

“A Report on SME Loan and Deposit Product Features of BRAC Bank Limited”



BRAC BANK
L I M I T E D



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Subject: Submission of Internship report

Dear Sir,

I am very glad to submit the report on “**A Study on SME Deposit and Loan Product Features– BRAC Bank Limited**” this report is an outcome of the internship program, has undergone by me. It gives me immense pleasure to complete my Internship successfully and submit this report on the analysis I have conducted during this period.

Working in BRAC Bank Limited, was an inspiring experience for me. I feel the immense knowledge and experience will facilitate me a lot in my future career life. With my limited knowledge, I have tried my level best to prepare the report worthwhile.

Your acceptance and appreciation would surely inspire me. For any further explanation about the report, I will be gladly available to clarify the ins and out.

Sincerely Yours,

Md. Asif Iqbal

ID: 08104079

Acknowledgement

During Internship Program, I have been fortunate to get the support, assistance and encouragement from a number of individuals. Firstly, I would like to express my grateful appreciation to the almighty Allah for enabling me to complete this report successfully.

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I am grateful to all the employees for providing me with valuable information for my report. Though I was unknown to them, they have helped me by fulfilling my internship program. Their valuable information allows me to find out real information and complete my report successfully.

Executive summary

A bank is a financial institution whose main aim to bring money and earn profit for the organization. No doubt that it plays a vital role in forecasting the economic and social condition of a country. The Banking sector of Bangladesh is passing through a tremendous reform under the economic deregulation and opening up the economy. This banking sector is becoming extremely competitive with the arrival of multinational banks as well as emerging and technological infrastructure, effective credit management, higher performance level and customer satisfaction currently. “A Study on SME Products Features and development of BRAC Bank Limited” is the main theme of this internship report. BRAC Bank Limited is a scheduled Commercial Bank in Bangladesh that established under the Banking Companies Act, 1991 and incorporated as Private Limited Company on May 20, 1999 under the Companies Act, 1994. The journey of its operation started on July 4, 2001 with a vision to be the market leader through providing all sorts support to people in term of promoting corporate and small entrepreneurs and individuals all over the Bangladesh. BRAC Bank Limited is the first local commercial banks that providing online banking service to its customers from the very beginning of its starts. It also starts providing loan facilities to small and medium trading, manufacturing and service oriented enterprises all over the country for the first time among local commercial banks. BRAC Bank Limited presently focuses on Small & Medium Enterprises or SME which play a huge role in the economic development of any country. The reason behind focusing on SME is the management of BRAC Bank Limited has realized that to the economic contribution of the country this sector is playing a huge role and by ignoring the SMEs the economic growth of the country is not possible. At present, the employment generation of BRAC Bank Limited by SME is 60% and SME contribution to GDP is 25%. Currently BRAC Bank Limited is the fourth largest SME bank globally. However, This internship report is organized into different chapters. At first in organization part, I have discussed about the company profile, its foundation and growth, networks and also include the SWOT analysis. In job description part, I have discussed about the work experience, daily work that I had to do during my internship period at BRAC Bank limited, different aspects of job performance and lastly observation and recommendation. And lastly in the project part, I have discussed the total analysis over SME product features and development of BRAC Bank Limited.

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Organizational Part



1. Introduction

Banking Industry is one of the most promising industries of our country. Generally by the word “Bank” we can easily understand that, the financial institution that deals with money. There are different types of banks that provide service to customer like: Central bank, State owned Commercial Bank, Private Commercial Bank or Merchant Bank, Foreign Commercial Bank, Agricultural Bank, Industrial Bank, Saving Bank & Exchange Bank, etc. But when we use the term Bank it generally mean the “Commercial Bank”, the primary contributors to the economy of a country. It helps to flow funds from surplus unit to deficit unit and through this it facilitated the efficient allocation of the resources as well as accelerated economic growth. But the new thing is that how it operates and presenting its activities for the purpose of serving customer requirements to increase their well being in the sense of wealth. Banks also provide many services for client to make their life easy in this busy life. In this competitive environment in today’s world, the entire bank increases their facilities in favor of their customers to retain them and capture more share of the market to be leader. Therefore it can be said that the interest rate is one of the main factors in attracting customers. BRAC Bank Limited is a scheduled commercial bank in Bangladesh. It was established in Bangladesh under the Banking Companies Act, 1991 and incorporated as a private limited company on May 20, 1999 under the Companies Act, 1994. Its operation started on July 4, 2001 with a vision to be the market leader through providing all sorts support to people in term of promoting corporate and small entrepreneurs and individuals all over the Bangladesh. BRAC Bank, for the first time among local commercial banks, started providing loan facilities to small and medium trading, manufacturing and service oriented enterprises all over the country. In this competitive banking industry BRAC Bank is trying to differentiate them through their service and banking features. BRAC Bank tries to provide service to its customers and gain the customer’s trust.

2. Foundation and Growth

2.1 Profile

BRAC Bank Limited is a scheduled commercial bank in Bangladesh. It established in Bangladesh under the Banking Companies Act, 1991 and incorporated as private limited company on 20 May 1999 under the Companies Act, 1994. BRAC Bank will be a unique organization in Bangladesh. The primary objective of the Bank is to provide all kinds of banking facilities of business. At the very beginning the Bank faced some legal obligation because the High Court of Bangladesh suspended activity of the Bank and it could fail to start its operations till 03 June 2001. Eventually, the judgment of the High Court was set aside and dismissed by the Appellate Division of the Supreme Court on 04 June 2001 and the Bank has started its operations from July 04, 2001.

The importance of financial intermediaries in the development of the overall economy of country cannot be described in short. From the inception of the civilization the banking sector dominate the economic development of a country by mobilizing the saving from the general people and channeling those saving for investment and thus economic development and growth. In ancient time, the importance of commercial banks after the ravage of the liberation war to develop a better economy was severally needed and it is needed now and will be required in future also. In time-to-time Government of Bangladesh agreed to permit the private commercial banking in the country. BRAC bank will be knowledge-based organization where the BRAC Bank professionals will learn continuously from their customers and colleague's worldwide to add value. It will work as a team, stretch, they will innovate and break barriers to serve customers and create customers loyalty through a value chain of responsive and professional delivery. The bank promotes broad-based participation in the Bangladesh economy through the provision of high quality banking services. BRAC Bank will do this by increasing access to economic opportunities for all individuals and business in Bangladesh with a special focus on currently under-served enterprises and households across the rural – urban spectrum. BRAC Bank believes that the pursuit of profit and developmental goals is mutually reinforcing.

Increasing the ability of under – served individuals and enterprises to build their asset base and access market opportunities will increase the economic being for all Bangladeshis at the same time; this will contribute significantly to the profitability of the Bank. BRAC Bank intends to set standards as the Market leader in Bangladesh. It will produce earnings and pay out dividends that can support the activities of BRAC, the Bank’s major shareholder. Development and poverty alleviation on a countrywide basis needs mass production, mass consumption and mass financing.

BRAC Bank goal is to provide mass financing to enable mass production and mass consumption, and thereby contribute to the development of Bangladesh. BRAC Bank intends to set standard as the market leader in Bangladesh by providing efficient, friendly and modern fully automated online service on a profitable basis aiming at offering commercial banking service to the customers’ door around the country, BRAC Bank limited established 71 branches ATM booth 200 SME units are 320 up to this year.

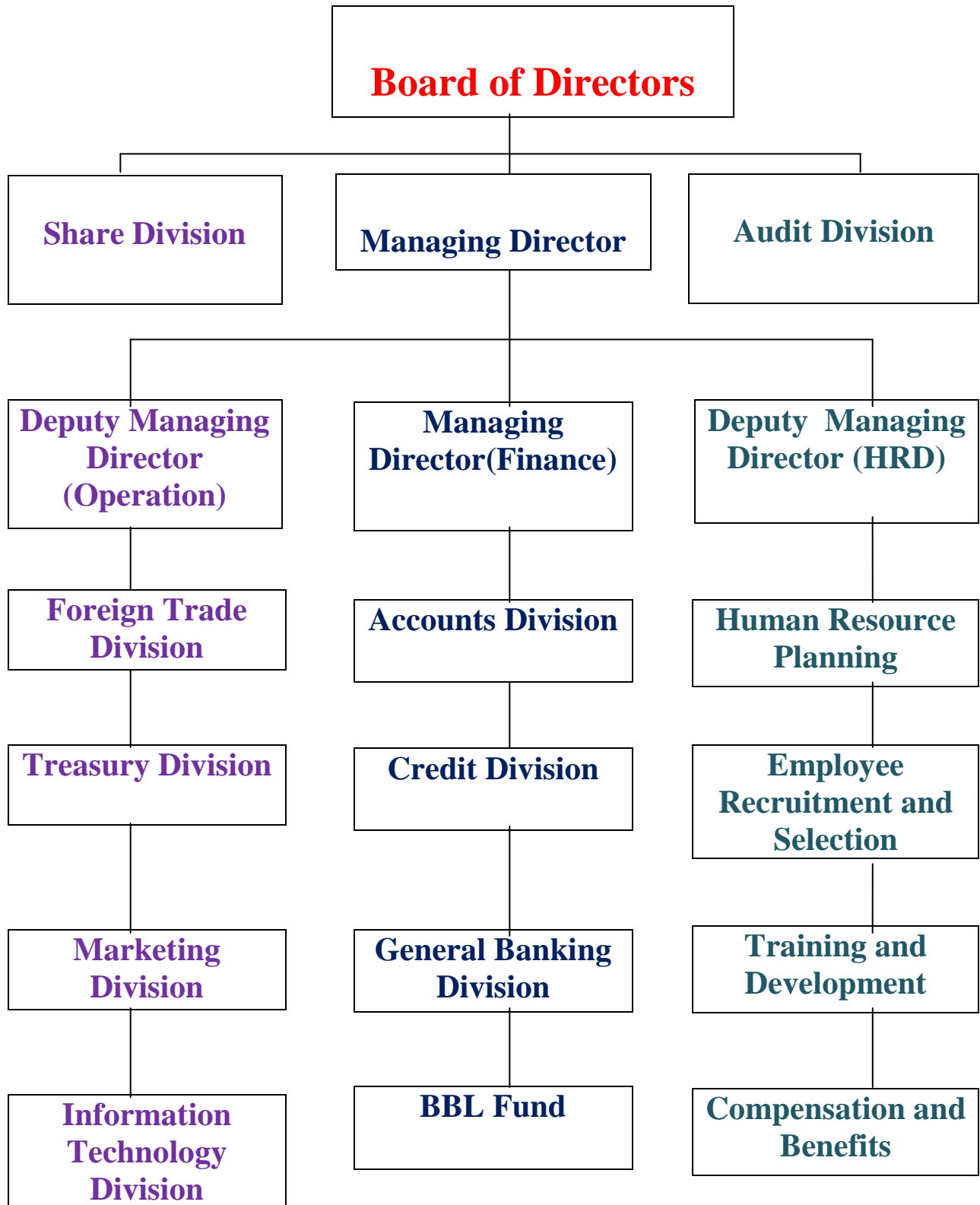
This organization achieved customers’ confidence immediately after its establishment. Within this short time the bank has been successful in positioning itself as progressive and dynamic financial institution in the country. It is now widely acclaimed by the business community, from small entrepreneur to big merchant and conglomerates, including top rated corporate and foreign investors, for modern and innovative ideas and financial solution. Thus within this short time it has been able to create an unique image for itself and earned significant solution in the banking sector of the country as a bank with a difference. The emergence of BRAC Bank Limited is an important event in the country’s financial sector at the inception of financial sector reform. The authorized capital of BBL is Tk. 1000 million and paid up capital of the same bank is Tk. 500 million.

2.2 Shareholding Structure

As on December 31, 2010

Name of Shareholder	% of Shareholding
BRAC	43.77
International Finance Corporation	5.36
Shore Cap International Limited	0.86
Others (Founders & Directors)	0.008
General Shareholders	50.00
Total:	100.00

BRAC Bank ORGANOGRAM



3. Branches and Networks:

BRAC Bank Limited is growing in tremendous way. At present , BRAC Bank Limited has 154 branches and more than 300 ATM Booths and 30 Cash Deposit Machines across Bangladesh. Moreover new branches will open up in the coming year and all branches will provide Real Time On-line (RTOL) banking services to its customers simultaneously BRAC Bank Limited has also approximately 430 unit offices dispersed throughout the country and those units are providing services to the customers. In addition, BRAC Bank Limited will open up three Sales Booths in the major area of the city and Kiosk in the shopping malls, which will cater the needs of the customers where branches are not in close areas to provide service to the customer. BRAC Bank Limited is one of the most IT enabled bank in Bangladesh and since its inception the bank has particularly emphasized on IT as a cutting edge advantage over competitors and also plans to continue as a major IT driven bank in the years to come.

4. Vision

Building profitable and socially responsible financial institution focused on Market and Business with Growth potential, thereby assisting BRAC and stakeholders to build a just, enlightened, healthy democratic and poverty free Bangladesh”.**

5. Mission

- ❖ Sustained growth in Small & Medium Enterprise sector.
- ❖ Continuous low-cost deposit Growth with controlled growth in retail assets.
- ❖ Corporate Assets to be funded through self-liability mobilization. Growth in Assets through syndications and investment in faster growing sectors.
- ❖ Continuous endeavor to increase non-funded income.
- ❖ Keep our debt charges at 2% to maintain a steady profitable growth.
- ❖ Achieve efficient synergies between the bank’s branches, SME unit offices and BRAC field offices for delivery of remittance and Bank’s other products and services.
- ❖ Manage various lines of business in a full controlled environment with no compromise on service quality.

- ❖ Keep a diverse, far flung team fully motivated and driven towards materializing the bank's vision into reality. **

6. Objective

The objective of BRAC Bank Limited is specific and targeted to its vision and to position itself in the mindset of the people as a bank with difference. The objectives of BRAC Bank Limited are as follows:

- ❖ Building a strong customer focus and relationship based on integrity, superior service.
- ❖ To creating an honest, open and enabling environment
- ❖ To value and respect people and make decisions based on merit
- ❖ To strive for profit & sound growth
- ❖ To value the fact that they are a member of the BRAC family – committed to the creation of employment opportunities across Bangladesh.
- ❖ To work as a team to serve the best interest of our owners
- ❖ To relentless in pursuit of business innovation and improvement
- ❖ To base recognition and reward on performance
- ❖ To responsible, trustworthy and law-abiding in all that I do
- ❖ To mobilize the savings and channeling it out as loan or advance as the company approve.
- ❖ To establish, maintain, carry on, transact and undertake all kinds of investment and financial business including underwriting, managing and distributing the issue of stocks, debentures, and other securities.
- ❖ To finance the international trade both in import and export.
- ❖ To develop the standard of living of the limited income group by providing Consumer Credit.
- ❖ To finance the industry, trade and commerce in both the conventional way and by offering customer friendly credit service.
- ❖ To encourage the new entrepreneurs for investment and thus to develop the country's industry sector and contribute to the economic development. **

Company at a glance (SWOT analysis)

The comparison of Strengths, Weaknesses, Opportunities and Threats is normally referred to as a SWOT analysis. It helps the organization to identify how to evaluate its performance and scan the macro environment, According to me Strengths, Weaknesses, Opportunities and Threats of BRAC Bank Limited are-

Strengths

Quick Service

<p style="text-align: center;"><u>Strength</u></p> <ul style="list-style-type: none">• Quick Service• Reliable Service• Strong and dedicated Customer Relationship Officers• Sales team• Different types of services according to customer demand• Huge number of service providing points• Strong management• Strong IT support	<p style="text-align: center;"><u>Weakness</u></p> <ul style="list-style-type: none">• Lack of product knowledge by customers• Sometimes Technological difficulties• Time management• Service charge quite high
<p style="text-align: center;"><u>Opportunities</u></p> <ul style="list-style-type: none">• Can extend service for rural area• Internet based banking system• Global banking• Can arranged skilled service provider for each point	<p style="text-align: center;"><u>Threats</u></p> <ul style="list-style-type: none">• Number of competitors is very high• Some other banks provide better service package• Customers have so many choices in terms of investment

At present BRAC Bank Limited is the one of the largest SME bank in our country. So the deposit and loan unit of SME division tries to provide the best service by fulfilling customer's needs. The staffs of deposit and loan unit know that potential SME customers do not like to waste their time for any process that takes time. Therefore the employees of deposit unit always try to provide quick service to the customer s to fulfill their expectations of quick service.

Reliable Service

BRAC Bank limited is successful to create a brand image among potential customer minds. By providing the best service to the potential customer and by offering the SME deposit customers attracting interest rate BRAC Bank has achieve today's position. So as a result at present BRAC Bank Limited is the one of the largest SME bank in the country. More over as the bank management provides the attractive interest rate on maturity of deposit or term deposit amount so BRAC Bank limited is successful enough to create an image of reliability among SME customers.

Strong and Dedicated Customer Relationship Officers

The Customer Relationship Manager (CRM) or Customer Relationship Officer (CRO) is those dedicated employee of BRAC Bank who always want to provide the best service to customers. In deposit and loan unit of SME division of BRAC Bank Limited, there is always Customer Relationship Manager (CRM) or Customer Relationship Officers (CRO) to fulfill deposit customers deposit needs and loan customers loan needs. Sometimes Customer Relationship Officers provide extra or special service to the desire customers. Moreover to manage customer relationship there is always available a Customer Relationship Manager (CRM) or Customer Relationship Officer (CRO) for every individual customer in deposit portfolio. However CRO or CMR is responsible for dealing with those customers of his/her contacts. There job is to offer the deposit and loan services to the customers. Sometimes Customer Relationship Manager (CRM)

or Customer Relationship Officer (CRO) physically visit to customer's place for several issues of deposit and loan related. Sometimes they manage and maintain clients over phone or E-mail too.

Sales Team

In deposit and loan unit of SME there is also sales team to offer customers about deposit and loan products. Under sales team of SME there are several staffs are appointed. It is the responsibility of sales team to offer customers about deposit and loan products. They always try to attract customer by the attractive features of deposit and loan product and interest rate of term deposit and loan products. Moreover the staffs of sales team are always there to help to solve their problems.

Different types of services according to customer demand

At present BRAC Bank Limited is the one of the largest SME bank in the country. But establishment of a bank faces hard time to make them competitive. Today SME deposit unit of BRAC Bank has achieved this position by providing the best service to customers time to time. Time to time employees of BRAC bank tried to provide different types of service according to customers demand. As example; Non-stop banking service, 24 hours call center etc.

Huge number of service providing points

BRAC Bank has huge number of service providing point over the whole country. BRAC Bank has 154 fully operational branches, which ensures convenience and regular banking facilities to the customers for deposit collection and payment transfer of money, almost in everywhere of Bangladesh. Moreover that, BRAC Bank has more than 300ATMs along with 30 Cash Deposit Machines in different locations of the country, which ensures wider range of accessibility across Bangladesh. So it can easily say that service providing point of BRAC Bank is really strong.

Strong management

The management of BRAC Bank Limited specially the SME unit is strong enough and so that BRAC Bank Limited is the one of the largest SME bank in the country. The performance of whole SME division specially the deposit unit is regularly monitor by the management of BRAC Bank and takes necessary initiatives for further progress of the bank.

Strong IT support

BRAC Bank is successful to establish strong IT (Information Technology) division. So it is possible to give support and best service to the customers. As a result almost every type of problems has been solved by the IT unit of BRAC Bank. It is the It unit who tries to provide the best service to the customers, specially the SME deposit customers time to time. Moreover it is the IT service that provides the facility to transfer fast fund faster among the branches of BRAC Banks

Weaknesses

Lack of product knowledge by customers

BRAC Bank always tries to offer the best service to customers. Though sometimes there is lack of product knowledge among customers. Moreover sometimes customers are not aware about the product features and interest rate of deposit and loan products. And for that reason they cannot find their desired term deposit and loan products. It happens for the lack of publicity of the products.

Sometimes Technological difficulties occur

The IT division of BRAC Bank always tries to provide their best service for the target customers. Especially IT helps to provide the immediate service for the customers. Though sometimes for the technological problems the server does not work properly. On that case customers face several problems for technological difficulty.

Time management

Sometimes customers face problems for the time management of the employees though SME deposit and loan unit tries to provide proper service to customers through several Customer Relationship Officers. As example: sometimes CRO say to customer they would open their new account within one day. But that not possible for the Bank's verification process and takes more time. On that time customers face problem for the lack of commitment of CRO and bank's procedure.

Service charge quite high

SME deposit and loan unit tries to offer different products features with extra service to customers. For these issues and internal purpose sometimes the service charge seems quite high for the customers in compare with competitor banks.

Opportunity

Can extend service for rural area

BRAC Bank has a large number of service providing points over the whole country. But most of those points are limited in different place of unban areas. SME Deposit unit has the potentially to extend their service in rural areas as bank can get potential customers in rural areas as well.

Internet based banking system

In this modern era internet is the easier solution for any problem. Similarly internet based services are also used and available. Moreover, the customers are too busy in their daily life so they do not have that much time to go in any branch for their banking need. BRAC Bank provides Real Time online facility for customers as well. In “Real Time” online facility of BRAC Bank the deposit and loan update instantly with the deposit and loan procedure. Customers not need to visit any specific branch. No need to visit any specific branch and they can move for any branch of BRAC Bank in the country and enjoy the benefits of on-line banking facility. But still all the services is not possible to provide by using internet service. As example: to convince customer for the new term deposit products is not possible yet by using internet. But as the IT of BRAC Bank is strong enough so SME deposit unit of BRAC Bank has the potentiality to attract customers by pretending the product features in a eye-catching way.

Global banking

BRAC Bank Limited has achieved satisfactory progress in areas of its operations and earned an impressive operating income over the previous years. Moreover SME department of BRAC Bank is quite successful to attract SME customers. On the other hand BRAC Bank has many potential deposit and loan customers all around in Bangladesh. So it can easily predict that SME deposit and loan unit has huge potentiality in global banking sector. Moreover as BRAC Bank has a brand image, in near future BRAC Bank would make a global network through global banking.

Can arranged skilled service provider for each point

BRAC Bank has wide distributional channel over the whole country. BRAC Bank has 154 fully operational branches, which ensures convenience and regular banking facilities to the customers for deposit collection and payment transfer of money, almost in everywhere of Bangladesh. So to provide better service to customer BRAC bank can arrange skilled provider for each point especially for SME employees. BRAC Bank can arrange different training programs to train the

internal employee and to enhance their skill and efficiency. So that at each point of SME deposits and loan banking facilities the skilled employee will available.

Threats

Number of competitors is very high

The service of SME deposit and loan unit is quite satisfactory. But number of competitors is very high in SME banking sector. Moreover those competitors are offering different products with different features and attracting interest rate to take grab customer and as well the market shares. So those competitors are the threat for deposit and loan unit of SME division of BRAC Bank.

Some other banks provide better service package

BRAC Bank Limited is the one of the largest SME bank in our country. Moreover SME division is quite successful to maintain potential SME customers of our country. But there is huge number of competitors in SME sector and they are offering better service package to attract the potential SME customers from market. It is a threat for SME division of BRAC Bank.

Customers have so many choices in terms of investment

BRAC bank is one of the largest SME bank in Bangladesh. But there is a large numbers of competitors are available and they are offering several products with attractive interest rate. As a result customers have so many choices available in market to invest. And that become a threat for SME banking of BRAC Bank Limited.

Job Description Part



1. Work Experience:

BRAC Bank limited is one of the leading private banks of Bangladesh where I got the opportunity to conduct my internship program. As I got the opportunity to work in real life scenario at banking sector for four months, it really has increased my experience level and I have learnt so many things about the real banking sector.

During my internship, I got the opportunity to work with regulatory reporting team of finance department of BRAC Bank Limited. I have worked here for three months with an extension of one month. All the works were absolutely new to me as it was my first experience of working in banking sector. However, the working environment of BRAC Bank Limited is very inspiring. All the permanent and temporary employees were very much friendly with me and gave me support all the time. They really helped me a lot to learn each and every work that I was assigned to do. The finance department consists of four different teams including treasury, regulatory reporting, financial reporting and tax issues. There were 10 members in regulatory reporting team with whom I have worked and during my internship period I have learned a lot from them. But for some restrictions from the administration and for some security purposes of BRAC Bank Limited, I couldn't work with all sections of this department. BRAC Bank Limited follows the centralized banking process. All types of data that come from the transactions of each n every branch of BRAC Bank Limited, BRAC EPL and all other departments are sent to the finance department. These data are kept by finance department and based on these data finance department makes different types of reports according to the requirement of different branches, departments and most importantly Bangladesh Bank. After preparing those reports finance department send the reports to them.

2. Daily Work:

As I got the opportunity to do my internship at BRAC Bank Limited, I have worked with the regulatory reporting team of finance department of BRAC Bank Limited. The main concern of the regulatory reporting team is the Bangladesh Bank which is the central bank of our country. We all know that central bank of a country has the authority to regulate all the banks and other financial institutions of a country. Like other countries, Bangladesh Bank as the central bank has an authority to regulate BRAC Bank Limited like any other banks and financial institutions. Bangladesh Bank requires different types of reports in order to regulate banking activities so that any bank couldn't do business by their own wish. So based on their requirement they demand different types of reports to the BRAC Bank Limited and based on their requirement the regulatory reporting team of finance department of BRAC Bank Limited prepare reports n send to the central bank. Among the ten members of the regulatory reporting team two of them deals with the Foreign Exchange Policy Department (FEPD) of Bangladesh Bank, another two deals with the Department of Statistics (DOS), one of them deals with the Banking Regulatory and Policy Department (BRPD) of Bangladesh, two of them deals with Credit Information Bureau (CIB) of Bangladesh Bank and other two of them deals with the Off-site supervision Department of Bangladesh. I was the tenth member of the regulatory reporting team. The daily work starts with E-mails that comes from different departments of Bangladesh. When any department of Bangladesh bank needs any report, they send us their requirements through E-mail and after getting the E-mail we had to start preparing reports based on their requirements. For each reports Bangladesh Bank has their own format. So we had to prepare reports according to their format. As I mentioned before that BRAC Bank Limited is following the centralized banking system. So all data that we need for preparing the reports for Bangladesh bank are actually come from different branches and other sources of BRAC banks Limited. There are also other reports for weekly, monthly, quarterly and yearly too that we had to send to the central bank. All the work we had to do is computer based using MS-Excel worksheet.

3. Different Aspect of Job Performance:

- Preparing quarterly SME loan disbursement report for 47 branches
- Preparing report of loan size classification for 47 branches
- Assigning sector codes and purpose codes against account holders at SBS file
- Preparing CL worksheet details for different branches
- Branch summary of loan classification and provision as on 30th September, 2012

Preparing quarterly SME loan disbursement report for 47 branches:

As I got the opportunity to work in real life banking sector for four months as an intern, I have learnt about many types of report and the process of preparing those reports within these four months. Preparing the quarterly SME loan disbursement report was one of the tasks that I had to do on a regular basis. I had to prepare this report for 47 branches of BRAC Bank Limited according to the requirement. The report is about the number and the amount of SME loan that has been disbursed to different sector for any specific quarter of the current year. There are two columns for quarterly and yearly disbursement and one column for total outstanding till the quarter. There are three rows for three different sectors including service, trade and industry. Again each of the rows has two sub rows. One is for man enterprises and another is for women enterprises. The whole report is divided into two parts. One is for small enterprises and another is for medium enterprises with a same format of rows and columns. There is a file named SME Dump file where all the data of different branches and other sources are stored in an organized way. We took data that required for preparing quarterly SME loan disbursement report from this SME Dump file.

Preparing report of loan size classification for 47 branches:

During my four months of internship at finance department of BRAC Bank Limited, I had to do many types works. Among them preparing report of loan size classification is also included which I had to do on a regular basis. I had to prepare this report for 47 branches of BRAC Bank Limited. The report is for classifying the loans of a particular branch based on the size of loans. There are some particular ranges of the amount of loans for classifying the loans. They are: below 50k, 50k to 1lac, 1lac to 5lac, 5lac to 50lac, 50lac to 1c, 1 to 5c and lastly above 5c. The number of loans and the total amount of loans for each class are shown in this report. For preparing this report I had to use the SME Dump file in order to collect data that is necessary for preparing the report.

Assigning sector codes and purpose codes against the account holders at SBS file:

Assigning sector codes and purpose codes against the account holders was another task that I had to do during my internship period at BRAC Bank Limited. For each types of business enterprise there are specific sector codes which are given by the Bangladesh Bank. The sector codes are given by categorizing different types of business enterprises. Purpose is the code that tells that any specific business enterprise that taking loans for what specific reasons. Any business enterprise can take loans for different purposes such as buying raw materials; manage production cost, development of factories, import goods or export goods etc. To assign the sector codes at first I had to check the name of the business enterprises in order to identify the types of that business enterprise. Then I had to match the loan scheme that whether the loan is revolving working capital or it's a non-revolving loan which is other then working capital. Then matching the sector code with the name of the business enterprises along with the loan scheme I had to decide the purpose code. There book of sector codes and economic purpose code which is

provided by the Bangladesh Bank. I had to relate the above information with the codes given in this book in order to assign the sector codes and economic purpose codes.

Preparing CL worksheet details for different branches:

CL stands for Classification of Loans which is a very important issue in banking sector. According to BRAC Bank Limited, all loans are divided into part. One is unclassified loans and another one classified loans. Unclassified loans are of two kinds. They are Standards (STD) and Special Mention Accounts (SMA). Classified loans are of three kinds. They are Sub Standards (SS), Doubtful (DF) and Bad Loans (BL). Some borrowers do not follow discipline of payment of their loans and default. Despite persuasion loan becomes stuck-up and for this reason bank actually classified loans. The classifications are done based on the time range of recovery period by the borrowers of the loans. My task was to prepare a CL worksheet details for different branches of BRAC Bank Limited. To prepare the report, I had to use a CL-Raw file where the whole information regarding CL is stored.

Branch summary of loan classification and provision as on 30th September, 2012:

Among so many reports I had to do prepare during my internship period at BRAC Bank Limited, Branch summary of loan classification and provision was another one. I had to do the report for a specific date which was for 30th September, 2012. The report was a branch summary that shows the number and the amount of loans are there for each classification ST, SMA, SS, DF and BL along with the amount of total provision till that specific date that is 30th of September, 2012.

4. Observation and Recommendation

During my internship period at BRAC Bank Limited, my responsibilities were very significant. That was totally beyond my expectations. The works I asked to do along with regulatory reporting related works were important and confidential as well. For me it was a great pleasure to work with the permanent staffs of BRAC Bank Limited. They created scope for me to learn something new and at the same time helped me to do many new works which I had not done before. They also helped me to learn corporate culture, writing strategy papers, maintain good relationship among staffs, manner and etiquette and upon these depends how a person become successful in Banking career. I am very much hopeful that all of these will play a vital role to build my future career.

Project Analysis Part:



Chapter-1

Introduction

BRAC Bank Limited is one of the leading private commercial banks of Bangladesh. BRAC Bank Limited BRAC Bank limited is serving customers by fulfilling customer's needs and by providing the best service. Therefore the management of BRAC Bank Ltd. has established different division with the aim to fulfill all the banking needs of customers. The management of BRAC Bank Ltd. has realized that there also exists "the missing middle" sector, and that is known as SMEs (Small & Medium Enterprises), which play a huge role in the economic development of any country. As a result in BRAC Bank presently focus on Small and Medium Enterprises as the management has realized that, to the economic contribution of the country this sector plating a huge role and by ignoring the SMEs the economic growth of the country is not possible. Therefore, BRAC Bank Limited decided to give emphasis on this Small & Medium Enterprises (SMEs) sector and to fulfill the banking needs of SMEs customers especially. BRAC Bank has SME department that maintain the customer relationship with SMEs sector and serving them and fulfill SME customer's day to day banking needs. However, SME department is mainly based on two purposes and it depends on SME customer's demand. One of the purposes is asset or deposit of money and another purpose of SME is liability or Loan of money. Those SME customers who feel the need of deposit their money, SME department of BRAC Bank offers them deposit facilities and different term deposit facilities through deposit or liability unit. On the other hand those customers who feel the need of money SME department of BRAC Bank offers them Loan facilities through Loan or asset unit. This is how the process of SME department works. BRAC Bank Ltd. has a huge coverage through the country wide and the network of 154 Branches and more than 300 ATM Booths and 30 Cash Deposit Machines across Bangladesh. Moreover that, BRAC Bank has 429 unit offices and 1850 committed staff and therefore is has been successfully possible for SME banking division to bring smile on 200,000 SMEs customer with funding of BDT 90,000 million. However SME division has further achieved superiority in serving the SMEs with complete banking solutions through 30 SME Sales & Service Centers.

Apart from ensuring and fulfilling the banking need, the SME division has generated around 600,000 employments across the country. At present SME division maintains a portfolio of 122,000 SMEs with BDT 33,143 million. Different products are having been offered to the SME customers, some of those are deposit products and some of the loan products. As a result SME Banking Division does not only attempt to offer SME products and services to SME clients but also educates them and make them aware of modern banking. That is why it is easier for the SME clients to adapt themselves with the ever changing business world. The vision of SME banking division of BRAC Bank is to achieve a double bottom line by targeting its SMEs customers. The SME division has also taken the initiatives to build a profitable organization by contributing to the society as well as the economy through creation of an entrepreneur class in the society eventually eliminating poverty from the country. However, SME banking division specially the deposit unit offers doorsteps service to small and medium enterprises involved in different business sectors and located countrywide and in different parts in 64 districts of the country. It is the SME division of BRAC Bank has long been serving the fund or loan product and deposit product requirements of traders, manufacturers, importers, suppliers & distributors, women entrepreneurs and other service providers like medical institutions & educational institutions. To provide the deposit requirement and develop expertise of Small and Medium Entrepreneurs through technical assistance, SME Banking Division has established different business wings for different market niche customers. Moreover Deposit unit has also developed a range of deposit products. The deposit product ranges are from transactional account to fixed deposit accounts. SME Banking Division has set its aims to satisfy both the funded & non funded facilities and deposit product requirements of Small & Medium Enterprises (SMEs). The funded facilities include term deposit, single payment, revolving loan and the non-funded or Loan facilities include Letter of Credit, Payment against Document, Loan against Trust Receipt. Especially for the valuable customers of SME division BRAC Bank is providing huge branch banking over Bangladesh, nonstop banking service, 24-hours call centre, Cash deposit machine, ATM booth facilities, Internet banking and SMS banking facilities and etc. As a result BRAC Bank Limited has successfully proved in global SME financing sector by becoming one of the four most profitable and sustainable SME banks in the world.

1. Origin of the report

I am assigned for preparing a report on the activities that I have done during my internship period at BRAC Bank Limited for the period of 12 weeks with an extension of one month that is 16 weeks in total starting from October 7, 2012 to February 7, 2013 as a part of internship program of Bachelor of Business Administration (BBA) course requirement. I was assigned at regulatory reporting team of finance department of BRAC Bank Limited.

2. Objective

The internship is a way to relate practical knowledge with the theoretical knowledge. The basic objective of the internship is to get practical knowledge about the realistic banking sector and the service that provides to customer. Having an opportunity to get involved in such work environment enhance the knowledge and gives an experience.

Board Objective

Explore the overall product features and development of deposit and loan products of SME division of BRAC Bank.

Specific Objective

- ❖ To know the feature of deposit and loan products which make customer to choose the bank.
- ❖ To know the various interest rates for different categories of deposit and loan products and maturity period of those products.
- ❖ To know the terms and conditions and necessary documents required for Account opening.

- ❖ To have an idea about the strengths, opportunities, weaknesses and threats about the deposit and loan unit of SME division by working in such banking environment

3. Scope

As I was in BRAC Bank Ltd, Head office, the scope of the study is only limited to this office. The report covers its overall activities, function, structure and performance. To conduct a study on Deposit and loan products of SME, I have gathered valuable information from Head office of BRAC Bank Ltd. I have also got some information from website. Moreover, I have collected information from other staffs of BRAC Bank Ltd.

Chapter-2

Literature Review

SME of BRAC Bank Limited:

BRAC Bank Limited is proud to be the pioneering and largest SME bank in Bangladesh, The reason behind focusing on SME is the management of BRAC Bank Limited has realized that to the economic contribution of the country this sector is playing a huge role and by ignoring the SMEs the economic growth of the country is not possible. At present, employee generation of BRAC Bank Limited by SME is 60% and SME contribution to GDP is 25%. Total outstanding loan in SME portfolio is BDT 88670.25 crore and approximately 7700 employee are working in SME sector. BRAC Bank limited has successfully developed an examined and successfully model in SME financing in Bangladesh. Years of market knowledge and understanding, committed resources, countrywide coverage and well aligned strategies have made the bank an expert in SME financing.

BRAC Bank limited is following two bottom line approaches as its operation-

- 1) Making profit by mobilizing fund from urban to rural areas.
- 2) Performing social responsibility by creating an entrepreneurial class.

SME banking division of BRAC Bank Limited is also actively working in creating awareness and imparting knowledge to SMEs about financial record keeping, dealing with modern banks and industry best practices in SME operation along with Small and Medium Enterprise financing, SME banking division arranged informative campaigns and road shows for SMEs located across the country in an attempt to ensure customer awareness and to strengthen the relationship with customers

SME products of BRAC Bank Limited:

Loan products	Deposit Products
<ul style="list-style-type: none">➤ Anonno➤ Apurbo➤ Durjoy➤ Prothoma➤ Shamolima➤ Shohoj➤ Shokti	<ul style="list-style-type: none">➤ Prachurjo➤ Prapti➤ Probriddhi➤ Shonchoy

Loan Product

1) Anonno:

Anonno is a loan facility for small enterprises involved in trading, manufacturing, service, agriculture, non-firm rural activities, agro-based industries and many other acceptable sectors spread all over Bangladesh marketed through BRAC Bank's SME unit offices or branches/SME branches/ Krishi branches across the country.

Eligibility

- ✓ Entrepreneurs aged between 21 to 60 years
- ✓ Entrepreneurs with minimum 3 years experience in the same line of business

- ✓ A business which must be a going-concern with more than 3 year in operation

Minimum amount

- ✓ From minimum BDT 2lac up to maximum of BDT 10lac for 12, 18, 24, 30 & 36 months and minimum BDT 6lac up to maximum of BDT 10lac for 48 months

Features

- ✓ Loan without mortgage
- ✓ For excellent borrowers who have paid or paying in due times, we offer discounted rates
- ✓ Quick, quality banking throughout the country
- ✓ Potential women entrepreneurs will also get the facilities of this loan

2) Apurbo

In order to help our SME borrowers for financing working capital or to purchase fixed assets,

BRAC Bank Limited offers APURBO. It caters to the need of entrepreneurs who are operating in trading, manufacturing, service, agriculture, non-farm activities, agro- based industries and other sectors of our economy.

Eligibility

- ✓ Entrepreneurs having a minimum of 3 years of some business activities
- ✓ A business which must be a going concern for 3 years
- ✓ Age minimum 21 years and maximum up to 60 years

Minimum amount

- ✓ Starting from BDT 10lac to maximum of BDT 100lac

Features

- ✓ Simple loan processing for expanding your business
- ✓ Quick disbursement

- ✓ Disbursement in one or two installment
- ✓ Flexible monthly repayment loan

3) Durjoy

An unsecured loan facility for small and medium sized trading, manufacturing, service, agriculture, non-firm rural activities, agro-based industries

Eligibility

- ✓ Entrepreneurs having a minimum of 3 years of some business activities
- ✓ A business which must be a going concern for 3 years
- ✓ Age minimum 21 years and maximum up to 60 years

Minimum amount

- ✓ Starting from BDT 3lac to maximum of BDT 25lac

Features

- ✓ The loan facilities will be term loan for regular businesses that are not subject to significant volatility in sales due to seasonality
- ✓ Loan tenor is 12 months to 60 months with an interval at 6 months
- ✓ Equal monthly installment facility and overdraft facility

4) Prothoma

Prothoma is a loan facility for the business that must be owned by women entrepreneur in case of proprietorship. For partnership/ limited companies, if women hold 51% or more share, it will be considered as women run business.

Eligibility

- ✓ Entrepreneurs having a minimum of 2 years of some business activities in the same line of business
- ✓ A business which must be a going concern for 2 years

- ✓ Age of proprietor/ partner/ guarantor minimum 21 years and maximum up to 60 years

Minimum amount

- ✓ Starting from BDT 2lac to maximum of BDT 10lac (12, 18, 24 30 & 36 months)
- ✓ Starting from BDT 6lac to maximum of BDT 10lac (48 months)

Features

- ✓ Equated monthly installment loan facility
- ✓ Single installment loan facility
- ✓ Loan tenor for equated monthly installment: 12 months, 18 months, 24 months, 30 months, 36 months, 48 months
- ✓ Loan tenor for single installment is 3 months to 9 months

5) Shamolima

A loan facility for Sharecropper/ Small farmers/ vegetables growers/ fruits growers/ dairy firms/ poultry/ fishery/ shrimp hatchery or fish processing unit in order to manage working capital/ purchase livestock or birds or fish big/ light machinery or establishment/ tractor or commercial vehicles

Eligibility

- ✓ Entrepreneurs having a minimum of 1 years of some business activities in the same line of business
- ✓ A business which must be a going concern for 1 years
- ✓ Age of proprietor/ partner/ guarantor minimum 21 years and maximum up to 60 years

Minimum amount

- ✓ Starting from BDT 50 thousand to maximum of BDT 10lac

Features

- ✓ Loan tenor for term loan is 3 months to 2 years
- ✓ Loan tenor for bullet payment is 3 months to 1 year
- ✓ No processing fee is needed
- ✓ Repeat/additional loan can be offered only after 12 months of taking a loan.

6) Shohoj

Eligibility

- ✓ Entrepreneurs don't need to have any previous business experiences in the same line of business
- ✓ A totally new established business can get the loan facilities
- ✓ The proprietor/ partner must be Bangladeshi by nationality.

Minimum amount

- ✓ Minimum amount is 2lac but there is no limit for maximum amount

Features

- ✓ Meet the emergency cash needs of business
- ✓ Tenor for overdraft facility renewal after 12 months
- ✓ No processing fee for BRAC Bank Limited
- ✓ No rescheduling fee

7) Shokti

Eligibility

- ✓ Entrepreneurs having a minimum of 3 years of some business activities in the same line of business
- ✓ A business which must be a going concern for 3 years

- ✓ 21 years to 60 years at the time of application. In case of Private Limited Company age range is 18 to 70 for Chairman, Director & MD

Minimum amount

- ✓ Starting from BDT 10lac to maximum of BDT 75lac

Features

- ✓ Equated monthly installment loan facility
- ✓ Processing fee is 1% of loan amount plus VAT
- ✓ Loan tenor for 10 lac to below 20 lac is 12 to 48 months
- ✓ Loan tenor For 20 lac to 1 Crore is 12 to 60 months

Deposit Product

1) Prachurjo

SME Fixed Deposit (Prachurjo) is a term deposit product for SME clients.

Minimum amount

- ✓ Minimum amount to open any Prachurjo account is BDT 50,000 tk.

Features

- ✓ All sole proprietorship business
- ✓ Upper ceiling will consider for Prachurjo account
- ✓ The minimum tenor for Prachurjo is 1 month
- ✓ The maximum tenor for Prachurjo is 36 months

2) Prapti

PRAPT Current Account has been designed to encourage small and medium entrepreneurs to enter into the wide range of modern banking facilities of BRAC Bank Limited. Prapti current account is an interest bearing current account for SMEs. This account ensures the profitable and easy transaction facilities for business concerns.

Features

- ✓ Prapti has been designed to fulfill business transactional requirements
- ✓ Opening balance for Prapti Account is BDT 2000 for welcome package with 0% interest rate
- ✓ No outstation cheque fees
- ✓ Prapti account has designed for unlimited transaction, no restriction

3) Probriddhi

SME Fixed Deposit (Probriddhi) is a term deposit product designed for SME clients with the intention of maximizing the return for the customer at a given and specified rate of interest. Probriddhi is a term deposit product, where interest will calculate in compounding method. In Probriddhi interest credited monthly to the FD A/C and adds to the principal amount for the next month.

Minimum amount

- ✓ Starting from minimum BDT 5,000,000

Features

- ✓ Any organization with a transactional current account of BRAC Bank Limited can open this FD in the name of the organization
- ✓ Any organization unwilling to open a transactional current account in BRAC Bank Limited also can open this FD in the name of the organization by providing the required documents.
- ✓ No fee or charges applicable
- ✓ Minimum tenor 3 months & maximum tenor 12 Months

4) Shonchoy

Shonchoy is a monthly deposit plan for entrepreneur in the case of emergency and business contingencies. Shonchoy is basically a monthly installment based loan and a habit to pay montly to the bank. Banks are reducing installment size by reducing interest rate, increasing tenor, and/or by removing uncompetitive features.

Features

- ✓ Shonchoy is a monthly contributing deposit scheme that, dominated local currency ,a customer can use for building up future saving through a regular monthly deposit and interest accrual on the deposit amount.
- ✓ There is no cheque book will be issued to the account holder or debit card facility.
- ✓ The account may be opened at any date of the month and subsequent installment will be realized on the same date of the every month.
- ✓ A concern can open more than one account

Marketing Terms: Relates to SME product of BRAC Bank Limited:

Marketing plays a role in helping to accomplish the overall strategic objectives within each business unit. Basically marketing strategic plans define the organizations overall mission and objective.

Market Segmentation

For any organization, market consists of many types of customers, products and needs and the organization has to determine which segments offer the best opportunity for achieving company objectives. The market for SME products of BRAC Bank limited is segmented into three categories. They are trading, manufacturing and service. In trading business, there are different kinds like retailer, wholesaler, food business, general stores etc. In manufacturing business, there are mills, bakery, press business etc and also except purchasing manufacturer organization also take loans to meet the working capital requirements. In service business, there are pathology, hospitals and satellite business. Most of the demands go for trading business as in our country there is not much manufacturing organizations.

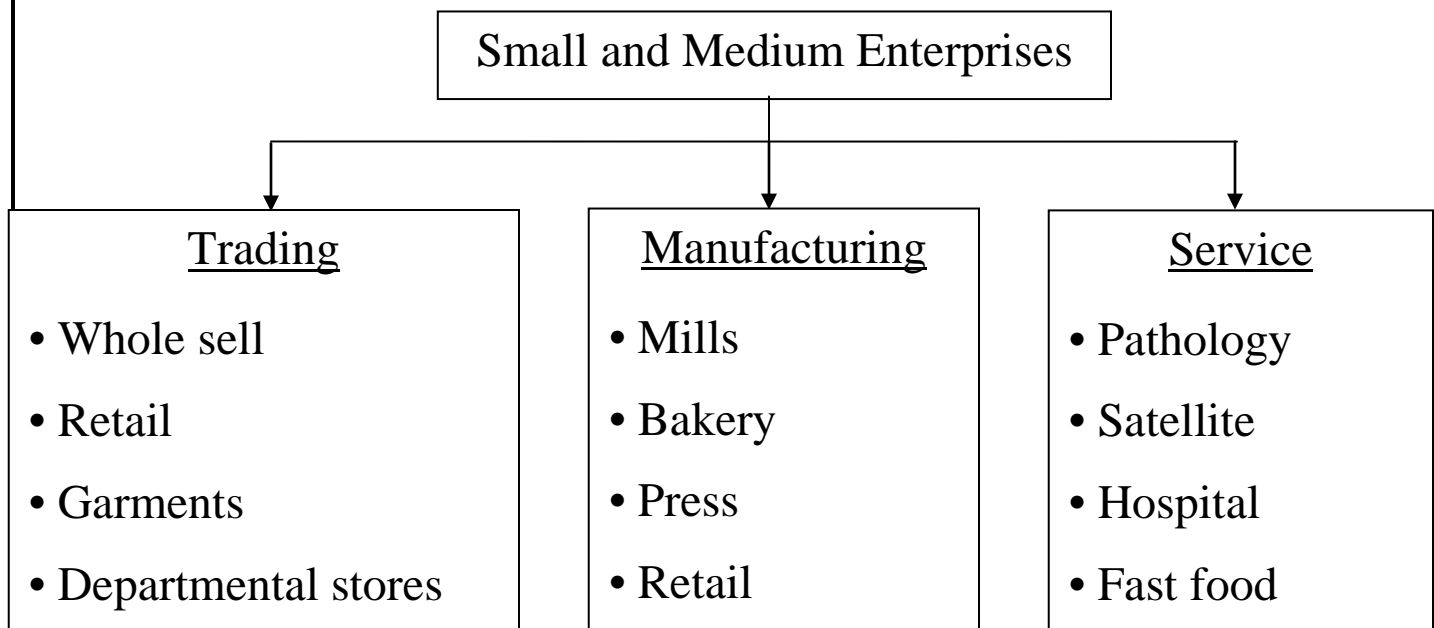


Figure: Market Segmentation of SME Products

Developing Marketing Mix for SME Products of BRAC Bank Limited:

There are four groups of variables known as the four P's for developing marketing mix. The set of these controllable tactical marketing tools are product, price, place and promotion that the organization blends to produce it wants in the target market.

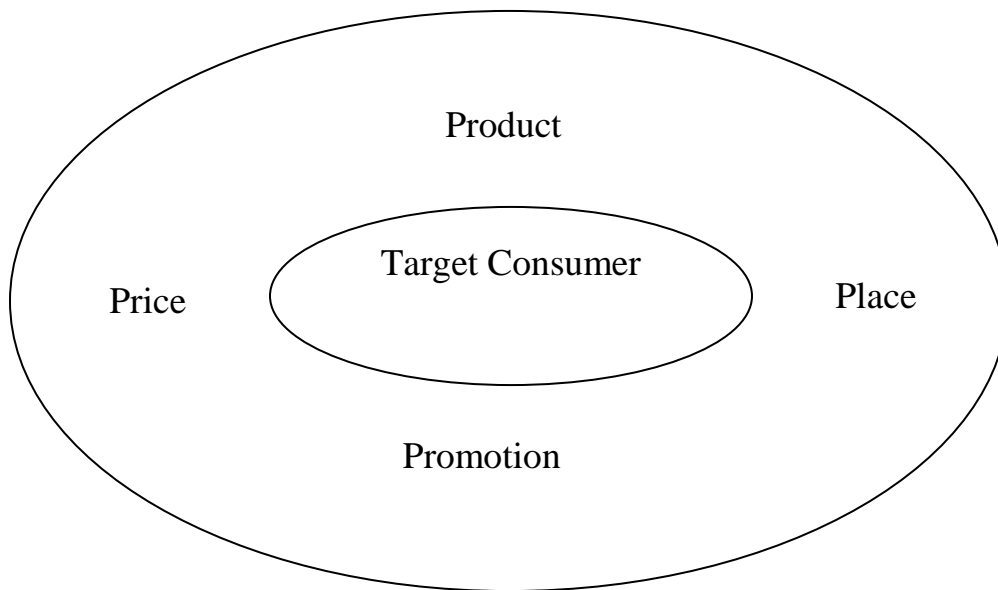


Figure: Marketing Mix for SME product of BRAC Bank Limited

Product

Goods and services are the combination of a company's offer to the target market. The SME of BRAC Bank Limited has two types of products that they offer for which the Customer Relation Officer (CRO) provides quick and quality services to clients. Here customer service is another element of product strategy. Short term products mean 3, 6, 9 or 12 months loan and midterm products mean 15, 18, 24, 30 or 36 months loan.

Price

Price is the amount of money customers have to pay to obtain the products. The SME clients of BRAC Bank Limited have to pay a certain amount of processing fees and stamp costs to get the loan. This is one of the factors that affect the company's own pricing moves. At present, BRAC bank SME interest rate is 24% which is a little bit of costly by the competitive edge. But the clients get this loan within very short period of time. In this situation client cannot think about the interest rate because at the right time they get the loan,

Place

Place is the tool of developing marketing mix that make the product available to target consumers. SME of BRAC bank limited is trying to reach each and every small business enterprise to meet client's demands so that they have already spread out their unit offices around the country. Management must make channel decision carefully which is one of the most important decision that management faces. SME of BRAC bank already has 429 unit offices through the country. So they have everywhere in Bangladesh to serve all respective clients.

Promotion

The marketing activities that communicate the merits of the product and persuade target customers to buy it is called promotion. Advertisement is one of the major elements of promotion. SME of BRAC Bank Limited is focusing customers by printing various leaflets, magazines and showing banners in front of their respective unit offices. The SME of BRAC Bank Limited also follows two additional strategies for promotion. They are-

- 1) **Door to door service-** it is a door-to-door customer services to clients. Customer Relationship Officer (CRO) knocks the door of the business enterprise whether the client has required any loan or not.
- 2) **Market to non-Bank people-** Some clients does not maintain any account in the bank. They are dealing by cash. By providing BRAC bank loans, these sorts of clients can be attached with the banks. In addition, they can understand more about banking and can have a good relationship with them.

Chapter-3

Methodology

Study Design:

The study was fully descriptive in nature. The study was conducted using the participatory method. To know the in-depth information, the topic was discussed with the expert professionals related to bank for several times and review of record of BRAC Bank Limited and other related secondary information. The purpose was to get an idea about the whole activities of SME deposit and loan unit. Statistical data and other relevant information were gathered from secondary sources including several journals and booklets.

Data Collection Method:

Data have been collected from two sources. These are as under:

- Primary source
- Secondary source

The Primary sources of data include the followings:

- ❖ Face to face conversation with the bank officers and staffs
- ❖ Study of different files of different sections of the bank.
- ❖ Official records and observing practical work.
- ❖ Practical Deskwork.

The Secondary sources of data include as under:

- ❖ Published Booklet of the Bank
- ❖ Website of BRAC Bank limited
- ❖ Various published documents

Chapter-4

Findings

In SME sector of Bangladesh, BRAC Bank Limited actually plays a vital role. SME is the main profitable product of BRAC Bank Limited as they have taken different strategies for the development of this sector. As a result, BRAC Bank is the pioneer of SME loan sector. Within the four months of internship and by the survey analysis this report found some shortfalls of SME sector of BRAC Bank Limited. The findings are given below-

- ❖ Based on the survey analysis, BRAC Bank limited is serving customers by fulfilling customer's banking needs and by providing the best service to the customers.
- ❖ Competitors are providing better term deposit package to their clients. As a result, clients have so many choices which results to the lack of commitment among clients.
- ❖ According to the respondents of the survey, BRAC Bank Limited has a huge number of service providing points for which it is possible to extend bank's service to the rural area.
- ❖ SME clients are not satisfied with the interested rate provided by the bank. Because from the survey we can see that the mean of the respondent is 1.8 and the standard deviation is .65. That means that most of the clients are disagree with the statement in the questioner.
- ❖ Providing training programs BRAC Bank Limited could arrange skilled service provider for their different service providing points. It will help the service providers to develop their skills and knowledge.
- ❖ The IT system of BRAC Bank Limited is not strong enough to give proper support to all division and specially the loan and deposit unit of SME division. Most on the respondents are disagreed with the performance of IT system. Sometimes technical difficulties occur and clients face troubles regarding their account details update.
- ❖ Most of the respondents agreed that they don't have good knowledge about the product features provided by the SME of BRAC Bank Limited. That means the management of deposit unit of SME division is not aware about their product features marketing activities or publicity in compare with competitors.

- ❖ BRAC Bank Limited has several dedicated Customer Relationship Officers (CRO) who are actually trying to provide their best service to maintain customer relationship with clients.
- ❖ According to the respondents, the number of employees in sales team is comparatively low. For this reason, time management problem sometimes occur and immediate service to the clients is not always possible.

Chapter-5

Limitation

There are some limitations of the report and therefore it may lack some crucial data. In preparing the report I faced some problems, which are as follows:

- ❖ The main constrain of the study was insufficiency of information, which was required for the study. There are various information the bank employee can't provide due to security and other obligations.
- ❖ Due to time limitation many of the aspects could not be discussed in the present report. Learning all the related procedure and stuffs of deposit within 90 days is really tough.
- ❖ Since the bank personnel were very busy, they could not provide enough time. Lack of opportunity to visit to other branches rather than Head office and communicate with them was another obligation of this study.
- ❖ As Bank is a sensitive financial institution I was unable to get much information. Some information was unveiled to me as those are confidential.
- ❖ I did not get chance to interact directly with the customers due to the rules of banks.

At present the BRAC Bank Limited is one bank which has the largest SME Bank division in the country. In addition BRAC Bank is the 4th largest SME Bank in the world in terms of outstanding loan amount. So we can say that, SME Banking division of BRAC Bank holds highest asset volume among the business divisions of the Bank (SME Banking, Retail Banking, Corporate Banking, and Probashi Banking). On the other hand, as the name signifies, it provides lending facilities and deposit and loan solutions as well as value adding services to the clients of small and medium size businesses within the country.

Chapter-6

Recommendation

As we all know BRAC Bank Limited is one of the leading private commercial banks of our country. At present BRAC Bank Limited is the one of the largest SME bank in the country. As a result, from my little knowledge it is quite hard to give recommendation to such a well established bank. Still from my learning and observation, I am giving following recommendation to follow:

- ❖ The BRAC Bank should do more marketing activities to improve their presence in the minds of the potential SME (Small and Medium Enterprises) Customers. Because sometimes promotional activities help to develop brand image stronger among the customers, which will help to bring more deposit funds. As we see that, Media coverage of BRAC Bank Limited is not so strong. So to attract new customers, they should go for mass media coverage like TV, Radio etc.
- ❖ New account opening process of SME deposit product sometimes is quite high compare to their competitors because of verification of necessary documents for example new “Prapti Current Account” opening process sometimes takes quite high time for the necessary documents verification issue. So, to attract new customers as well as to retain existing clients, they have to make the process fast.
- ❖ Deposit unit of SME division of BRAC Bank should launch more products, specially the term deposit products with attractive interest rates. Because there are some competitors who are offering different term deposit products with attractive interest rates to SME customers. So, to exist in the competition BRAC Bank should launch more SME deposit products with more product features.
- ❖ Head of SME deposit should take more initiatives to launch more opportunities to motivate internal employees, specially the back office staffs, who are not directly related with front office or deposit unit of SME division. So to bring more funds from back

office staffs and to motivate them by providing incentives Head of SME should launch and run a number of Campaign programs at a time.

- ❖ The deposit staffs and officers should be more aware regarding the modern customer service. For example, the sales team of deposit unit needs to expand more to hire more staffs in deposit unit of SME division to provide the best and modern service to compete in the competitive banking field.
- ❖ For opening any new deposit account of SME division customers need to have references, but sometimes they failed to do that. On that case Bank loose the potential deposit customers. In this regard bank could make some policies to hold those potential customers.
- ❖ As the salary structure of competitive banks is higher than BRAC Bank Limited, so sometimes the bank staffs become de-motivated. So to motivate the internal employee the bank management should increase employee salary structure according to their designation to motivate employees more so that bank staffs always try to provide their best service to customers.
- ❖ SME deposit of BRAC Bank should give emphasis on global banking so that they could bring fund from foreign potential SME customers and can build a strong network globally.
- ❖ BRAC Bank Limited should update their system regular basis so that customers can not occupy and delayed service.

Chapter-7

Conclusion

Despite stiff competition among banks operating in Bangladesh both foreign and local, BRAC Bank Limited has achieved satisfactory progress in areas of its operations and earned an impressive operating income over the previous years. However, establishment of a bank faces hard time to make them competitive one and also provide their performance in the market. The success of a commercial bank depends largely in the quality of service provide to the clients. Quality of service depends in the competence and the quality of the employee of the organization. SME division of BRAC Bank has a very qualified and dedicated group of officers and staffs, who provides friendly and personalized services. After doing A Study on SME deposit product features and customer relationship management of BRAC Bank one thing can be easily said that, BRAC Bank is trying their best to serve the customers by offering different products according to customers demand and by maintaining a good relationship with customers through time to time. At present BRAC Bank Limited is the one of the largest SME bank in the country. Moreover, SME (Small and Medium Enterprises) banking division holds the highest asset volume among the business division of the bank(SME banking , Retail banking, Corporate banking and Probashi Banking). BRAC Bank Limited provides both lending and deposit facilities as well as value adding services (payment reminder, payment notification etc) to the customers specially to small and medium size business within the country. From current scenario of SME division of BRAC Bank Limited it can be said that, deposit unit is trying to make their service more available to customers by maintaining a sales team and trying to attract customer by introducing eye-catching term deposit with different features and attractive interest rate. I hope that BRAC Bank Limited specially the SME division of BRAC Bank will expand more quality assurance and wide range of branches all over the country.

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- <http://www.bracbank.com/SME-Prothoma-Rin.php>
- <http://www.bracbank.com/SME-Durjoy.php>
- <http://www.bracbank.com/SME-Shompod-Rin.php>
- <http://www.bracbank.com/SME-Shokti-Rin.php>

Appendix-1

Questionnaire:

Thank you for participating in my survey on SME client's opinion of BRAC Bank Limited. I have prepared a list of questions for you to answer. Please evaluate how you feel and what is your opinion about the SME of BRAC Bank Limited by expressing your agreement and disagreement with the following:

1 = strongly disagree

2 = disagree

3 = not sure

4 = agree

5 = strongly agree

Q-1: Is BRAC Bank Limited is providing the best service to their SME clients?

Ans: 1 2 3 4 5

Q-2: Is BRAC Bank Limited successfully fulfilling their SME clients banking needs?

Ans: 1 2 3 4 5

Q-3: BRAC Bank has huge number of service providing point as a result it is possible to extend bank's service to the rural area-

Ans: 1 2 3 4 5

Q-4: Are the SME clients of BRAC Bank Limited are satisfied with the interest rates provided by the bank?

Ans: 1 2 3 4 5

Q-5: Is BRAC Bank Limited providing the best SME term deposit package other than the competitors?

Ans: 1 2 3 4 5

Q-6: By providing training programs BRAC Bank could arrange skilled service provider for their service providing points-

Ans: 1 2 3 4 5

Q-7: The IT system of BRAC Bank is strong enough to give proper support to all division and specially the deposit unit of SME division-

Ans: 1 2 3 4 5

Q-8: Do you have proper knowledge about the product features provided by the SME of BRAC Bank Limited?

Ans: 1 2 3 4 5

Q-9: The Customer Relationship Officers (CRO) of SME department are successfully maintaining customer relationship with SME clients:

Ans: 1 2 3 4 5

Q-10: There are a sufficient numbers of employees in sales team-

Ans: 1 2 3 4 5

Please share any other comments you have-

Analysis of the survey:

For my survey on SME client's opinion of BRAC Bank Limited, I have chosen 15 clients randomly and did the survey on them. After the survey, I got some results. For question no. 1, 6 persons choose option 4 and 9 persons choose option 5. For question no. 2, 3 persons choose option 3, 5 persons choose option 4 and 7 persons choose option 5, For question no. 3, 11 persons choose option 4 and 4 persons choose option 5. For question no. 4, 8 persons choose option 2, 5 persons choose option 1 and 2 persons choose option 3. For question no 5, 3 persons choose option 1, 7 persons choose option 2, 3 persons choose option 3 and 2 persons choose option 4. For question no 6, 1 persons choose option 2, 5 persons choose option 3, 5 persons choose option 4 and 4 persons choose option 5. For question no. 7, 3 persons choose option 1, 5 persons choose option 2, 2 persons choose option 3, 3 persons choose option 4 and 2 persons choose option 5. For question no. 8, 3 persons choose option 1, 4 persons choose option 2, 2 persons choose option 3, 4 persons choose option 4 and 2 persons choose option 5. For question no 9, 4 persons choose option 3, 7 persons choose option 4 and 4 persons choose option 5. For question no 10, 3 persons choose option 1, 7 persons choose option 2 and 5 persons choose option 3.

Calculation of Mean and Standard Deviation:

The formula of Mean= $\frac{\sum X}{n}$

Where, X= each value in the sample

n= the number of sample

The Mean of A-1:

X=4,4,4,4,4,4,5,5,5,5,5,5,5,5,5

$\sum X=69$, n=15

Therefore, the mean $\mu = \frac{\sum X}{n} = 4.6$

The Mean of A-2:

X=3,3,3,4,4,4,4,4,5,5,5,5,5,5

$\sum X=64$, n=15

Therefore, the mean $\mu = \frac{\sum X}{n} = 4.27$

The Mean of A-3:

X=4,4,4,4,4,4,4,4,4,4,5,5,5,5

$\sum X=64$, n=15

Therefore, the mean $\mu = \frac{\sum X}{n} = 4.27$

The Mean of A-4:

X=2,2,2,2,2,2,2,1,1,1,1,1,3,3

$\sum X=27$, n=15

Therefore, the mean $\mu = \frac{\sum X}{n} = 1.8$

The Mean of A-5:

X=1,1,1,2,2,2,2,2,2,3,3,3,4,4

$\sum X=34$, n=15

Therefore, the mean $\mu = \frac{\sum X}{n} = 2.27$

The Mean of A-6:

X=2,3,3,3,3,3,4,4,4,4,5,5,5,5

$\sum X=57$, n=15

Therefore, the mean $\mu = \frac{\sum X}{n} = 3.8$

The Mean of A-7:

X=1,1,1,2,2,2,2,2,3,3,4,4,4,5,5

$\sum X=41$, n=15

Therefore, the mean $\mu = \frac{\sum X}{n} = 2.73$

The Mean of A-8:

X=1,1,1,2,2,2,2,3,3,4,4,4,4,5,5

$\sum X=43$, n=15

Therefore, the mean $\mu = \frac{\sum X}{n} = 2.87$

The Mean of A-9:

X=3,3,3,3,4,4,4,4,4,4,5,5,5,5

$\sum X=60$, n=15

Therefore, the mean $\mu = \frac{\sum X}{n} = 4$

The Mean of A-10:

X=1,1,1,2,2,2,2,2,2,2,3,3,3,3,3

$\sum X=32$, n=15

Therefore, the mean, $\mu = \frac{\sum X}{n} = 2.13$

Standard Deviation:

Standard Deviation is a measure of how spreads out numbers are. It is the square root of the variance.

The formula of Standard Deviation $\sigma: \sqrt{\frac{\sum (X-\mu)^2}{n}}$

Where, σ = the Standard Deviation

X = each value of sample

μ = the mean of the values

n = the number of sample

$$\text{Variance} = \frac{\sum(X-\mu)^2}{n}$$

- **The Standard Deviation of A: 1**

The mean $\mu = \frac{\sum X}{n} = 4.6$

$$\text{Variance} = \frac{\sum(X-\mu)^2}{n} = \frac{(-.6)^2 + (-.6)^2 + (-.6)^2 + (-.6)^2 + (-.6)^2 + (-.6)^2 + .4^2 + .4^2 + .4^2 + .4^2 + .4^2 + .4^2 + .4^2 + .4^2}{15}$$
$$=.24$$

Therefore $\sigma = .49$

- **The Standard Deviation of A: 2**

The mean $\mu = \frac{\sum X}{n} = 4.27$

$$\text{Variance} = \frac{\sum(X-\mu)^2}{n} = \frac{(-1.27)^2 + (-1.27)^2 + (-1.27)^2 + (.27)^2 + (.27)^2 + (.27)^2 + (.27)^2 + (.27)^2 + (.27)^2 + .73^2 + .73^2 + .73^2 + .73^2 + .73^2 + .73^2}{15}$$

$$=.60$$

Therefore $\sigma = .77$

- **The Standard Deviation of A: 3** (4 => 11 persons, 5 => 4 persons)

The mean $\mu = \frac{\sum X}{n} = 4.27$

$$\text{Variance} = \frac{\sum(X-\mu)^2}{n} = \frac{(-.27)^2 + (-.27)^2 + (-.27)^2 + (-.27)^2 + (-.27)^2 + (-.27)^2 + (-.27)^2 + (-.27)^2 + (-.27)^2 + (-.27)^2 + (-.27)^2 + .73^2 + .73^2 + .73^2 + .73^2}{15}$$
$$.60$$

=2.93

Therefore $\sigma=1.71$

- **The Standard Deviation of A: 4**

2 => 8persons, 1 => 5persons, 3 => 2persons

The mean $\mu = \frac{\sum X}{n} = 1.8$

Variance = $\frac{\sum(X-\mu)^2}{n} = \frac{.2^2 + .2^2 + .2^2 + .2^2 + .2^2 + .2^2 + .2^2 + .2^2 + .8^2 + .8^2 + .8^2 + .8^2 + (-1.2)^2 + (-1.2)^2}{15}$

=.43

Therefore $\sigma=.65$

- **The Standard Deviation of A: 5**

1 => 3persons, 2 => 7persons, 3 => 3persons, 4 => 2persons

The mean $\mu = \frac{\sum X}{n} = 2.27$

Variance = $\frac{\sum(X-\mu)^2}{n} = \frac{(-1.27)^2 + (-1.27)^2 + (-1.27)^2 + (-.27)^2 + (-.27)^2 + (-.27)^2 + (-.27)^2 + (-.27)^2 + (-.27)^2 + (-.27)^2 + (-.27)^2 + (-.27)^2 + (-.27)^2 + (-.27)^2 + (-.27)^2 + (1.73)^2 + (1.73)^2}{15}$

=.76

Therefore $\sigma=.87$

- **The Standard Deviation of A: 6**

2 => 1persons, 3 => 5persons, 4 => 5persons, 5 => 4persons

The mean $\mu = \frac{\sum X}{n} = 3.8$

Variance = $\frac{\sum(X-\mu)^2}{n} = \frac{(-1.8)^2 + (-.8)^2 + (-.8)^2 + (-.8)^2 + (-.8)^2 + (-.8)^2 + .2^2 + .2^2 + .2^2 + .2^2 + .2^2 + .2^2 + .2^2 + .2^2 + .2^2 + .2^2 + 1.2^2 + 1.2^2 + 1.2^2 + 1.2^2}{15}$

=.83

Therefore $\sigma=.91$

- **The Standard Deviation of A: 7**

1 => 3persons, 2 => 5persons, 3 => 2persons, 4 => 3persons, 5 => 2persons

The mean $\mu = \frac{\sum X}{n} = 2.73$

$$\text{Variance} = \frac{\sum (X - \mu)^2}{n} = \frac{(-1.73)^2 + (-1.73)^2 + (-1.73)^2 + (-.73)^2 + (-.73)^2 + (-.73)^2 + (-.73)^2 + (-.73)^2 + .27^2 + .27^2 + 1.27^2 + 1.27^2 + 1.27^2 + 2.27^2 + 2.27^2}{15}$$

=1.80

Therefore $\sigma = 1.34$

- **The Standard Deviation of A: 8**

1 => 3persons, 2 => 4persons, 3 => 2persons, 4 => 4persons, 5 => 2persons

The mean $\mu = \frac{\sum X}{n} = 2.87$

$$\text{Variance} = \frac{\sum (X - \mu)^2}{n} = \frac{(-1.87)^2 + (-1.87)^2 + (-1.87)^2 + (-.87)^2 + (-.87)^2 + (-.87)^2 + (-.87)^2 + .13^2 + .13^2 + 1.13^2 + 1.13^2 + 1.13^2 + 2.13^2 + 2.13^2}{15}$$

=1.85

Therefore $\sigma = 1.36$

- **The Standard Deviation of A: 9**

3 => 4persons, 4 => 7persons, 5 => 4persons

The mean $\mu = \frac{\sum X}{n} = 4$

$$\text{Variance} = \frac{\sum (X - \mu)^2}{n} = \frac{(-1)^2 + (-1)^2 + (-1)^2 + (-1)^2 + 1^2 + 1^2 + 1^2 + 1^2}{15}$$

=.53

Therefore $\sigma = .73$

- **The Standard Deviation of A: 10**

1 \Rightarrow 3persons, 2 \Rightarrow 7persons, 3 \Rightarrow 5persons

The mean, $\mu = \frac{\sum X}{n} = 2.13$

Variance = $\frac{\sum (X - \mu)^2}{n} =$

$$\frac{(-1.13)^2 + (-1.13)^2 + (-1.13)^2 + (-1.13)^2 + (-1.13)^2 + (-1.13)^2 + (-1.13)^2 + (-1.13)^2 + (-1.13)^2 + (-1.13)^2 + .87^2 + .87^2 + .87^2 + .87^2 + .87^2}{15}$$

= .52

Therefore $\sigma = .7$

Appendix-2

BRAC Bank: At a glance

Name of the organization: BRAC Bank Limited (BBL)

Location Head Office: 1, Gulshan Avenue, Gulshan-1, Dhaka-1212

Web: www.Bracbank.com

Logo of BRAC Bank Limited:



Management of BRAC Bank Limited:

Board of Directors: (Organ gram of BRAC Bank Limited)

Mr. Muhammad A. (Rume) Ali - Chairman

Mr. Shib Narayan Kairy – Director

Mr. Quazi Md.Shariful Ala – Director

Ms. Nihad Kabir - Director (Independent)

Dr. Hafiz G.A. Siddiqi – Director

Mr. Mark A. Coffey (Nominated by Shore Cap International Limited) - Director

Ms. Tamara Hasan Abed – Director

Mr. Syed Mahbubur Rahman - Managing Director and CEO