will get profit of his amount, or he will bear the loss as the case may be. So an individual is equally participant in profit and loss.

The holder of account can withdraw up to Rs. 15,000/- per month is eight withdrawals, in case of higher withdrawal, seven day prior notice is necessary. This account is operated under interest free system.



v. **FIXED DEPOSIT ACCOUNT.**

In this account an amount is deposited into the Bank for a fixed period of time. The fixed period may be three months, six months, one year, two years, five years and more. The Bank allows a higher rate of interest for larger period.

At the time of operating on account the Bank issues deposit certificates for the period and amount. The account holder can not withdraw his amount before the specified period, but the same Bank will allow loan against that certificate. Bank is liable to give interest on this account on maturity date.

2. DEPOSITS SECTION:

There are two types of deposits i.e. current and saving. There are different forms present in the section of or deposits.

1. Current account form.
- ii Saving account form.
- iii Private or individual form
- iv Private firm account form

In the above mentioned forms, the bank makes an agreement with his customers.

3. CLEARING SECTION.

Every Bank performs the paying and receiving functions. Cheques are collected which are drawn up to Banks for customers. Similarly the cheques drawn on different Banks and deposited by Banks own customers for collection within the city is know as clearing The functions of receiving and paying is mostly done through the clearing house. A clearing house can be defined as "AA place where that representatives of all Bank get together to settle the receipts and payment of cheques drawn on each other" Clearing House provides the facility which can hardly be dispensed with especially, in case of crossed cheques.



There are two main types of clearing.

- i Outward clearing
- ii Inward clearing.

i. OUTWARD CLEARING:

It includes those cheques and other instruments which are sent by the Bank to the Banks for payment on behalf of its own clients. Cheques are sent to clearing house thorough local main branch.

A delivery message from the local main branch comes to every branch at a fixed time to pick its outward clearing or outward returns as the case maybe.

Outward Clearing At Branch

- a. Account number of payee/endorsee is written on the back side of the cheques.
- b. The instrument and the paying in slips are separated.
- c. The instruments are sorted I Bank-wise and branch wise.
- d. Schedules are prepared.
- e. Jotting of all the schedules are taken in the clearing House statement. Amount

of the cheques in written in the "Delivered" and to pay column.



- f. After balancing the outward clearing, the pay in slips are released to C.D. department.
- g. After balancing, a transfer debit voucher is prepared.
- h. The instrument, schedule. etc. are delivered to the messenger from the main branch.

ii. INWARD CLEARING.

The cheques drawn are called inward clearing drawn on Habib Bank through its representatives.

on the Bank presented by other Banks for payment It includes those cheques and other instruments of Pakistan branches which other Banks present at the clearing house.

Inward Clearing At The Drawn Branch

- a. Numbers of instruments noted in the schedules are verified immediately on receipt.
- b. The amount's of all the instruments are jotted down and totaled. It should be equal to the amount mentioned in schedule from the local main branch.
- c. The amounts are debared to the relevant accounts if otherwise in order.
- d. The IBCO is prepared crediting the amount of the main branch.
- e. If there is any return, that is deducted from the total and IBCO prepared for the

remaining amount.



TYPES OF CHEQUES COLLECTED BY CLEARING SECTION.

1. TRANSFER CHEQUES.

These are the cheques which are collected and paid by same branch of HBL. For example Mr. Ali is a customer of HBL of CITY branch and draws a cheque in favor of Mr. Hussain who is also the customer of the same branch.

2. TRANSFER DELIVERY CHEQUES.


The cheques which are collected and paid by two different branches of a Bank situated in the same city. For example a person draws a cheque on N.B.P. main branch, D.I.Khan in favor of another person who maintains an account with N.B.P. Rakh Mandra branch, D.I.Khan.

3. CLEARING CHEQUES.

When the payee/endorse and the drawer of cheque maintains account with different Banks, the collection Bank in any one of the following methods:-

- a. It can collect cash by sending its representative with the cheques to each of the paying Banks. It is not so much appropriate.
- b. The Bank maintains an account with the paying Bank.
- c. The cheques can be exchanged by representative of the various Banks who meet at a fixed time and at a fixed place. This is the most efficient method of collection and paying cheques.

FUNCTIONS OF CLEARING SECTION IN A BRANCH.

- a. To accept transfer, _____ transfer delivery and clearing cheques from the customer of _____ the branch and to arrange for their collection.

- b. To arrange payment of cheques drawn on the branch and gives for collection to any other branch of H.B.L. or any other member or such member of local clearing house.
- c. To collect amounts of cheques drawn on members of the local clearing house sent for collection by N.B.P. branches not represented at the local clearing house.

PROCEDURE FOR CLEARANCE OF CHEQUE.

The customers are provided with the copies of pay In-slip, whenever the customer wants to deposit any cheque, he fills in the pay in slip himself and hands it over the counter along with the instrument.

4. REMITTANCE SECTION

Remittance means transfer of money from one place to another place. It is of two kinds.

- I. Inland remittance.
- II. Home remittance.

1. INLAND REMITTANCE.

An inland remittance means a transfer of money payable at a certain place within the country. Inland remittances can be classified as under:-

- a. Within locality.
- b. Out side locality.



a. WITHIN LOCALITY

When a branch situated in D.I.Khan is required to send drafts to any other branch situated in the same city the process is know as within locality. For example HBL. Main Branch, D.I.Khan sends any draft to HBL. Rakh Mandar branch, D.I.Khan.

b. OUTSIDE LOCALITY.

Outside locality is an important type of inland remittances, which means the transfer of money payable outside the city. For example, HBL. Main Branch D.I.Khan sends any draft to a Branch situated at LAHORE.

It is commonly done through the following three means:-

- i. Telegraphic transfer (T.T)
- ii Mail Transfer (M.T)
- iii Demand Draft (D. D)

i. TELEGRAPHIC TRANSFER

In telegraphic transfer, the Bank takes commission and telegram charges from the sender. A receipt is issued to the sender for the value received.

The Bank itself transfer the funds to the drawee branch through a coded message in telegram, confirmatory of which is also sent through routine date mentioning all details. All bank Branches have been provided with their code books name Bank Keys Code Book where from the coded message is agreed by the drawee branch. T.T. can be sent open, which may be paid in cash in drawee branch, or may be directly creditable to relevant _____ account.



ii **MAIL TRANSFER (M.T.)**

The Money can be remitted through this means also. In this case the payable amount at the drawee branch can only be transferred to an account; amount can not be paid in cash. Other procedure is same as T. deposit of money at sending branch. Difference is only of postage and telegram charges. The M.T. which in its self is an advice also is sent by registered post, while T.T. is sent through telegram.

iii **DEMAND DRAFT (D.D)**

Demand draft is a written order by a branch of a specified Bank, drawn on another branch of the same Bank to pay a certain sum of money only to or to the order of the Payee. Demand drafts are purchased by the clients and after receipt of money Bank issues and delivers the D.D. to the purchaser, who himself sends it to the payee. In D.D. the Banks do not recover postal charges as it is payable by the purchaser. The Bank, after deliver of D.D. to the purchaser also sends its own advice called IBCO (Inter Branch Credit Order) to the drawee branch mentioning therein all details of issued draft.

5. **ACCOUNT SECTION.**

Every Business organization deals in money matters. Bank also deals in money and more over since the money belong to the depositors therefore, it is of utmost importance to keep systematic and correct record.

Further-more, the Banks are commercial institutions and its main objective is to earn profit, therefore, then record of all incomes and expenditures are kept correct and systematically.

In H.B.L. the responsibility for maintaining necessary accounting data and to keep up to date records In a systematic manner has been assigned to the Accounts Department.



The Branches of Bank perform their daily routine work and deal in money that belongs to depositors. Here account department hold great importance in banking, because it keeps all the accounting records properly.

ACCOUNTS TERMS.

The account department maintains all the accounting records properly there are certain accounting terms which are defined into the following

1. ACCOUNT

A summary of all debit and credit transaction pertaining to a similar nature or to an individual or body of persons is called an account.

2. VOUCHERS

Written evidence recorded on a price of paper in respect of a money transaction is called voucher.

3. GENERAL LEDGER.

Main ledger is a book, where various accounts of different type are kept. Generally this book is in bended form containing several sheets for several accounts.

4. SUBSIDIARY LEDGER.

Where a main head has got different sub-head of it: subsidiary ledger are maintained. These subsidiary ledgers are maintained from the main ledger.



BOOKS AND STATIONERY.

The account department uses the following books and stationery

- a. Cash book cum-general ledger.
- b. Abstract book.
- c. Income and expenditure ledger.
- d. Register of vouchers
- e. Transfer book.
- f. Receiving cashier book.
- g. Paying cashier book.
- h. Supplementary sheets.
- i. Different vouchers.

FUNCTIONS OF THE ACCOUNT SECTION.

The main functions of the account section of a branch are as follows: -

1. Balancing and maintenance of books.
11. Preparation of statement.



During the course of daily business of the branch, a number of cheques are presented by customer for cash payment, though transfer, delivery and clearing cheques at the counter. Also a number of new accounts are opened and cash is deposited by the customers. A number of new vouchers are passed by the branch by debiting, one account and crediting another account.

So in order to ensure that during the day all the transactions have properly been recorded and they are complete in all respects and are recorded in proper books by the branch this recording is done on daily basis and maintained by account section.



1. BALANCING AND MAINTAINING OF BOOKS.

Balancing the cash book means that all the transactions have properly been recorded and there is no mistake in any of these vouchers.

- 1.. Arrangement of voucher.
11. Preparation of suplimentaries.
111. Preparation of summary.
- iv. Agreement of total of the summary, with the total of transfer book.

2. PREPARATION OF STATEMENTS.

To Judge the performance of branches, the Head Office requires periodic statements from them. Through these statements the top management watches the progress of the branches and they provide them necessary guidance, The top management decisions depend upon these statements also. The following are the important statements prepared by the account section: -

- a. Balance sheet on daily basis.
- b. Pak account on daily basis.
- c. Provisional income and expenditure statement on monthly basis.



CHAPTER# 3

FUNCTIONS OF HABIB BANK LIMITED

To fulfill the basic objective that is of socio-economic nature HBL perform following important functions: -

Commercial Banking

Corporate Banking

Investment Banking

Retail Banking

Islamic Banking

COMMERCIAL BANKING

Enterprises operating in the middle market contribute significantly to the economy of a country. Traditionally, this sector was the stronghold of HBL's business. During the early 90s, with the liberalization of the financial sector in Pakistan, competition in the industry stiffened due to the emergence of new banks in the private sector. The senior management at most of these banks comprised personnel from HBL.

They not only knew the market but were also familiar with the shortcomings of HBL. Under the new set-up, they were able to address these shortcomings and began to target HBL's customer base. With the inception of an alternative, HBL customers started migrating to the newly established banks this causing the erosion of HBL's market share.

During FY-2000 HBL's management decided to address this issue. Hence forth, Commercial Banking was created to focus on the business needs of the middle

market customers. On November 1,
into being. At



2000 Commercial Banking came

present, 18 Commercial Centers and Sub-Centers functioning, located at Karachi, Lahore, Faisalabad, Sialkot and Gujranwala.

❖ **Goals**

The Goals of setting-up Commercial Banking was two-fold:

- First to stop the erosion of market share in the middle market;
- Second, to regain the lost market share

The strategy adopted to achieve the above objective was to position Commercial Banking segment as the “Trade Finance Bank” for its customers. The rationale behind this strategic decision was to capitalize on the existing marketing knowledge & strong contacts with the middle market customers, who were loyal to the HBL brand.

The product line of Commercial banking includes:

FUND BASED FACILITIES

- ❖ Running Finance for Working Capital requirements (RF)
- ❖ Finance Against Packing Credit for Pre-shipment (FAPC)
- ❖ Finance Against Foreign Bills for Post-shipment (FAFB)
- ❖ Finance Against Imported Merchandise (FIM)
- ❖ Finance Against Trust Receipt (FATR)
- ❖ Demand Finance: Medium Term Loans (DF)

NON-FUND BASED FACILITIES

- ❖ Letter of Credit (LC)
 - DA (Unseen)
 - DP (Sight)

❖ Letter of Guarantee (LG)

Successful achievement of the _____ strategy entailed addressing the following key issues:



- ❖ Developing a sales culture so that business was aggressively sought
- ❖ Improvement of Counter Service
- ❖ Reducing the turnaround time on credit decisions
- ❖ Training of staff to enhance credit and sales skills

Following initiatives were taken to address the above issues:

Fictionalization of branches into two key areas:

- ❖ Marketing; and
- ❖ Operations

Implementation of a standard organization at Centers & sub-centers where there were two key areas within operations:

- ❖ Trade
- ❖ Counter Service i.e. Cash & Remittances
- ❖ De-layering of the Credit processing to ensure quick turnaround on credit decisions
- ❖ Setting up of Relationship Management teams at all Commercial Banking Centers to focus on procurement of business
- ❖ Setting-up of Credit Administration Departments at all Centers for improved Risk Management
- ❖ Training of staff in following key areas:

- Credit
- Trade Services
- Computer literacy



Impact of the steps

The decision to setup Commercial Banking has been fruitful. This is evident from the following results:

- ❖ Enhanced customer interaction by the branch management has now become possible after segregation of marketing and operations at the branch level.
- ❖ Decentralization of Credit Authority and streamlining of the processes have resulted in reduced turn around time. Currently decision making in this area is perhaps most efficient in the market place.
- ❖ Our strategy has allowed us to achieve our first objective; the trend of erosion in our market share has been reversed. We now would be looking at regaining our market share.

Commercial Banking is making headway with improvement not only in terms of the business figures but also in its ambiance. Renovation of is being carried out in order to give a professional look to all the Commercial Banking Centers.

Corporate Banking

Corporate Banking Group serves large institutional and corporate customers in Pakistan through 10 dedicated corporate banking centers in all major cities. The CIBG portfolio consists of most of the largest names in the market and represents all major

industry groups, including textiles, large scale manufacturing, telecommunications, petrochemicals, fertilizer, airlines, transportation and services. It offers its clients a comprehensive range of banking services via a one-window interface through designated relationship manager.

Corporate Banking is recognized as a market leader due to its unique ability to meet the entire spectrum of a customer's banking requirements. HBL's large equity base allows to meet the financing needs of _____ the largest corporate and it's large network and specialized teams are _____ able to deliver and provide customized solutions. The Group



has increasingly focused on providing value addition services to the customers, e.g. payroll and cash management services. The Bank has become a leader in cash management services by leveraging its large domestic branch network and now provides such services to a range of large and medium sized corporations, including the Pakistani units of some Fortune 500 companies.

The Group also strives to stay ahead of the market by anticipating customer requirements. We strongly believe in relationship banking, which is essential for us to remain responsive to our customers. We also remain focused on improving productivity and ensuring the quality of our risk management.

In 2003, Corporate Banking Group continued to expand the scale of its activities, with a substantial increase in new customers, revenue and profitability.

Investment Banking

An Investment Banking Unit has been established which focuses on loan syndications, development of local currency corporate bonds (TFCs) and advisory services.

Retail Banking

The Retail Banking network, with 1425 branches, is the core strength of Habib Bank. Its extensive reach in all geographic locations – urban and rural – throughout the country provides access to over 5 Million customers across all sectors of the economy. The network provides HBL with the largest diversified low cost deposit base of any bank in Pakistan, and forms the basis for many of its other business lines: corporate and investment banking and treasury activities.

Retail Banking Group (RBG) has two principal areas of activity;

- The retail network for deposit mobilization
- The consumer-banking group.



Deposits mobilization, the traditional strength, continued to perform strongly in 2002 with deposits growing by 12%.

HBL is the only major bank to have a very dedicated group to serve the Small & Medium Enterprises (SME) sector. HBA believes that the SME sector can be an engine of growth for the economy and represents an area of opportunity for the Bank.

CBG was therefore established in late 2000 to provide banking services and credit on a structured and systemized basis. It now covers 25 branches in the six major industrial cities of Pakistan. The Group now works closely with its customers, which cover all segments of the economy including the textile sector, vendors and suppliers to structure the finances and improve their capabilities. We have been very encouraged by the outcome that reaffirms its belief in the potential of this sector.

There is a growing propensity for consumer spending to uplift living standards. Recognizing that consumer demand can be a major driver of investment and economic growth, the Government has also moved towards an enabling regulatory framework and has also taken initiatives to create an appropriate legal regulatory framework to enable the development of a housing finance market.

With its extensive branch network and large customer base, HBL has an important role to play in the development of this sector of the economy in which it expects substantial growth in the next five years. HBL has moved aggressively and has already introduced three major products;

- Personal Loans,
- Car Financing
- Consumer Durable Financing

in association with major suppliers of consumer products. These have been well received and volumes have been intention of HBL to be a leader in underway to develop mortgage



building up steadily. It is the consumer financing. Plans are also


financing for the housing sector.

Agriculture is the most important contributor to Pakistan's economy. HBL, which has been a leader in agriculture financing, plans to increase further its credit to this sector with a particular focus on providing a wider range of products to small and medium size farmers. In this regard, to provide flexibility, the Haryali scheme for farmers was introduced which is a 3-year revolving facility rather than the traditional short term seasonal financing. HBL's specialized agricultural finance department helps farmers in modernizing their farming techniques. The Government has also provided a regulatory framework to encourage corporate farming and as this develops the participation in this sector will grow even further.

While HBL continue to develop its products, we recognize that quality of customer service will become an even greater differentiating factor in the market. HBL have taken a number of initiatives in this area; investing in technology, training and upgrading of its branches. Extended banking hours and better facilities for utility bill payments have been made available.

In 2002, HBL launched real time inter-city banking, internet banking for 500,000 customers and PC banking for its corporate and commercial banking customers. HBL ATM network has expanded and its usage is also growing rapidly.

A Debit Card program has also been introduced which will be available in over 1,000 point of sale terminals within the country.

Inward remittances from overseas Pakistanis provide an immeasurable support to the economy. Owing to our unique combination of the largest domestic and international networks, we process the highest volume of overseas remittances into Pakistan. We recognize that speed and efficient processing is the requirement of remitters and to meet these needs, we have put in place our FAST Transfer service and our fully automated processing center in  Karachi ensures that all remittances are delivered within 24 hours in urban areas and 48 hours in rural areas.

In our Retail network, we have an unmatched distribution network, which provides us many opportunities for growth, and we plan to use this to soon provide additional services, including wealth management services.

ISLAMIC BANKING

The Bank of Khyber has taken the first step towards Islamic banking and for this purpose an Islamic banking division has been established to complete the necessary regulatory and operational formalities thereby paving the way for commencement of Islamic Banking in its specialized branches.

THE MISSION OF HBL

To be recognized as the leading financial institution of Pakistan and a dynamic international bank in the emerging markets, providing our customers with a premium

set of innovative products and services, and granting superior value to our stakeholders – shareholders, customers and employees.

Members Of Management Committee

ORGANIZATION SETUP OF HBL

The Public Relation Division of HBL maintains effective rapport with the general public by communicating the policies and schemes of the bank through press and electronic media. Besides maintaining close relationship with journalists & advertising agencies, the Division also receives the visiting dignitaries and delegations from abroad.

HBL believes in serving the nation and building the country strong. We are always at the forefront to support noble causes and promote the social & cultural activities in the country. The Public Relation Division of HBL sponsors various social, cultural and sports events to generate healthy activities in the society. It also organizes religious programs to uphold the religious tradition of our people. The Division represents the bank at important forums to exchange views on national & international issues with various organizations to boost the intellectual activities.



The Commercial Banking at Habib Bank Limited focuses on small and medium sized businesses. This segment is the traditional stronghold of HBL with proven expertise and market knowledge.

Units dedicated to service small and medium sized business are located at Karachi, Lahore, Faisalabad, Gujranwalla and Sialkot. Each unit has Relationship managers with in-depth knowledge of the market. These relationship managers assist existing and potential customers with their financial needs.



CHAPTER # 4

FUNCTIONING OF HBL where I did my internship.

HBL bank is functioning under following set up:

BANK DEPOSITS

Deposits are to the bank as a backbone is to the body of a man. They are the lifeblood of the bank. HABIB BANK LIMITED and all other commercial banks perform the function of deposit accepting from the general public by offering suitable rates of interest on them, or on simply a promise to repay on demand.

OPENING OF ACCOUNT BY AN INDIVIDUAL.

After entering into bank premises the person goes through the following steps for opening an account in the bank and for becoming a bank customer.

1. **AN INTRODUCTION:**

The first important step to take place in bank is to get satisfactory introduction of the person, who wants to become bank's customer.

This introduction is made from the person /party who are respectable and honorable and have an account with the bank.

In HBL (Preedy Gate Branch) the branch manager takes great care of this step and gets introduced with the person himself. His main intention is to determine the prospective customer's integrity, respectability, occupation, and nature of business he is doing at the time of opening an account.

2. **ACCOUNT OPENING FORM AND SPECIMEN SIGNATURE CARD:**

Now the person is provided with an application form known as Account Opening Form.

This form contains: -

- i. Title of account
- ii. Address
- iii. I.D.Card number



- iv. Telephone.No.

(Office and Residence)

- v. Introductory reference (all above mentioned particulars of introducer)
- vi. Signatures of the applicant
- vii. Amount deposited
- viii. Check book series No.

In addition to this the customer is required to attach a copy of National Identity Card with the form.

Speciman signature card:

Specimen of signatures will be obtained from depositor at the time of opening his account. A specially designed card is used for this purpose; the card must be countersigned by an official of the bank not below the rank of an officer.

3. ACCOUNT OPENING REGISTER:

Now the name of the customer will be recorded in account opening register, and from here the account no. of the customer will be written on (top most corners) account opening form and on specimen signature card.

4. ISSUANCE OF CHEQUE BOOK AND PASS BOOK:

The cheque book will ordinarily be issued to all customers desiring to have drawing facility.

Cheque book consists of 10,25,50,or 100 pages depending upon customer requirement.

Customer can withdraw money by signing a cheque and writing the amount he wants to withdraw from his account.

A special cheque book register is kept to enter the name of the person having cheque book.

PASSBOOK is another important type of book handed over to the customer as he opens the account with the bank. The with drawl and deposit of money is recorded date wise in this book.

5. RECORDING IN TO _____ GENERAL LEDGER:

The concerned officer records the _____ name and amount deposited with the bank in to general ledger. Separate  ledgers are maintained for different types of accounts e.g.

- i. Current Account Ledger
- ii. Saving Account Ledger
- iii. Fixed Deposit Account Ledger
- iv. Call Deposit Account Ledger

As and when customer deposits the money, amount is credited the general ledger and the withdrawal is followed by a debit entry in the ledger.

TYPES OF ACCOUNTS MAINTED BY HABIB BANK LIMITED (BANNU) PARADI GATE BRANCCH

The following types of accounts are maintained in HBL:

1. Current accounts.
2. Profit and loss sharing account.
3. Fixed deposit account.

CURRENT ACCOUNTS:

A bank account which may be used to lodge payments or to withdraw money on demand.

Its main purpose is to serve the businessman. Form number F-53 is provided to the person to open the account. It is a statutory requirement to maintain current account.

Its main features are: -

1. Minimum amount for opening this account is Rs.500
2. Any person can open the account with the bank
3. According to inter banks agreement interest is not paid on current account.
4. Bank act as custodian of money
5. Over draft facility is provided to the customers
6. Customer can withdraw money through cheque supplied by bank

Total depositors in current account in HABIB BANK LIMITED (PARADI GATE BRANCH) up to 15-07-2006 were 847000 approximately and the number of current accounts are 44 .



SAVING/P&L SHARING ACCOUNTS

To provide interest free banking facilities in Pakistan, this type of account was introduced in January 1982. The main features of this account are: -

1. Instead of having fixed return in the form of interest the deposited money will be shared in profit and loss of the bank.
2. One can open the account by depositing minimum Rs.100
3. Withdrawal is allowed 8 times in the month total not exceeding Rs.15000.
4. To withdraw a large amount a notice of 7 days to the bank is necessary.
5. There is not any kind of interest is provided on money deposited.

6. Rate of profit is declared at the close of each half-year.

Total deposits in PLS account in HABIB BANK LIMITED (PARADI GATE BRANCH) up to 15-07-2006 were 26633000 approximately a number of accounts are 713.

TIME/FIXED DEPOSIT ACCOUNT:

This account is the major source of funds for the banks. This account is best for people who have surplus money and don't need such funds in nearer future.

The money is deposited for a fixed period of time. Main features of this account are: -

1. Fixed amount deposited for fixed period.
2. Amount of profit can be obtained after each six months.
3. Higher will be the time period, higher will be the rate of profit.
4. A receipt is used for the amount deposited called fixed deposit receipt.
5. Period of deposit can vary from 3 months to 5 years.

The amount can be withdrawn before maturity after surrendering interest.

The number of term/ fixed deposit account up to 15-08-2005 were 93 and their deposits 9853000.

The total number of accounts in this branch = 898

Total deposits in these accounts = Rs 43528000/

Total loans accounts in this branch = 182 and advances in these loan accounts = Rs 14030000/



CHAPTER # 5

LOANS & ADVANCES

In HBL the following facilities of lending are available to its customers:

Finance for Working Capital

Trade Finance Facilities

Finance for Capital Investment

General Products

Other Products and services

Investment Assistant (IA)

Finance for Working Capital

Running Finance: For Working Capital requirements.(RF)

Cash Finance: For Inventory financing.(CF)

The Commercial Banking at Habib Bank Limited focuses on small and medium sized businesses. This segment is the traditional stronghold of HBL with proven expertise and market knowledge.

Units dedicated to service small and medium sized business are located at Karachi, Lahore, Faisalabad, Gujranwalla and Sialkot. Each unit has Relationship managers with in-depth knowledge of the market. These relationship managers assist existing and potential customers with their financial needs.

Trade Finance Facilities:


❖ **Export Finance:**

- **Foreign Currency Import Finance against Packing Credit:** for pre-shipment requirements (FAPC)
- **Finance against Foreign Bills:** for post-shipment requirements (FAFB)
- **Foreign Currency Export Finance:** Dollar financing for pre & post shipment requirements (FCEF)
- **Foreign Bills Purchase:** for financing of export bills (FBP)



❖ **Import Finance:**

- **Finance against Trust Receipt:** for financing imported goods (FATR)

- **Finance against Imported Merchandise:** for financing imported goods (FIM)
- **Finance:** Dollar financing for import requirements (FCIF)
- **Letter of Credit:** for importing inventory & capital goods (LC)
- ❖ **Finance for Capital Investment:**
- ❖ **Demand Finance:** medium term loans for capital expenditure (DF)
- ❖ **Leasing:** for financing capital expenditure.
- ❖ **General Products:**
- ❖ Letter of Guarantee (LG)
- ❖ Bid & Performance Bonds
- ❖ Mobilization Advance Guarantees
- ❖ **Other Products and Services:**
- ❖ **Commercial Day to day banking:** There are a wide range of accounts and services to help you manage your money. We offer:
 - **Current Accounts:** Non-interest bearing account for your daily banking needs.
 - **Cash Management Services :** Giving you the convenience of cash handling.
 - **Habib Bank Easy Access:** Real time “online banking” at commercial centers for customers online transfer/deposit of payments.
 - **HBL E-Banking:** Habib Bank Limited has launched a product “HBL e-bank” which allows 24 hour access to accounts through internet banking, and PC banking.
 - **ATM:** Now, adding _____ more convenience, the customers can also use the ATMs  of other partner banks.

INVESTMENT ASSISTANT (IA):

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Investment Assistant has been created specifically to assist expatriate Pakistanis who are interested in investing in Pakistan. Using Commercial Banking as a platform, we will be providing information of legislative, regulatory and financial nature to prospective investors to help them setup their businesses in Pakistan.



Chapter#6

<http://studentslibrary.blogspot.com/>

New Knowledge Acquired

Truthfully speaking every thing was new to me in Habib Bank limited though I have a good Bookish knowledge but truthfully speaking it was totally different from the practical knowledge of the banking. But with the grace and able to learn every section of the Bank .I utilize all my bookish knowledge to get this practical

knowledge of All MIGHTY ALLAH I did a lot of hard and able to learn every section of the Bank .I utilize all my bookish knowledge to get this practical knowledge.

WHAT I LEARNED DURING INTERNSHIP

THE most important thing that I learned is that the difference between the behavior of officials.

Account opening section:

I spent the 1st three days in account opening section.

As the area where I did my internship ,the people are not well educated that is why whenever a person will come for opening an account than the manager referred that man towards me. Than I guide that man and the form of opening an account will be Filled by me and all the legal requirement are completed by me. In past the Habib Bank use and the old type of firm but now it Is using a new firm of opening an account. There were five sign Are required on old type of firm but now the new firm require

Only one side. Whenever _____ a person goes to open an account than _____
He need a person for introduction _____ who has an account in that Branch of the Bank.



CLEARING SECTION:

I also work in clearing section during my work I learned how to collect the different cheques of different Banks. then I learned how these cheques of different Banks mutually transfer. For mutual transfer everyday a meeting is held in NBP main branch bannu. The representative of UBL, ABL, BANK AL FALAH, BANK OF KHYBER, HBL was participating and thus mutual transfer of cheques were held. NAEEM sahib was the in charge of this section .he gave me a lot of attention.

REMITANCES SECTION

I also worked in remittances section .in remittances section I learned how to transform the money from one place to another place. In this section I learned ,

- 1: DEMAND DRAFT.
- 2: TELEGRAPHIC TRANSFOR.
- 3: ON LINE TRANSFOR.

On each transaction there is commission charged to the sender.

The commission of(D.D) is Rs; 130.

This charges is on the (D.D) up to 4lakh.

The commission of (T.T) is Rs175.

The commission of (O.T)is Rs 200.



Chapter # 7

SWOT Analysis

The acronym SWOT stands for a firm's internal Strengths and Weaknesses and its external Opportunities and Threats. The purpose of such analysis is to build on company's strengths in order to exploit opportunities and counter threats and to correct company's weaknesses. SWOT analysis is based on the assumption that if managers carefully review such strengths, weaknesses, opportunities, and threats, a useful strategy for ensuring organizational success will become evident¹.

Strengths and weaknesses typically relate to the internal environment of an organization, whereas opportunities and threats are brought about by the external environment of an organization. In the following section, both internal and external analyses of HABIB BANK LIMITED are outlined:

7.1 INTERNAL ANALYSIS

Internal analysis of a firm is the analysis of its strengths and weaknesses. Unless a firm has internal strengths and controls its weaknesses, it cannot take advantage of opportunities and escape threats which the external environment presents. Following are the main strength and weaknesses of HBL.

¹ Samuel, C. C. (1989). 4th edition, *Principles of Modern Management*. Massachusetts: Wm. C. Brown Publishers. p.143



7.1.1 Strengths

Strength can be defined as an area where a company is best at doing something or a feature that puts the company at an advantage in comparison to its competitors. MCB enjoys the following strengths:

- i. HABIB BANK is a well established bank enjoying long history of over 65 years of experience and profitable operation.
- ii. HBL was the first privatized bank that gives it an edge over other nationalized banks as it can develop any strategy consistent with the demand of market and free from any political or bureaucratic influence.
- iii. HBL is the largest private bank in Pakistan now and people trust is very high.
- iv. It has the largest branch network among private banks of Pakistan.
- v. HBL is the market leader in introduction of e-banking and it has the largest ATM network in the country.
- vi. The Bank's Rupee Traveler Cheques have been market leaders for the past six years.
- vii. HBL was rated the best domestic bank for two consecutive years of 2000 and 2001 by Euro money, a leading international publication.
- viii. HBL has forged strategic alliances with international banks for expanding its network further, both locally and internationally.
- ix. HBL has the ability to bring innovative products and services like personalized service, electronic funds Transfer, sophisticated financial products such as electronic banking, auto-teller machines and evening banking.
- x. HBL has been very effective in controlling costs as it successfully restructured itself after its privatization. During this process more than 1,600 employees were relieved under a golden handshake scheme and 110 branches were closed.
- xi. Excellent branches appearance gives an edge to HBL over other banks. The branches are well furnished even in less developed areas where other banks' branches give a poor view.



7.1.2 Weaknesses

A weakness is defined as an area in an organization where the organization is not as good at doing something as its competitors or a thing which an organization lacks thus putting the organization at disadvantage in comparison to its competitors. Based on the above definition, MCB has the following weaknesses.

- i. Mission of HBL is not well defined.
- ii. Though HBL is second largest bank in Pakistan, yet the fact remains that it is not market leader as NBP. Its total assets is always less than NBP total assets.
- iii. Now as it is a privatize bank that is why GOVERNAMENT support to HBL decreased as it was in past.
- iv. Employees at branch level are not properly motivated to work by heart. They take the all routine activities as a boring job.
- v. Most of the employees lack managerial training as they are not properly educated. Due to seniority, they have moved up on the hierarchy line to Grade-I, II or III positions having hardly bachelor degrees. This type of senior staff cannot apply the modern and innovative techniques of management in decision making.

7.2 EXTERNAL ANALYSIS

An organization has to monitor its environment constantly to keep up with new developments and changes in the environment. A change in the external environment may be either an opportunity or threat. In either case, the organization has to properly use it strengths to avail the opportunities and avoid or minimize the negative effects of threats. Following are the main opportunities and threats of HBL.



7.2.1 Opportunities

An opportunity can be defined as a change in external environment which if properly exploited with the organizational strengths will result in enhanced sales, market share, or income. Using its strengths, MCB can avail the following opportunities:

- i. HBL may enhance its Rupee Travelers Cheques (RTCs) sales by searching for new market niches.
- ii. It can introduce debit card system or may convert the existing ATM cards into a complete debit card.
- iii. New products like personal loans, mortgage and auto leasing and cash management which diversify credit risk and add to revenue generating products, are currently provided in big cities like Lahore, Islamabad, Karachi, and Rawalpindi, these products may be tested for success in other small areas of PAKISTAN in different provinces.
- iv. Developing network for electronic transaction require huge investment which can't be made all at once, there exists an opportunity for HBL to enter into agreement with other banks to use each other's ATMs which will result in an increased convenience to HBL customers and customers of other banks.
- v. As all around the world remittances of money are strictly monitored so as the money remitted may not fall in hands of so-called terrorists. for that all conventional money laundering through Hundies have been stopped, there is an opportunity for HBL to extend its branch network to various countries emphasizing mainly on introducing electronic fund transfer facilities.

7.2.2 Threats

Threat can be defined as a change in external environment which if not met with proper strategies will result in loss of revenues, market share, or income. In the context of MCB's external environment, the following potential threats exist:



- i.** The Rupee Travelers Cheque (RTC) sales volumes may be affected on account of regulatory restriction imposed by SBP on issuance of large value denominations.
- ii.** The frequent reduction on 6-month and 12-month Treasury Bills discount rates by SBP may create pressure on the banks profitability.
- iii.** The low discount rates are also negatively influencing the advances rates which may affect the banks profits from the other side.
- iv.** Foreign banks operating in Pakistan are playing a significant role by incorporating new technologies and providing better quality services thus creating a threat to the local banks especially to HBL which tries to develop core competence in electronic based products. Policies of privatization, foreign exchange reforms, and structural adjustments have increased the inflow of foreign resources through direct and portfolio investment. In trade financing, the role of foreign banks is even more significant, as approximately 30 percent of the total trade of the country is transacted through them. Major portion of the trade financing is for importers to establish letters of credit



Chapter # 8

PROBLEMS I SOUGHT

During my Six weeks stay in (HBL Preedy Gate Branch Bannu) I found various problems, which I think, so should be resolved for the better functioning of the Bank. Some of these problems are of such nature that their solution will help the Bank and its workers in coping in this complex world of globalization.

These problems are: -

- 1) There is a lack of on-line information in the Bank about the changes taking place in the world of Banking.
- 2) A customer cannot find any kind of journal or newspaper there.
- 3) Educated staff is there but they are not specialized in their respective field's e.g. accounting, finance and depositing etc.
- 4) In early days of month there is a great rush of customers, which cause inconvenience for the officer concerned and cashier as well.
- 5) Separate cabins are not available for the staff.
- 6) A separate counter for ladies is not maintained there.
- 7) After entering into Bank premises a customer wants to see and meet manager himself, (because of not having a separate room for him) which some time causes inconvenience for the manager.
- 8) Only one computer is available there, which is insufficient for the modernized functioning of the day.
- 9) No specialist in computer is there.
- 10) Messengers in the Bank are not quick in obeying the orders of the manager.



Recommendation I Propose

- 1) I will give following suggestions for the better function of the Bank:
- 2) The management should provide better arrangement for the employees.
- 3) The daily newspapers and journals should be provided to the employees and customers visiting there.
- 4) A separate hajj applications acceptance counter should be provided to overcome inconveniences faced by the customers.
- 5) A separate ladies counter should be there
- 6) The Bank management should be very careful while granting the loans.
- 7) Personal interests should not be given importance and customers
- 8) Personal credit worthiness must be carefully scrutinized public relation desk should be established in each and every branch for guidance as well as redresses of grievance of customers at the spot.
- 9) Online Banking should be introduced in all the branches.
- 10) Aggressive publicity campaign must be introduced through press and Electronic media for new products and scheme by initiating vigorous marketing policy.
- 11) New talent / professionals should be hired to cope with the competitive demand in the industry.
- 12) Information technology should be introduce in all the branches to enhance the efficiently.
- 13) The commission on government rashed enhanced / made rational to increase the Banks profitability.
- 14) The financial statement should be made more transparent and reliable.
- 15) Consumer financing should be initiated to capture the market share.

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16) Employee's induction,



promotion and transfer should

always be made on merit.

17) To motivate the employees their remuneration / salaries should be made at par with top tier Banks.



GLOSSARY

<u>Ciit:</u>	<u>comsats institute of information technology</u>
<u>D.D:</u>	<u>Demand Draft</u>
<u>T.T:</u>	<u>Telegraphic transfer</u>
<u>A/C:</u>	<u>account</u>
<u>O.B:</u>	<u>Other Bank</u>
<u>O.B.D:</u>	<u>other Bank Draft</u>
<u>P.L.S:</u>	<u>Profit and Loss Account</u>
<u>Dr:</u>	<u>debit</u>
<u>Cr:</u>	<u>Credit</u>
<u>C.A:</u>	<u>Current Account</u>
<u>F.L:</u>	<u>Flexi loan</u>
<u>L.G:</u>	<u>Letter of Guarantee</u>
<u>D.F:</u>	<u>Demand Finance</u>
<u>L.C:</u>	<u>Letter of Credit</u>
<u>R.F:</u>	<u>Running Finance</u>
<u>F.A.P.C:</u>	<u>Finance Against Packing Credit</u>



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- 13- Nasib zaman HBLPreedy Gate Bannu.
- 14- M Ali HBL Preedy GATE Bannu.

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