

Internship Report on Alternate Channel And Payroll Banking



Prepared To:
Muhammad Intisar Alam
Lecturer,
BRAC Business School

Prepared By:
Md. Sayeedur Rahman
ID: 07304082
BRAC Business School



BRAC University
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MD. SAYEEDUR RAHMAN



BRAC University

Date: December 15, 2011

Muhammad Intisar Alam
Lecturer,
BRAC Business School
66, Mohakhali C/A
Dhaka-1212

Subject: Submission of Internship Report

Dear Sir,

It is pleasure to submit the internship report on Alternate Channel under Consumer Banking of Standard Chartered Bank which has been prepared as a part of partial fulfillment of BBA degree. I have tried my level best to follow the guidelines that you have provided. The whole experience of this Internship Program enabled me to get an insight into the real life situation.

I have enjoyed preparing this report and I also thank you for giving me the opportunity to work on this project.

Finally I would like to thank you for valuable guidance & supportive thoughts in preparing this report. I will be grateful for any clarification when require. I strongly hope & believe you will be kind enough to approve this report.

Thanking you

Sincerely yours

MD.SAYEEDUR RAHMAN
ID: 07304082
BRAC Business School
BRAC University

ACKNOWLEDGEMENT

Successful completion of any report of internship requires help from a number of persons and as a student; I have also taken help from different people during preparation of this report. First of all, I would like to thank Almighty Allah. Then I express my sincere gratitude to my honorable supervisor Muhammad Intisar Alam,

My warmth gratitude goes to many people whose affable co-operation and advice helped me a lot bringing my endeavor into realization. My heartiest thanks goes to Mahmud Azad Robin, Manager, Operational Risk Shared Distribution Consumer Banking Standard Chartered Bank, who assist me to prepare and submit this report.

MD.SAYEEDUR RAHMAN

TABLE OF CONTENTS

Executive Summary	v
Organization Part	
1.Introduction	
1.1 Starting	1
1.2 Limitations	2
2. The Organization	
2.1 Standard Chartered Bank	3
The Operational Structure of SCB(Organogram: 1)	4
2.2 Consumer Banking Division Of SCB	5
2.3 Deposit Management & Employee Banking.	5
Organogram : Internship Department at a Glance	6
3. Literature Survey	7-11
4. Payroll Banking	
4.1 History of Payroll Propositions	12
4.2 Process Flow	13
4.3 Convenience of Salary Disbursement	14
4.4 Payroll Savings Accounts	15
4.5 Cards Facility	17
4.6 Payroll Loan Products	19
4.7 Islamic Banking	22
4.8 Charges & Interest of Payroll Products	24
4.9 Priority Banking with Payroll	25
4.10 Employee Banking Value Pack	26
4.11 Alternate Channels for Payroll	27
5. Comparison	
5.1 Comparison with Competition	28
5.2 Competitor Landscape	30
6. Internship at SCB	31
7. Recommendations	
7.1 Recommendations	33
7.2 Conclusion	34
References.	34

EXECUTIVE SUMMARY

Payroll Management is the administration of the financial record of employees' salaries, wages, bonuses, net pay, allowances and deductions. Payroll involves the calculation of amounts due to the employees, such as hourly wages, a salary consists of a certain amount per calendar period, or pay to salespersons on commission, as well as reimbursement for employee-paid expenses such as travel, medical, education. The payroll management service has become a vital part of any company to satisfy its employees. Many banks now offer payroll processing services. It is user-friendly, gainful, highly secured, less expensive, easier to get loans, and it takes less time to see all information in one website when payroll accounts are opened in a bank. But it is a matter of taking decision on whether to choose a bank for payroll service or a large specialized firm. In Bangladesh, several banks are offering payroll services for the employees working in different organizations. Having been considered *Standard Chartered Bank* is one of few banks which offer a comprehensive set of benefits and services to keep employees satisfied with their workplace. The bank is not only the leading foreign bank of the country but also one of the few banks that have revolutionized the banking service industry through adoption of modern technology and process with a view to enhancing customer satisfaction. Payroll Management Services is one of such technological advancements which are comprised of salary accounts, interest rate on salary amount, loan facilities, credit card shopping and debit cards, alternate banking etc. The popularity of payroll specialized services has been increasing since its initiation in this country as a great number of companies have already been registered with the bank and many more are coming up.

1.1 INTRODUCTION

In today's world there is a saying, "*The biggest thrill wasn't in winning on Sunday but in meeting the payroll on Monday*". Payroll Management is the administration of the financial record of employees' salaries, wages, bonuses, net pay, allowances and deductions. Payroll involves the calculation of amounts due to the employees, such as hourly wages, a salary consists of a certain amount per calendar period, or pay to salespersons on commission, as well as reimbursement for employee-paid expenses such as travel, medical, education. The payroll management service has become a vital part of any company to satisfy its employees. Many banks now offer payroll processing services. It is user-friendly, gainful, highly secured, less expensive, easier to get loans, and it takes less time to see all information in one website when payroll accounts are opened in a bank. But it is a matter of taking decision on whether to choose a bank for payroll service or a large specialized firm. In Bangladesh, several banks are offering payroll services for the employees working in different organizations. Having been considered *Standard Chartered Bank* is one of few banks which offer a comprehensive set of benefits and services to keep employees satisfied with their workplace. The bank is not only the leading foreign bank of the country but also one of the few banks that have revolutionized the banking service industry through adoption of modern technology and process with a view to enhancing customer satisfaction. Payroll Management Services is one of such technological advancements which are comprised of salary accounts, interest rate on salary amount, loan facilities, credit card shopping and debit cards, alternate banking etc. The popularity of payroll specialized services has been increasing since its initiation in this country as a great number of companies have already been registered with the bank and many more are coming up.

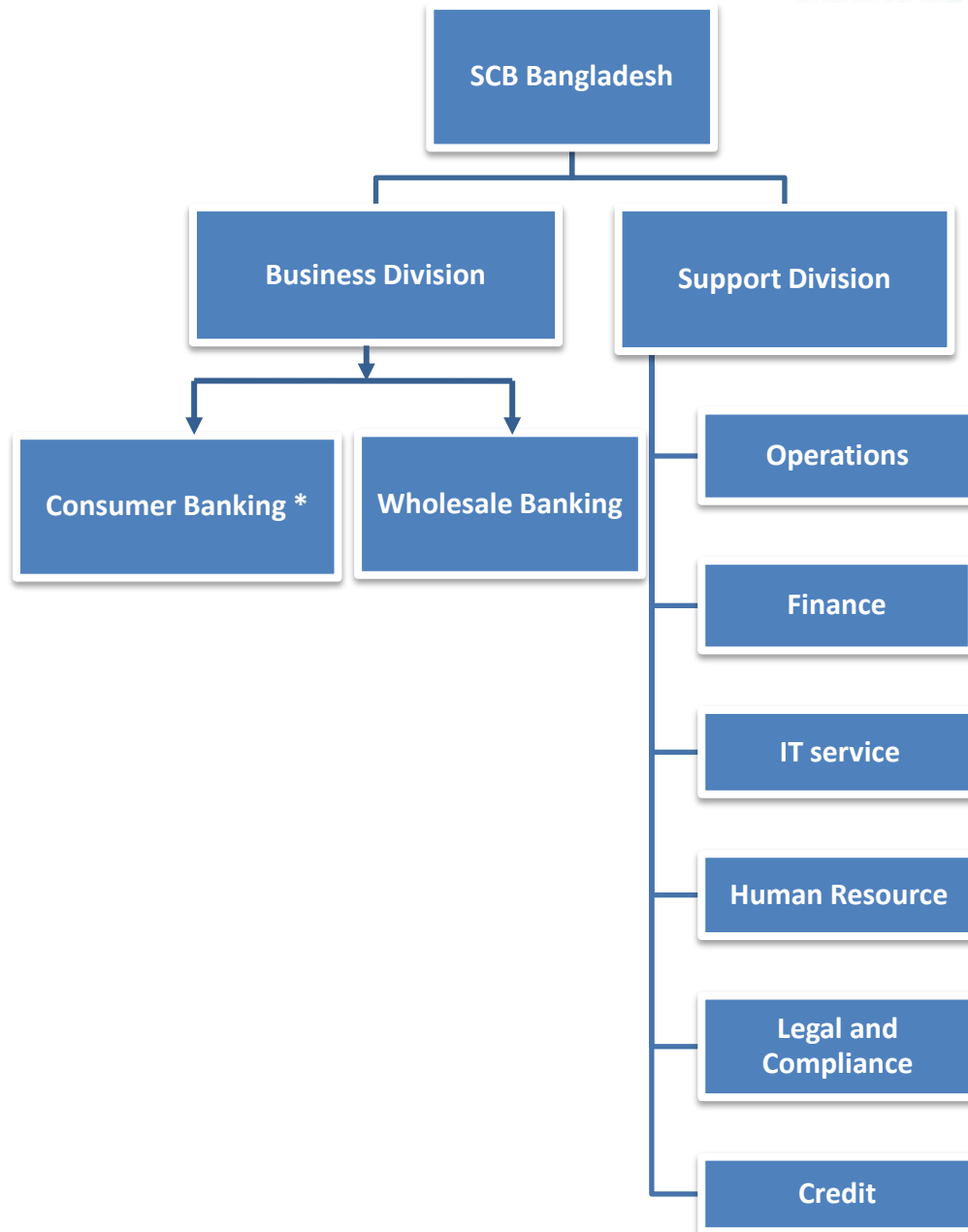


1.2 LIMITATIONS

- ▶ Few data were to be hidden and being an intern, it was less possible to get into more confidential parts of “Employee Banking” for report writing purpose.
- ▶ The knowledge is quite limited over the complex issues pertaining to deposit management, rates, profitability and how they are calculated considering the market situation etc.
- ▶ The competitive analysis was more crucial than the other part since the required data were unavailable at the time of working with report.

2.1 STANDARD CHARTERED BANK

Standard Chartered Bank is a 150 -year's old bank headquartered in UK and operating in more than 70 countries in the world. It has a 100-year's history of banking in Bangladesh. Today the bank is not only the leading foreign commercial bank but also a bank with superior quality services. It was in 1948 in the then East Pakistan Period the bank started its operation in Chittagong city. After a long fifty years of operation in 2000 it acquired ANZ Grindlay's Bank and later on took over American Express Bank's shares in 2006. Thus it has become the largest foreign bank in this country with 26 branches in 6 cities, 84 ATMs, 16 Financial Kiosks and employing over 1300 people. Currently, it provides Consumer Banking, Wholesale Banking, SME Banking, and Islamic Banking which ranges from Personal & Corporate Banking to Institutional Banking. Over the years it has gathered extensive knowledge on local market and economy as a whole. It is also upgrading newest technology and security systems with greater privacy over third party invaders. One such example of their efforts to stick towards changes in technology is the Phone banking, I-banking, e-Lending services offered to clients. The bank is also committed to the society and its **"Seeing is Believing"** campaign shows their commitment in eye-care to the unprivileged people of Bangladesh as a part of CSR activities. At Standard Chartered, they are committed to be here for people, here for progress, and here for the long run – **"Here for good"**.

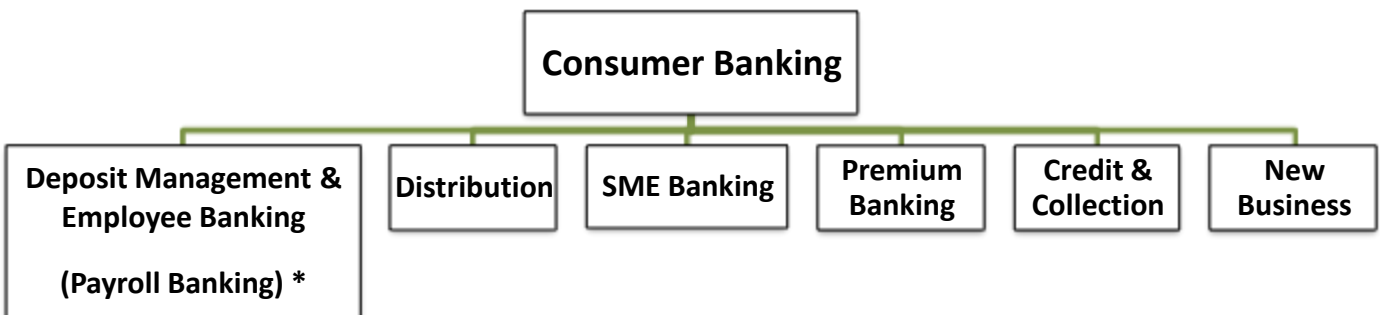


Organogram 1: The Operational Structure of SCB

(* Discussed Division)

2.2 CONSUMER BANKING DIVISION OF SCB

Under Consumer Banking division superior retail banking services are offered to individual customers such as a wide range of deposit and loan products. The different functional units under this division constantly faces challenges and meets them by developing new products and services to fulfill the client requirements in a timely basis. The following graphic is the six different parts of Consumer Banking:

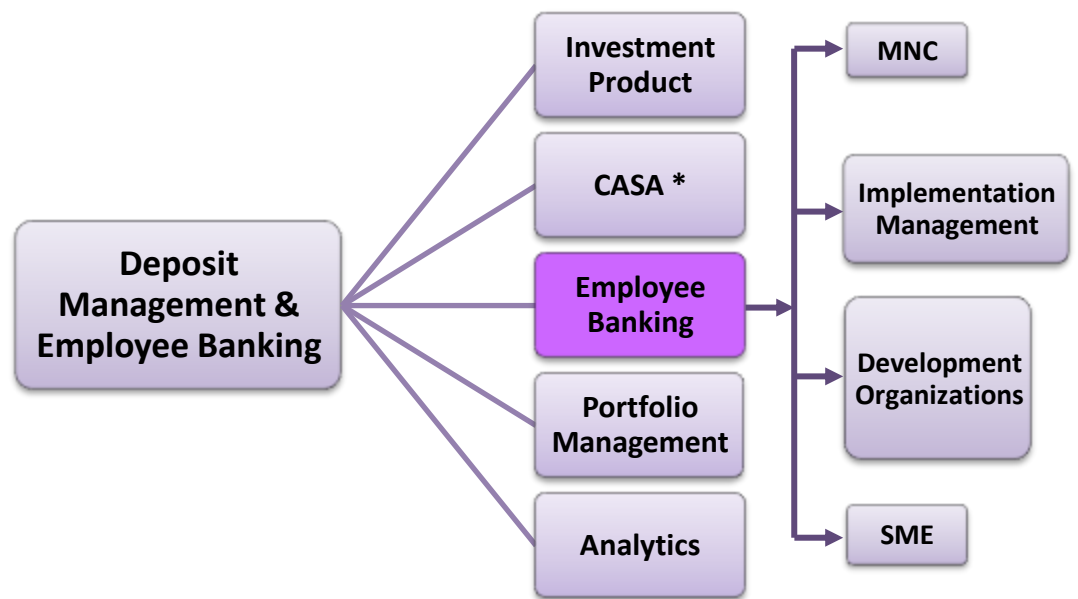


Organogram 2: Consumer Banking Functions (* Previous Name of Employee Banking)

2.3 DEPOSIT MANAGEMENT & EMPLOYEE BANKING

This department is one of the functional areas of consumer banking division. One of the main functions of banks is to accept deposit level from the surplus unit. Deposits may be fixed, saving and current etc. Deposit Management works for making sure that it will be able to repay the deposits to the respective customers when they claim for it. Payroll Banking is another activity of this department which deals with employee salary accounts to grow deposit. It has unique features based on the personalized banking services by offering superior-value-proposition. Today Payroll is no longer a term for this bank. The name has been changed to Employee Banking from Payroll Banking with a view to having similar team name around the world.

Together the department helps grow the overall deposit base in order to provide loan services. The Payroll Banking is being changed continuously to serve the enlisted companies. The companies can rely on their service quality once the employee accounts get opened. In today's economic set up there is nothing like a bank's service to manage salaries. In fact it is a great way for the employers to keep their employees satisfied and motivated.



Organogram 3: Internship Department at a Glance

(* CASA = Current Accounts & Savings Accounts)

3.1 LITERATURE SURVEY

The internship report titled “*Payroll Management Services of SCB*” is a unique topic to work on since in Bangladesh no such article or report was written and published previously. It is the first time for a student to work on Payroll Service provided by this renowned multi-national bank. After a careful and meticulous study on Payroll Service it was found out that mostly large firms are offering this service worldwide. A few banks in Bangladesh is offering payroll. Mainly the convenience for a customer is not to visit a firm for the maintenance of salary amount. A bank on the other hand is specialized in deposit management which includes interest rates on salary accounts, loans on it, credit cards and debit cards etc. The report is written in details covering each and every product that can be availed by opening a payroll account with SCB.

What is found out after doing literature survey in the BRAC University Online Library Database is discussed below:

Article 1: Bank of America Offers Online Payroll Service

Gurliacci, D (2006) wrote an article on online payroll service provided by Bank of America. The bank started its operation in June, 2006. The service is applicable for a company who has maximum 20 employees. Mainly, the service is free if the pay cheques of all employees are deposited directly into the bank but charged \$5.00 if he has not any account with that bank. If there are more than 20 employees and if they are not paid direct deposit to the bank account will be charged \$2.00 to them. If a business has employees residing in more than one state, there is a \$12 per month fee for each additional state. There is no need to download and install any software for this service. The bank will send email reminder when payroll is due. The service automatically enters voluntary deductions including health insurance premiums and retirement plan contributions calculate employer contributions as applicable. Bank of America offers \$25 bonus for both the employers and employees who open a new “personal checking account” with them. There are tax deductions in the service also. The bank offers assistance by telephone and email as well as particularly helpful online chat option.

Article 2: Redding Bank of Commerce Announces Purchase of L&L Payroll Service

This California based bank has purchased *L&L Payroll Service* recently. The Payroll Service Provider was established in 1998 in Redding, California and has been offering complete payroll and labor cost management with direct deposit and online access to local small businesses with 1 to 100 employees. Since it has 13-year experience in payroll management services, Redding Bank has acquired the firm as its business partners. Now the bank offers a full line of payroll solutions for all size businesses including time and attendance programs, automatic tax services, free direct deposit, customized reporting, workers compensation tracking.

Article 3: Should You Be Doing Your Payroll Online?

It is always effective to use small-business accounting software to manage payroll than to do it by hand. A company that is searching ways to operational efficiency should go for online service after considering the below mentioned factors:

▶ Time

A company has to find out how much time it spends on payroll each week. Once online payroll is set up, the total time spent on payroll gets reduced to serve in a better way.

▶ Minimal Need for Input

The set is very easy where it needs only a few numbers to get started.

▶ Accuracy

There is no chance of error as long as all work hours per week and respective rates are given correctly.

▶ Easy Reporting

Through this service an employer can know the payroll liabilities, overall cash position of the company.

▶ **Employee Access**

Each employee is provided an account with user name and password via which he can have a view on payroll details of his job.

Article 4: Choosing a Payroll Service Provider

Basso, Robert (2001) in his article tagged for payroll suggested how to outsource payroll service and what to consider when a payroll service provider is to be selected. For many years payroll service providers have been offering more and more added features to payroll. The option to choose a firm to outsource this HR function is a matter of concern. The following questions needs to be answered in order to outsource payroll:

▶ **What is their track record?**

In addition to conducting traditional methods of doing research, companies should review complaints and search for media coverage. Their past record is to be found out before selecting a payroll service firm.

▶ **Who are their clients?**

A payroll service provider is judged on their client list. It brings a clear idea about that firm whether they can manage the same sized company well or not.

▶ **Are they keeping up with technology?**

It is to be reviewed that the provider is keeping up newer technology. Up-to-date providers offer more adaptable, scalable software and data storage system to match.

▶ **Will they provide personalized attention?**

Most companies want to know the personal financial information from any service. The best way to know is to look for *client-to-service representative ratio* and total number of *Certified Payroll Professional (CPPs)* on its staff. A good company will have 80% of customer service staff who are professionally certified.

▶ **Are they competitively priced?**

A service provider which offers low rates today with a wide range of pricing schedule is lack of surviving for long run than a provider with expandable and scalable service with competitive rates.

Findings

- ▶ Being a bank it is a different experience to do payroll banking than that of merely payroll service firm. A firm may have long years of experience in performing HR functions but is lack of managing salaries after making some proper investments in secure assets. It is very safe to keep salary in a bank deposit so that the return may be higher and with it bundled services can be provided to a company via salary accounts. Standard Chartered has been leading the payroll business of banks in the country since its initiation in 2004.
- ▶ In contrast with *BoA Online Payroll Service*, SCB is sophisticatedly offering easy payroll service for absolutely free. The charge based on total number of employees is excluded here. The alternate business modes like SMS Banking, Online Banking all are free of charge. To compare it can be said online banking facility is not meant to calculate total wages, compensations etc to an employee at SCB Payroll Service. It merely provides salary account and deposit related services to all. BoA doesn't have any mobile banking facility. On the other hand, SCB has life, home and vehicle insurance premiums not only health insurance. SCB payroll banking doesn't deduct tax obligations by an individual.
- ▶ Compared to *Redding Bank's* payroll service, SCB has not purchased any such specialized firm to provide solutions. Moreover SCB is providing salary accounts bundled with regular banking needs, not the human resource function of other companies. The purchase of *L&L Payroll Service* has brought a cost-effective way to serve people. With the help of the service firm the bank can now offer comprehensive payroll management services. But SCB looks for managing total salaries of the companies only which are ways of growing deposits.

- ▶ The online payroll service of Standard Chartered Bank is totally different than this as it is not performing any such function to calculate weekly total wages or salary. An employer can pay salary via online instruction; an employee can view his overall account and print bank statement. So considering all factors that help create an effective payroll management Standard Chartered Bank has initiated online banking service earlier. The bank's online payroll service provides an employee to view his account from anywhere in the world after logging in.

- ▶ Having opposed to a payroll service provider's client-to-service representative ratio, Standard Chartered Bank has dedicated sales team and relationship managers for multi-nationals, NGOs, locals, SMEs. Apart from that in each branch, relationship officers are appointed to provide payroll services to the nearest located enlisted company. Since a bank can manage funds more easily and efficiently it is advisable for a company to be enlisted with a bank for managing cash. The bank has accepted newest technology in providing payroll service too. Against all of these services a competitive pricing rate has been scheduled. The interest rates on savings accounts are also competitively charged.

4.1 HISTORY OF PAYROLL PROPOSITIONS

Dated back in 2004 when Standard Chartered Bank started its special service for the maintenance of salary accounts. It was known as *Corporate Executive Pack (CEP)* in which the attributes of products and services were offered. Later in 2006 the package got changed and the new offer was named as *Payroll Banking*. After that the package was modified and segmented for the purpose of providing segmented products to the companies. In February 2011, the team put a new look and since then called as *Employee Banking*. It can be inferred that there were several major recommendations, modifications and propositions to serve in the best way. There are differences in the new payroll offer with the old one that are discussed in a chart:

Topic	Previous Payroll Propositions	New Payroll Propositions
Segmentation	Previously it was viewed as product offering. No segmented approach was proposed. As a result company qualifying criteria were complex and only one common offer was for all the companies. There were no service proposition, dedicated sales team and even relationship managers for them.	It is segmented and four categories are introduced. For each category competitive service and products are offering. Some dedicated sales team and relationship managers are there to help each category.
Products Offered	One single product was offered to the companies as a whole and the rates and schedule of charges were also common to all.	In the new offer bundle of products are offering including CASA, Credit Cards, Debit Cards, Auto Loan, Personal Loan and Mortgage Loan etc.
Competition	Since the offer was not segmented and viewed company wise there were nearly no competition in the then market.	New offer can be differentiated from the other banks' offers as it is a complete approach to serve companies. Therefore strong competition exists.

Table 1: Payroll Proposition (Old vs. New)

4.2 PROCESS FLOW: OPENING PAYROLL ACCOUNTS

Step 1: For opening payroll accounts, potential companies are initially approached with a “*Letter of Interest*” issued by the Wealth Management VC. A draft proposal of “*Payroll Offer*” is also sent along with this letter.

Step 2: After that concerned official of the said organization then sends a letter, with salary structure of all employees, requesting to open payroll accounts.

Step 3: The eligibility of the mailed organization to open accounts is judged based on the declaration made that organization. After analysis if the organization is deemed to be eligible then payroll sheet is prepared. Minimum total *Employee Size* is **30** and *Payout* is **BDT 15000**.

Step 4: When the approval from all the signatories are taken, two copies of the proposal of “*Payroll Offer*” is also prepared. Next these copies are sent to the organization. The designated person signs the acceptance for the organization in both the copies. One copy is retained back by the organization and the other is sent to the SCB.

Step 5: Salary accounts for the employees of that organization who meet the criteria will be opened after the receipt of the agreement copy. Existing accountholders need not to open a new account. The concerned official of the organization will send a list of employees including existing and non-existing accountholders.

Step 6: Signed agreement copies will be sent to related units such as CSU, CCU etc by the payroll team. The original copy will be filed under the organization name and kept in the locker by payroll team.

Step 7: Whenever a new agreement is signed, a new company is added, it is the responsibility of payroll team to update the “*Payroll Database*”. Two lists are maintained: a) List of Payroll Companies & b) List of companies under review.

Step 8: The companies’ list under Payroll segment will be sent to all related units every month and also whenever any changes are made.

4.3 CONVENIENCE OF SALARY DISBURSEMENT

There are three different ways a company can pay salary to SCB. These are described below:

1. Straight2Bank (S2B)

In short S2B provides an employer with a convenient salary payment module as well as a comprehensive range of transaction initiation options. An employer can view the account statements, initiate and approve payments online more securely from anywhere in the world.

Benefits of Straight2Bank

▶ Single Payment Platform:

If a company wants to pay via S2B, for this no additional infrastructure setup is required.

▶ World Class Security System:

To gain access into the system, designated users are given specific “*User ID*” and “*Confidential Password*”. According to the limits and categories of transactions designated to each user access can be tailored. To approve payments securely, signatories are provided a secured device “*Vasco Token*”. All communication between user’s browser and S2B are fully encrypted using 128-bit SSL encryption and authenticated with Standard Chartered world class Global Trust Infrastructure (*PKI Process*).

▶ Real Time Information:

The accuracy of data on salary payment transactions is ensured.

▶ Operational Efficiency:

The system is capable of creating an interface between a user’s “*Accounts Payable Systems*” with the format required to transfer the instructions through S2B. The files are uploaded automatically. It is also easier to reconcile and error-free.

2. Soft Copy Instruction

Salary payment instruction can also be sent to SCB in soft copy in *Excel format*. To do this, employee names, account numbers and salary amounts are listed down. The excel file is printed out and attached a letter stating the account name and number from which the salary is to be paid and signed by the authorized signatory of the account to be debited. Then the soft copy excel file is forwarded in a CD along with a signed printout and salary credit instruction letter to the bank's item processing department.

3. Hard Copy Instruction:

The hard copy format of salary has to be submitted by the respective company via paper-based accounting statements mailing. Companies who use this service need confidentiality of data.

4.4 PAYROLL SAVINGS ACCOUNTS

When an employer gets enlisted with Payroll Banking, there will be options to choose from Conventional or Saadiq Current or Savings Accounts. The payroll offers that can be picked up by an employee are given below:

eSavers Account

This is a high interest bearing Savings Account for all Payroll Customers. It has also remote banking solutions bundled with exclusive Customer Value Propositions. Accountholders can use world-class alternate channels for their transactions and also other regular banking needs.

Super Savers Account

This account is suitable for the employees who get a minimum salary of BDT 20000. They will also be provided with additional branch banking facilities.

Current Account

SCB has the perfect non-interest bearing Taka Current Account for an employer and through that account funds can be freely deposited and withdrawn.

Foreign Currency Account

SCB Payroll segment also offers Foreign Currency Account in USD, GBP, and Euro without restriction on transaction frequency for employees drawing salary in foreign currency. The fund remains in that currency and is freely remittable. International Debit Card is also available for FCY Current Accounts in USD. It is also noted that this account is changed in compliance of foreign exchange regulations.

Interest Rates on Payroll Savings Accounts

Super Savers Account		eSavers Account	
Monthly Avg. Balance	Rate	Monthly Avg. Balance	Rate
Below BDT 50K	0.00%	Below BDT 20K	0.00%
BDT 50K up to less than BDT 500K	2.5%	BDT 20K up to less than BDT 500K	3.5%
BDT 500K up to less than BDT 1.0 M	3.00%	BDT 500K up to less than BDT 1.0 M	5.00%
BDT 1.0 M up to less than BDT 2.5 M	3.5%	BDT 1.0 M up to less than BDT 2.5 M	5.00%
BDT 2.5 M and Above	5.00%	BDT 2.5 M and Above	7.00%
Minimum Balance – BDT 50K		Minimum Balance – BDT 20K	

Table 2: eSaver & Super Saver – The smarter way to save

4.5 CARDS FACILITY

When an employer is added to payroll banking its employees will get a list of benefits including credit cards, debits all with reduced rates. The following is the list of card facilities given by Standard Chartered Bank Payroll Banking:

Debit Cards

A debit card added with Payroll Service is a smart alternative to cash and makes shopping a lot more convenient. SCB's Visa Debit Card is accepted at more than 5000 merchant outlets in Bangladesh and can also be used to withdraw cash at any Visa ATM.

International Debit Card

A Payroll account holder can access funds from anywhere in the world via International Debit Card. To get this card a Resident Foreign Currency Deposit (RFCD) account is to be opened with a minimum deposit of USD 1000 or a Foreign Currency Account (FCY).

Familink Debit Card

This card is an Add-on card for beloved ones which is a complete hassle-free payment solution. Expense Allowances can be provided to family members from an opened account on a monthly basis.

Global Usage Privilege

With this privilege the same SCB Credit Card can be used within and outside Bangladesh.

Card Cheque

This is a chequebook issued from SCB Credit Card for the payment to any person or establishment within Bangladesh and especially when credit card acceptance facility is unavailable.

4-in-1 offer

As a valued credit card holder of SCB a person will get 2 credit cards: Visa and MasterCard within the same limit and can be used both locally and internationally.

Rewards Program

It is a loyalty program given on the usage of credit card. For example, for every TK. 50 spent on credit card an account holder will earn 1 Treasure Point.

InstaBuys @ 0%

This exclusive service will at 0% rate of interest on InstaBuys on 3, 6, 9 and 12 months at a wide range of partners including electronics and home appliance, jewellery, furniture, hospital, fashion wear, gift shop, computer and many more.

Free Access to Balaka Business Class Lounge Shahjalal International Airport

Waiting hours at Shahjalal International Airport in Dhaka will be enjoyed by using the comfort of Balaka Business Class Lounge at the airport. SCB Platinum or Gold Credit Card and Priority Debit Card give this complimentary access to this lounge.

Accidental Death Insurance

SCB Credit Card gives a free all-accidental-death coverage @ BDT 100,000 for Silver Card, BDT 500,000 for Gold Card and BDT 1,000,000 for Platinum Card in case of accidental death.

Credit Cards

SCB was the pioneer of launching credit cards in Bangladesh over a decade ago. Since then a wide range of credit cards are being offered. Among those *Platinum Card*, *Gold Card* and *Silver Card* can be selected based on salary range if he has Payroll banking account. One year Annual Fee has been waived from newly created accounts. SCB credit cards are giving a lot of attention to create the benefits an employee wants.

Free @ 18

When an accountholder does a minimum of 18 retail transactions using the debit card during the twelve-month period between two annual fee dates will be eligible for 100% waiver on his card's annual fee.

Exclusive Benefits of a Payroll Account

- ▶ To open a Payroll Account, no initial deposit is required.
- ▶ There is no Account Maintenance Fee for the Payroll Account.
- ▶ There is no such Interest Forfeiture Rule on Salary Accounts.
- ▶ Local Debit Card' fee is for lifetime at SCB Payroll Service.
- ▶ Also it has reduced annual fee for Local Debit Card.
- ▶ A complete set of Alternate Banking solutions including 24/7 Contact Centre, ATMs, Bills pay Machine, Internet Banking, eStatement, SMS banking are for free!

4.6 PAYROLL LOAN PRODUCTS

Personal Loan

SCB Personal Loan products are attached with salary package. It helps meet one's need better. Minimum documentation is required to get loan products.

Loan Limit

- ▶ Personal Loan

To get this loan no cash collateral or guarantee from employer is required. Loan amount ranges between BDT 50,000 – BDT 1,000,000.

- ▶ Flexi Loan

Flexi Loan is available with cash collateral. An accountholder will get BDT 1 Million loan with 30% security and BDT 10 Million with 100% security.

Loan Tenor:

Depending on loan amount the period of loan is from 12 months to 60 months, a maximum of 5-year period.

Safety Plus

Safety Plus is the coverage of insurance with loan amount. In case of accidental death or permanent total disability the outstanding loan amount is to be paid by the insurance company if this service is taken. Insurance facility is to be financed as part of the personal loan. But in case of early settlement partial payback is wanted.

Repayment

Interest is calculated on *Monthly Reducing Balance Method*. The repayment should be in Equal Monthly Installment from the salary account.

Auto Loan

Auto Loan provides a flexible and affordable loan with easy repayment options and all are wrapped in a very convenient package. New, Reconditioned and Second-Hand cars can be purchased from opening salary account with SCB.

Attractive Features:**▶ Vehicle Age**

From the manufacturing date up to 6 years should be the ideal period for car loan. But at the end of the loan tenor the vehicle age should be maximum 10 years for Toyota and 8 years for other brands.

- ▶ Maximum car loan amount is up to BDT 2 Million and up to 85% of vehicle value.
- ▶ Loan tenor for car loan is 72 months, a 6 year period.
- ▶ There are options for early settlement and partial pre-payment of the loan.
- ▶ Minimum documentation is required and application process is convenient.

Insurance Bundle Offer

There is a special credit card bundle offer of credit card- life insurance and vehicle insurance. Loan outstanding balance is to be paid by insurance company if any accidental death or permanent total disability occurs. Comprehensive insurance for the first year for car loan is also attached to it. The payment schedule is in equal monthly installments. In case of early settlement partial payback is to be done. Interest is calculated on Monthly Reducing Balance Method.

Home Loan

SCB Home Loan provides attractive financing for a new house or an apartment. With this product it can be availed for renovation, extension and furnishing work in the existing house.

Attractive Features

- ▶ No personal guarantee or cash security is required to get this loan. About 80% of the property value or maximum of BDT 10 Million can be availed.
- ▶ Loan tenor is up to 300 months or 25 years.
- ▶ Options for early settlement and partial payback are also set to this product.
- ▶ The payment is to be paid in installments.
- ▶ Interest rate is calculated in a variable method. Rate of interest is reviewed for 6-month period which is based on 182-Day Govt. Treasury Bill Rates.
- ▶ Security is needed. Registered mortgage of the property or any other equivalent property in favor of SCB will be pledged against loan.

Insurance Bundle Offer

There is special value added credit card-life insurance and property insurance. Loan outstanding balance is to be paid by insurance company if any accidental death or permanent total disability occurs. Property insurance is provided for the first year. Repayment is to be in Equal Monthly Installments. Interest payment is based on Monthly reducing balance method.

4.7 ISLAMIC BANKING – SAADIQ WITH PAYROLL

SCB has been offering world-class Shariah Compliant Islamic Banking solutions since 1993 which at present has coverage in 6 countries including Bahrain, Bangladesh, Indonesia, Malaysia, Pakistan and UAE. There is a complete range of financial products under Saadiq Umbrella.

Saadiq Savings / Saadiq eSavers Account

If an accountholder wants to earn profit on savings in a Shariah Compliant manner while enjoying modern banking facilities, Saadiq Savings / Saadiq eSavers Account is the correct solution for him. The products are based on “Mudaraba” concept where the bank places the funds in its pool of Shariah-Compliant assets and the profits from this Islamic Assets are shared between the accountholder and the bank. Profit is calculated on the average monthly balance maintained in the account.

Saadiq Current Account

When fund is deposited in Saadiq Current Account, it can be ensured that the funds will only be used in a Shariah compliant manner. Saadiq Current Account is all about flexibility and convenience for a client.

Saadiq Debit Card

Saadiq Debit card allows an accountholder to withdraw cash at any Visa ATM in the country, as well as at over 5000 merchant outlets in Bangladesh, to make permanent.

Saadiq Credit Card

The Saadiq Visa Credit Card has been carefully developed by international team of Islamic Financial Professionals who ensure that its products are Riba-free. Saadiq Credit Cards operate on the “*Ujrah*” concept which is based on fixed fee structure.

Saadiq Financing Products

- ▶ **Saadiq Personal Finance** is based on “*Murabahah*” concept which is simple and convenient. Profit is added to the items to be bought. No cash security is required and it has a tenor of 5-year to payback loan.
- ▶ **Saadiq Auto Finance** is followed on “*Musharaka*” concept and widely accepted Islamic Financing Mode. The car is purchased on a co-ownership basis the applicant and SCB Saadiq. When all monthly installments are paid, the ownership will be transferred to the loan applicant. The installment is added by rental and principal component structure.
- ▶ **Saadiq Home Finance** is under the concept of Hire-Purchase-Under “*Shirkatul Melk*” both for ready and under construction properties.

4.8 CHARGES AND INTERESTS OF PAYROLL PRODUCTS

Credit Cards	Personal Loans / Saadiq Personal Finance	Auto Loan / Saadiq Auto Finance	Mortgage / Saadiq Home Finance
<p>1st Year Annual Fee:</p> <ul style="list-style-type: none"> ✓ <u>Silver Card:</u> BDT 950 ✓ <u>Gold Card:</u> BDT 1950 ✓ <u>Platinum Card</u> :BDT 3250 <p>2nd Year onwards Annual Fee:</p> <ul style="list-style-type: none"> ✓ <u>Silver Card:</u> BDT 1500 OR Free@18 ✓ <u>Gold Card:</u> BDT 3000 OR Free@18 ✓ <u>Platinum Card</u> :BDT 5000 OR Free@18 	<ul style="list-style-type: none"> ✓ Interest Rate/ Rent Rate: 14%. ✓ Processing Fee: BDT 1000 ✓ Early Settlement Fee : 2% of the outstanding amount if settled within 6 months; 1% of outstanding amount if settled within 12 months; BDT 1000 if settled after 12 months. 	<ul style="list-style-type: none"> ✓ Interest Rate / Rent Rate: 13.75% ✓ Processing Fee : BDT 6000 for up to 10 lacs & 0.75% for more than 10 lacs ✓ Early Settlement Fee : 2.00% of outstanding Loan amount 	<ul style="list-style-type: none"> ✓ Home Loan with Insurance: 10.50% p.a. ✓ Takeover Loan with Insurance 10.50% p.a. ✓ Home Credit with Insurance 11.50% p.a. ✓ Processing Fee: 1.00 % of Loan Amount ✓ Early Settlement Fee: 2% in first half of loan tenor,1% in second half

Table 3: SCB Rates of Interest & Fees

4.9 PRIORITY BANKING WITH PAYROLL

Priority Banking is the personalized banking services program at Standard Chartered Bank. This service is tailored to offer a company's employees who draw salary of BDT 200,000 or above. With over 150 years of experience Priority Banking helps assess the financial needs of employees, their families and businesses by offering objective and well researched financial solutions. SCB has the energy and commitment, the competence and experience to understand financial needs.

Attractive Features

- ▶ The priority banking program revolves around five min cornerstones of service which are *Personal, Professional, Profitable, Private and Privileged*.
- ▶ Priority treatment and customized solutions are made by dedicated Customer Relationship Manager (CRM) and Customer Service Manager.
- ▶ There are preferential pricing on all products and charge-free banking services like free pay orders or drafts on nearest branch location. There is also a pre-approved Global Credit Card, free for life, with an enhanced credit limit attached to this service.
- ▶ Priority Suites
There are at present 5 Priority Banking Centers that are constructed for the comfort of individual priority customers. The centers are at Gulshan, Dhanmondi, Uttara, Chittagong and Sylhet.

4.10 EMPLOYEE BANKING VALUE PACK

For a Payroll Customer who has the access over savings accounts, credit cards, home loan and others, has to fill long documentation procedure for six months or more. In order to avail these services at a time, “Retail Bundle Value Pack” has been launched in June, 2011. In this EB Value Pack, preferential rates, services and bundle of benefits are offered and customer can now enjoy all sorts of benefits as a Payroll Accountholder once an account is opened. The Value Pack is listed below:

Products to Meet Banking Needs

- ▶ Savings / Current Accounts
- ▶ Debit Card
- ▶ First Chequebook for Free
- ▶ Credit Card
- ▶ Personal Loan

Banking is Made Easy

- ▶ Online Banking
- ▶ SMS Banking
- ▶ e-Statements
- ▶ Auto Bill Payments
- ▶ 24* 7 Phone Banking

Little Extra Service

- ▶ Credit Card Annual Fee has been waived for 1st year.
- ▶ Personal Loan at 50% discounted and preferential rates are offered under this pack.
- ▶ RFCD account can be opened with only USD 500 and for 1st Annual International Debit Card fee is discounted.
- ▶ Safety plus Credit Life Insurance are offered with all Personal Loans.
- ▶ There are zero maintenance fees on salary account.

4.11 ALTERNATE CHANNELS FOR PAYROLL

24 –Hour Contact Center

SCB's 24-hour contact center is established to provide “one stop solution” for clients banking needs on any day at any time.

ATMs

Payroll accountholders can use SCB Visa card both Debit and Credit at all aTMs carrying the Visa logo to withdraw cash.

BillsPay Centers

Standard Chartered is committed to provide greater convenience. At SCB branches 24-hour BillsPay Machines are for the convenience of accountholders for cash or cheque deposit and utility bill payments.

Internet Banking

This facility allows a person to bank from anywhere in the world at anytime with total security and confidentiality.

e-Statements

A unique system has been designed for an accountholder's convenience to get monthly credit card or account statements via e-mail for free.

SMS Banking

Through this push kind of service the information regarding credit card statement and account's monthly ended balance as well as range of alerts will be available to mobile phones via SMS for free of cost.

5.1 COMPARISON WITH COMPETITION

Currently, Standard Chartered Bank is the market leader in Payroll Banking. Their service quality is the best in Bangladesh. The next position is for HSBC in this activity. The other nearest competitors are Eastern Bank Ltd., BRAC Bank Ltd., and DBBL. Today EBL and BRAC Bank are the Market Challengers along with HSBC. The differentiating factors are indispensable parts of Payroll service. The comparison among the competitive service providers is based on Value Proposition, Alternate Channel Coverage, Transactional Pricing and CASA Interest Rates, Lending Rates and Fees etc. The first comparison in providing Payroll Services is between SCB and HSBC which is charted below:

Particulars	Competition Offer (HSBC)	Standard Chartered Bank Offer
Branch & ATM Network	Presence in 4 cities with 13 branches, 33 ATMS in Dhaka, Narayanganj, Chittagong and Sylhet only	Presence in 6 cities with 26 Branches , 84 ATMs and 16 financial kiosks in Dhaka, Narayanganj, Chittagong, Sylhet, Khulna, Bogra
Alternate Channels	Contact center (9-9 pm), BillsPay machine, Internet banking	24 hour , BillsPay Machine, Internet banking, SMS Banking, Auto BillsPay, eStatement
Transactional Facility	ATM Card (VISA) with Annual Fee BDT 300/-	Visa Debit Card with free first year and 300/- from 2 nd year. Free @ 18 applicable
	Off us VISA ATM transaction fee: BDT 60	Off us VISA ATM transaction fee: BDT 25
	Evening Banking: 5 branches	Evening Banking: 10 Branches
	Saturday Banking: 6 branches	Saturday Banking:13 Branches
International Debit Card	No such product	It is offered @ Annual Fee: USD 20

Interest Earning Threshold	Regular Savings Account	SCB is offering higher interest in all Slabs																								
	<table border="1"> <thead> <tr> <th>Threshold</th> <th>Rate</th> </tr> </thead> <tbody> <tr> <td>From BDT 100,000</td> <td>2%</td> </tr> </tbody> </table> Savings Plus Account <table border="1"> <thead> <tr> <th>Threshold</th> <th>Rate</th> </tr> </thead> <tbody> <tr> <td>From BDT 500K to Below BDT 1.0 M</td> <td>3.5%</td> </tr> <tr> <td>From BDT 1,000,000</td> <td>3.75%</td> </tr> </tbody> </table>	Threshold	Rate	From BDT 100,000	2%	Threshold	Rate	From BDT 500K to Below BDT 1.0 M	3.5%	From BDT 1,000,000	3.75%	<table border="1"> <thead> <tr> <th>Monthly Avg. Bal</th> <th>eSavers</th> <th>Super Savers</th> </tr> </thead> <tbody> <tr> <td></td> <td>BDT 20K < BDT 500K 3.5%</td> <td>BDT 50K < BDT 500K 2.5%</td> </tr> <tr> <td>BDT 500K < BDT 1.0M</td> <td>5.0%</td> <td>3.0%</td> </tr> <tr> <td>BDT 1.0M < BDT 2.5M</td> <td>5.0%</td> <td>3.5%</td> </tr> <tr> <td>BDT 2.5M and above</td> <td>7.0%</td> <td>5.0%</td> </tr> </tbody> </table>	Monthly Avg. Bal	eSavers	Super Savers		BDT 20K < BDT 500K 3.5%	BDT 50K < BDT 500K 2.5%	BDT 500K < BDT 1.0M	5.0%	3.0%	BDT 1.0M < BDT 2.5M	5.0%	3.5%	BDT 2.5M and above	7.0%
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No. of Payroll Companies	485 Companies are enlisted	447 Companies are enlisted																								
No. of Salary Accounts	38,500 A/Cs	42000 A/Cs																								

Table 4: Comparison with Competition

5.2 COMPETITOR LANDSCAPE – EMPLOYEE BANKING IN BANGLADESH

 Strong
  Moderate
  Weak


























	SCB	HSBC	EBL	BRAC Bank	DBBL
Value Proposition	 Bill Payments (Auto BillsPay, IVR, Internet ATM, BillsPay), Familink Add on Card	 Bill Payment at BillsPay Machine	 Bill Payment at BillsPay Machine	 Non-Stop Banking	 Internet Banking
Alternate Channel Coverage	 84 ATMs, Call Centers (24H), Internet Banking, eStatements, SMS Banking.	 33 ATMs, Call Centers (24H)	 50 ATMs, Call Centers (18H), Internet Banking	 500 ATMs, Call Centers (24H), Internet Banking, SMS Banking	 1000 ATMs, Internet Banking, SMS Banking
Transactional Pricing	 Nil / Reduced Debit Card Fee / Free @18 Offer	 ATM Card Fee Tk 300 (No Debit Card) + Visa ATM Transaction Fee	 BDT 500 Debit Card Fee	 BDT 500 Debit Card Fee	 BDT 500 Debit Card Fee
CASA Interest Rates	 Super Savers @ 5%, eSavers @ 7%	 Regular @ 2%	 Interest @ 6%	 Regular @ 5.5%	 Savings @ 5%
Lending Rates and Fees	 PL 14-18%, Auto 13.75% - 14.75%	 PL 13-17.5%, Auto 14-15%	 PL 15-18%, Auto 16-19%	 PL 18%, Auto 16-19%	 PL 14-15.5%, Auto 16-19%

Table 5: Overall Competition in the Market

6.1 INTERNSHIP AT STANDARD CHARTERED BANK

The internship including the extension period was excellent and I really enjoyed a lot. In this four-month period various kinds of jobs were performed. Among these the key job details are given below:

► **Process Note Archive**

The most important among all sorts of jobs was to write a detailed process note. The process note collection was for the purpose of making an archive of Payroll Banking. I have worked on it for a long time. Finally, an archive of **273 pages** named “**Payroll Diary**” was written in which all product propositions, process notes, file notes are gathered with few topics or chapters chronologically. It covered all files started from year 2004 to June 2011. It is kept for gaining further knowledge on Payroll Banking.

► **Company Call**

When the collection of process notes was being occurred, another task was given to me to call 56 potential companies to be enlisted with SCB Payroll A/Cs. All the companies were called via phone calls and I offered Payroll Benefits mostly to CEOs, MDs, and CFOs etc designated persons. It took a longer time of internship. Gladly, **30 companies out of 56** had shown their interests with SCB. They are currently under review to be enlisted sooner.

► **Maintaining Payroll Database**

Another contributory job was to update time-to-time payroll database whenever new salary payments were done. The database of 447 companies was updated based on contact names, persons, addresses etc. **Monthly Salary Tracking** was another big job.

► **Savings Certificate Forms**

A total of **720 forms** of SCB Savings certificates were made by me for GP Investment Fair. Major Buyers were Airtel, Banglalink and GP.



▶ **Attending Team Meeting**

Fortunately, I attended *3 Payroll Banking Meetings* on which I published Meeting Agenda's to monitor everyone's job and updated it afterwards. I shared ideas on target fulfillment and others.

▶ **Push Campaign Ideas**

During July, I gathered ideas on Push Campaign topics and reward systems for Deposit Management. The motto was to grow deposit. Still the campaign is going on among SCB Sales Teams.

7.1 RECOMMENDATIONS

SCB is a well-known International Bank whose services are widely accepted worldwide from traditional banking to Islamic banking. It is high time to make very few changes in the way it operates so that more damage in the form of customer dissatisfaction doesn't occur. A set of recommendation is set forth below to improve customer service in all branches, call and contact centers:

► **Manpower**

More trained people are needed in payroll service. The team needs to be bigger so that all companies can ask for solutions, offers and complaints to the respective relationship officers. The database management is still done manually for which few people need to be appointed. The sales team is small for maintaining 447 companies in total.

► **Help Desk Activation**

The inauguration of help desk would dramatically change the way SCB Payroll department used to do. The complaints will easily be stored in database and people will be appointed to answer all queries and send back the major complaints to the department head. This will help reduce total number of complaints over time.

► **The Interconnectivity**

The contact centers, branches, call centers and head office all should be well connected like an ecological web and maintain a balance whenever any complaint arises. One example can be given here: recently in April 2011 a client who is from Middle East was fallen in trap regarding debit card, chequebook and TIN attached with payroll account. He was to send these all via mail. But weeks gone, months passed he was not mailed. Later it was told by SCB officials that his address was wrong but he again checked and found correct. He was then requested to collect this from Dhanmondi 5 branch where he could not find any such parcel. After long days of misunderstanding and irresponsible

attitudes from SCB the client received his packet associated with payroll account. The necessity of inter-connected network of problem solving is all wanted by its clients.

7.2 CONCLUSION

To conclude it can be said that as a *Market Leader*, SCB Payroll Banking has continuously been changing for the betterment of providing services. Listed companies states that the bank has huge potentiality to grab a substantial number of salary accounts in future. In case of service quality and propositions it is the best amongst all payroll service providers in Bangladesh. This service is making contribution to the growth of deposit base of the bank. According to the *CAMELS rating* it is ranked as ***Strong or A class*** bank which is reflected in their quality of payroll service. With its vast operation with newest technology, wide range of products, versatile services, strong financial base, invaluable customer's satisfaction and profound reputation, it has grown into a unique stature which is subject to everyone's envy and Standard Chartered Group's pride.

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