

## **BANKING HISTORY**

Banking In fact is as primitive as human society, for ever since man come to realize. The importance of money as a median of exchange. The necessity of a controlling or regulating agency or institution was naturally felt.

Origin of banking in the world as priests “**Trusted to Take case of Valuable**” Particularly goods and services.

In Britain 7<sup>th</sup> century Gold Smith flourished not only as person who could be trusted to keep deposit of Gold and silver for safe keeping.

In 1844 Bank Charter act promulgated by the Govt. by which all private bank were merged into Joint Stock companies.

Due to the veracity of resources of money bank have been placed in various categories such as

- Central Bank
- Investment Bank
- Mortgage Bank
- Commercial Bank
- Merchant Bank

## **INTRODUCTION**

The Bank of Punjab was established in 16 November, 1989 under. The Bank of Punjab act 1989. the first Branch which opened was the Main Branch Lahore. In 1989 BOP was mended as a non – scheduled bank on in the province of Punjab.

In beginning the main deposits were the government. Because it was opened to support the government of Punjab.

In 1994 the BOP was converted into a scheduled Bank it opened its Branches in all over the country.

To day they established 251 Branches all over the country as:

<b>CITES</b>	<b>NO. OF BRANCHES</b>
Province in Punjab	237
Islamabad	2
Queta	3
Karachi	3
A.J. Kashmir	3
Peshawar	3
<b>Total Branches: -</b>	<b>251</b>

The total numbers of staff of BOP is approx.

4000 most of the employees are master degree holder and are highly qualified and has working.

In the beginning the main area of procurement of deposits were the government – based organizations. The reason being that, it was opened to support the government of Punjab. It quickly expanded its operations in the city of Punjab by opening branches through out the province. Approximately one branch was opened a day. The strength of branches in the province of Punjab is 237.

In 19<sup>th</sup> Sept 1994 the Bank of Punjab was converted into a scheduled bank,

The permission being given by the Government of Punjab. After being converted into scheduled bank it opened its first branch in the city of Islamabad (Blue Area ) on the date 19<sup>th</sup> Sept 1994. now the total number of branches is 252. being towards the roads of prosperity and establishment BOP expanded its network throughout the country the details of branches are as under.

The total number of staff of BOP is approx. 4000. The staff of BOP is highly qualified and hard working. Most of the employees are Master degree holder. If we highlight the fact of network BOP is the 6<sup>th</sup> largest among both

the local & foreign banks, in the last years ratings it was at 7<sup>th</sup> position among the top ten banks in Pakistan.

Bank earned a pre – Tax profit of Rs. 124.739 million and the deposits of the Bank Rs. 15,014.100 million as on 31-12-1999.

The Bank's paid-up capital in 1999 Rs. 851.880 million.

Macro economic management is the major concern of an economy. In Pakistan over a long period of time, the gaps in saving and investment and balance of trade deficit have become the serious problem to achieve the desire level of growth.

The Bank of Punjab by the grace of ALLAH has the privilege to discharge its responsibilities to words national progress and prosperity with in the little period if its scheduling.

## **CORPORATE OBJECTIVES**

### **MISSION STATEMENT**

To provide a Comprehensive range of financial and related services and so earn profit.

### **GOALS**

To achieve this objective the bank aims to:

- Ensure that its performance in all facts of its operations more than matches that of its competitors.
- Maintains a comprehensive range of domestic and international activities.
- Maximize contributions from its key sources of personal machines brands representation and capital.
- Be innovative progressive and the need of its customers with in the frame work of operational and prudent risk taker.
- Act as a reputable efficient and responsible organization.
- Pursue personal policies which recognize the aspirations and performance of individual and which are suited to the devise levels of skills.

**SEGMENTATION ANALYSIS GEOGRAPHIC SEGMENT**

Dividing a market into different geographical units such as nations states regions, countries, cities.

The bank of Punjab also segment the geographical in Pakistan specially by sector and by business and agricultural community.

**ANALYSIS**

Geographically segmentation Pakistan in 1999 as.

Profit before tax	Rs. 124.739(M)
Total Assets employed	Rs. 18214.154(M)

Segment by business class and agriculture.

Bank of Punjab specially target to the business commodity and agriculture because the mostly business based on agriculture so they are related to one an other.

**SEGMENT BY CLASS & BUSINESS**

<b>S. No.</b>	<b>Class of Business</b>	<b>Deposits %</b>	<b>Advances %</b>
1.	Agri Forestry & Fishing	0.56	11.39
2.	Chemical	0.05	2.54
3.	Food Industry	0.37	1.37
4.	Insurance	0.07	0.00
5.	Cement	0.09	8.70
6.	Textile	0.23	22.88
7.	Mining	0.07	0.00
8.	Manufacturing Industries	0.60	9.72
9.	Real Estate Dealers	2.17	0.00
10.	Services	1.20	0.00
11.	Transport	2.78	2.98
12.	Wholesaler & Retailer	4.92	8.22
13.	Financial Institute	4.53	5.74
14.	Electricity	0.78	4.64
15.	Construction	0.57	1.94
16.	Trust	1.19	0.00
17.	Others	79.82	19.92
<b>TOTAL: -</b>		<b>100.00</b>	<b>100.00</b>

**SEGMENT BY SECTOR**

Bank of Punjab segment the moral the sector to inc the range and share of the market and they divided into two sector p

<b>S. No.</b>	<b>Sector</b>	<b>Deposits % age</b>	<b>Advances % age</b>
1.	Public Investment	33.77%	5.42%
2.	Private Investment	66.23%	94.58%
	<b>Total : -</b>	<b>100.00%</b>	<b>100.00%</b>



## **SOURCE OF BANK**

The bank of Punjab release funds for the purpose of his business from the following sources.

1. Capital
2. Reserves
3. Liquid Assets
4. International Bank
5. Enter Bank
6. Deposits

### **1. Capital: -**

The main source of fund realization of the BOP is its own capital. The bank use its capital for the purpose of investment, lending and other activities to earn profit.

### **2. Reserve Fund: -**

It is the rule of the BOP that when they earn profit. He does divided whole the trading profit some portion of such profit which are undivided profit are keep as reserve by bank.

### **3. Liquid Assets: -**

The bank required to maintain a liquid assets as instruction by State Bank of Pakistan percentage. So this amount also use as funds.

### **4. International Banks: -**

The bank of Punjab also borrow money or realize funds from international banks to meet their requirements.

### **5. Enter Bank: -**

The Bank of Punjab also deal or release funds from other banks like.

- ❖ Habib Bank Ltd.
- ❖ Muslim Commercial Bank Ltd.
- ❖ UBL
- ❖ NBP
- ❖ Premier Bank Ltd. Etc.

## **FINANCIAL POSITION**

### **i) Total Assets: -**

Total assets employed RS. 18214.154 million as on 31 December 1999 as compare to 1998 RS. 19886 million.

**ii) Advance: -**

Of RS. 39.273 million for the year 1998. The clearly indicates the improved performance of the Bank during the year 1999. advances stand at RS .6150. 648 million showing an increase of 10% over the year 1998.

**iii) Investments: -**

Investments were at RS.4990.619 million at end of year 1999. Which from 6581 million as shown in 1998.

**OPERATION**

As the year ended December 31,1999.the banks pre-division and pretax profit was RS.205.96 million as against a profit

**FOREIGN TRADE & FOREIGN EXCHANGE**

During the year under the review , the foreign exchange business of bank registered a steady growth . the foreign currency deposit rose by 144 per cent and the number of foreign currency account registered an increase of over 102% . import and export business rose by 20% the number of authorized branches dealing in foreign currency has also grown to 34 as compared to 22 branches of proceeding year.

To provide the Bank's Customers with a range of services , we have concluded agency arrangement with a construction and real estate business

7.80 per cent ,textile industry 5.93 % ,services industry 7.42 per cent and other miscellaneous sector 24.54 per cent

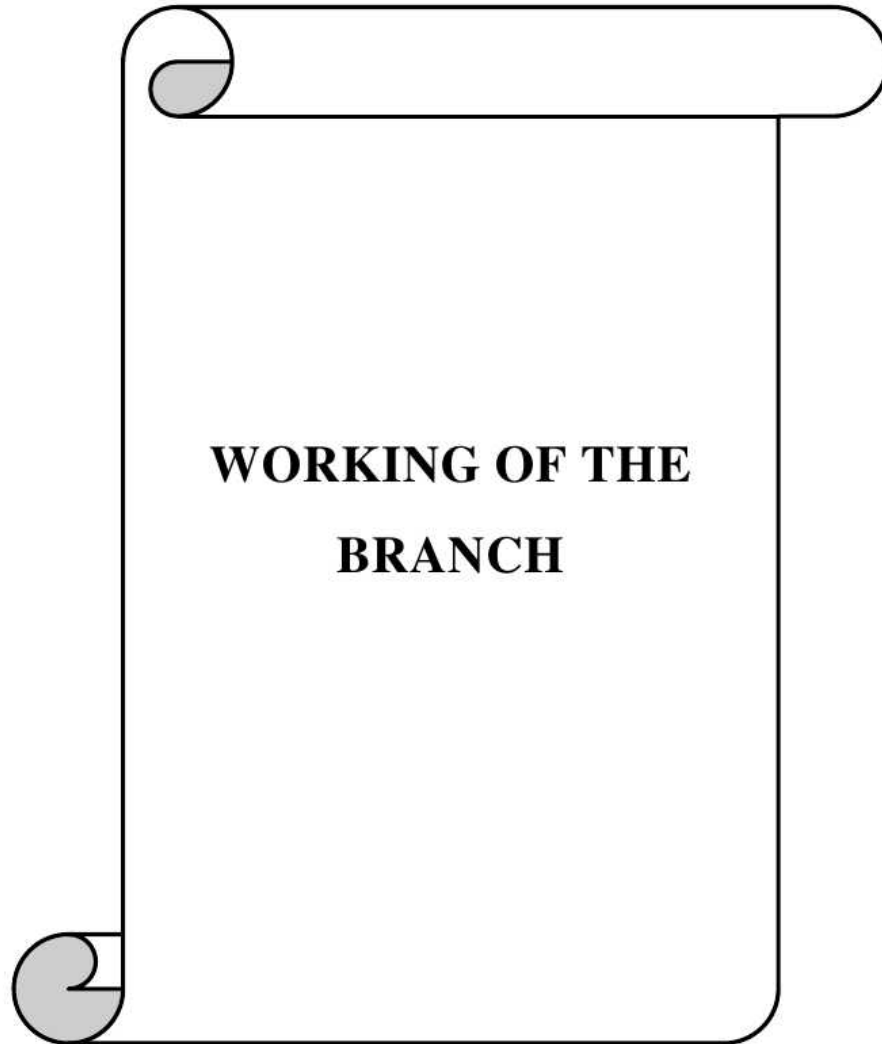
### **FOLLOW-UP & RECOVERIES**

The year 1997 has been a remarkable year for the recovery and regularization of problematic finances .besides adopting State Bank of Pakistan's incentive scheme for loan defaulters, voluntarily ,strenuous efforts were also made to retrieve banks precious assets ,which showed healthy results. We hope to achieve better results future.

### **FUTURE OUT-LOOK**

In the wake of various bold and revolutionary measures initiated by the government to restructure and revive the economy, it is expected that different economic sectors would shortly start registering the desired growth. In this era of revitalization of economy, the Bank of Punjab with all its resources is well prepared to play a vital role in achievement of goals of national importance.

Lastly, I would like to avail this opportunity to express gratitude to the bank's staff and clients for their support and cooperation for the preparation of this report.



## **CASH DEPARTMENT**

### **JOB SPECIFICATION**

#### **Working: -**

The main purpose of cash department is that it deals in money. As bank is borrowing and lending institution, therefore cash is the top most priority of Bank. Another aspect is that cash department is for the security purpose, security in a sense that there should be no embezzlement of funds or in money leaded to bank by any party or person. The efficiency of bank is also related to this department the more efficient the bank is the more strong and busy is the cash department. Cash department is divided into two i.e.

#### **Receipts: -**

The receipts side deals in

- \* Collection of funds.
- \* Acceptance of deposits.
- \* Collection of utility bills.

### **PAYMENTS**

The payments side deals with

- Payments of check
- Remittances.

## DEPOSIT

### JOB SPECIFICATION

#### Working: -

It refers to the money received by bank from people, parties, institutions etc. The Bank keeps these funds. People keep these funds with bank because of following purposes:

- \* Security
- \* Profit
- \* Gifts Schemes
- \* Proper usage of funds

Mostly the bank keeps these funds in two shapes i.e.

- \* Current A/C
- \* Profit & Loss A/C

There is no profit on current A/c and there is no limit of transactions. There is a facility of credit also available that is running finance on current account. As there is a percentage of profit gives on PLS saving A/c and the number of transactions are limited upto 7 in a month.

The rate of interest on PLS Saving A/c is 6%, other list of interest is given below.

## **ADVANCE DEPARTMENT**

### **JOB SPECIFICATION**

#### **Working: -**

Advances department deals in following transaction.

1. Preparation and submission of proposals of Running finance, Cash finance, Demand finance, Export finance, Staff finance, Finance against imported merchandise etc for sanction of finance limit from the hire authority.
2. Preparation and posting of vouchering of all type of finance.
3. Accruals & recovering of Markup on finances on periodical basis.
4. Approval of transfer of funds through DD-TT, PO, MT, IBCO etc to various branches by debiting the limits.
5. Preparation of weekly, monthly, quarterly, and annually statement to the hire authority.
6. Transfer of funds from one account to another account of the party taking the authority letter.
7. Preparation of advances record.
8. Timely submission of returns/reports, daily, weekly, monthly & quarterly.



9. Checking of computer outputs of the department on daily basis.
10. Balancing of all financing heads.
11. Maintenance of Stamp on hank & Balancing.
12. Recovery of finances Installment.

A statement is prepared for the purpose of calculating average rate of markup on different finances.

### **ISSUING OF L/G**

Bank issues guaranties on behalf of its customers, whenever customer's wants to complete a project.

### **PRODUCER OF ISSUING OF L/G**

When a limit of L/G is approved by the bank authority counter guarantees form I-B 30 is signed by the party. On the next stage the bank kept cash margin on various percentage. Or on the requirement of party T.D.R. are issued equal to cash margin on the requirement of the party. However commission the rate of 0.40% per quarterly are kept oat bank. Or on the approved rate of commission by the authority is recovered from the party.

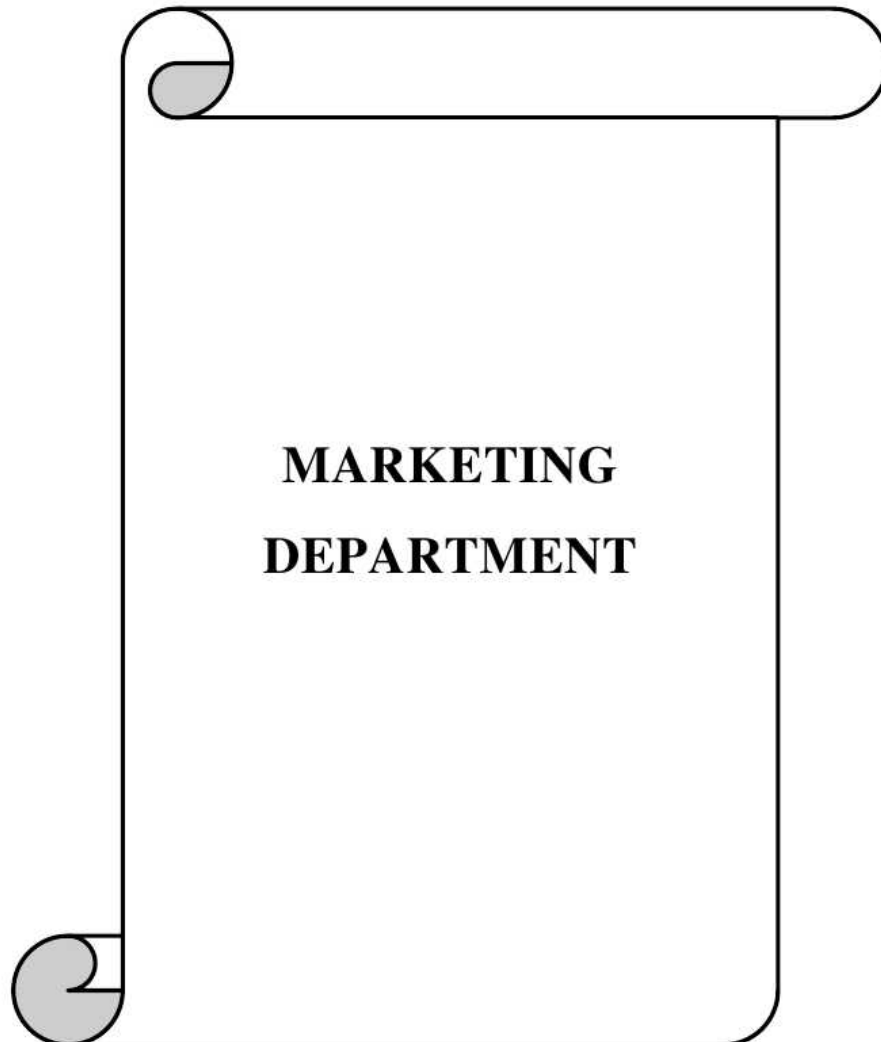
## **CUSTOMER SERVICES DEPARTMENT**

### **JOB SPECIFICATION**

#### **Working: -**

1. Receipt of Cheques from customers.
2. Preparation of transfer delivery /clearing.
3. Maintenance of clearing proceed account.
4. Preparation and realization of OBC
5. DD payable advises posting and vouchering.
6. Early settlement of DD-II entries.
7. Balancing of DD payable.
8. Payment of DD/TT/MT's & vouchering.
9. Pak account reconciliation
10. Correspondence relating department
11. Filling of respective Deptt.

Any other duties assigned by the AVP/AGM operation or manager customer services.



## **MARKETING DEPARTMENT**

The marketing department of the Bank of Punjab doing wonderful job. Because of competition in market there are may other Bank is exiting in the market at that time Bank of Punjab also run a marketing campaign specially in cotton balt for limit from Ginner & Oil Miller.

Bank of Punjab use a marketing strategy with different way and different scheme.

## **UTILITY SERVICES**

Keeping in view the difficulties faced by the general public BOP has taken the initiative to provide service for collection /receipt of utility bills on behalf of WAPDA, Sui Gas ,Paktel ,Instaphone and WASA from 9.00am 4.00 p.m. all the branches through out the countries are observing this practice to ease the long queues lined –up at the counters of banks.

## **COMPUTERIZATION/MODERNIZATION**

In order to keep up with the pace of innovation the information industry; the bank has launched its Web site. Readers can view our web page and covers with the management and can also send their queries /suggestion on the E-mail at the address given on the last page .

The bank of Punjab has also planned to complete its branch automation through computerization for its major working branches at the end of the year 1998. So far 29 branches have been computerized. The treasury at Karachi has been linked with our head office through on-line system exclusively designed developed for eliminating the communication gap. 'REUTERS' information system has been installed at international division to maintain track record of foreign exchange and currency fluctuation. In order to safeguard the interest of depositor, close circuit TV cameras have also been installed at all the main branches of the bank.

## **PUBLICATIONS**

The Bank's biannual magazine 'Pakistan Banker' is expanding the circle of its acknowledgement. Owing to the diversity of topics and literal standards of material, the magazine has won top awards of best publication in the country. The Bank's monthly in house Newsletter serves as a source to develop a close intra-institutional association.

## **HUMAN RESOURCES AND TRAINING ACTIVITIES**

The Bank of Punjab avails a rich and diverse human resource potential. In addressing the need for upgrading the academic and professional expertise of staff upto the current day's requirements, the

Bank's training institute has played an important role. During 1997, training was imparted to 74 officers; management and other miscellaneous courses were organized for 62 officers and refresher courses were arranged for 408 cash officers.

Keeping in view the importance of foreign exchange business and dearth of expertise in the field of Forex Banking, we have redoubled our emphasis on education and training in the field of foreign exchange. In the year 1997, a series of courses were arranged to impart necessary skills and expertise to the staff under the supervision of senior executives.

**PLS SCHEME**

Monthly Income Scheme	12% PA
Prize saving scheme on O/S balance	5% PA

**SAVING PLUS ACCOUNTS**

Rs. 5000 (m) above but between 10000	7.75%
10000 – 50000	8.50
50000 - 100000	9.25
100000 – 250000	9.75
250000 above	10.50

## HEAD OFFICE STRUCTURE

