

**Customer Satisfaction Survey of Unsecured Loan
Customers of BRAC Bank Limited**



**PART 1
THE ORGANIZATION**

INTRODUCTION

1.1 Background

BRAC Bank Limited is one of the largest local commercial banks operating in Bangladesh. They have a huge customer base that is ever growing.

BRAC Bank Limited (BBL) is mainly providing three types of service.

- 1) Business or Corporate Financial Services
- 2) Retail or Consumer Financial Services
- 3) Small & Medium Enterprise (SME).

Consumer financial services include credit card services, debit card services, loan facilities, and so on. The unsecured loan division of BBL's Consumer Banking Division mainly offers two types of loans—Salary Loans and Quick Loans. Salary loans are loans for any purpose to customers, without any security. Quick Loans are unsecured loans that are partially secured.

This research was aimed at identifying the level of customer satisfaction among the unsecured loan holders of BBL.

1.2 Origin of the Report

The BBA internship program is a mandatory requirement for the students who are graduating from the BBA from Business School of BRAC University. The primary goal of the internship was to provide an 'on the job' exposure to the student and an opportunity for translation of theoretical conceptions in real life situation. In the internship program, I was attached to a local organization named 'BRAC Bank Limited' for 3 months. I have decided to focus on **“Customer Satisfaction Survey of Unsecured Loan Customers of BRAC Bank Ltd”** for my internship report, under the supervision of Afsana Akhtar, Asistant Professor of BRAC University. This report has been prepared on my practical experiences in BRAC Bank Limited, Gulshan Branch.

1.3 Scope

The research will be limited to the level of customer satisfaction in the unsecured loan products of BBL. The focus of this report will be only on customers from two product categories—Salary Loans and Quick Loans.

1.4 People Involved:

The research was conducted by Jasmin Akhtar, ID# 08104025, BBA, BRAC University.

The guidance for this report was given by the respected faculty advisor Afsana Akhtar, Assistant Professor, BRAC University.

1.5 List of Abbreviations Used

Abbreviations used throughout the report are as follows:

- BBL BRAC Bank Limited
- MIS Management Information System
- CC Credit Card
- SL Salary Loan
- QL Quick Loan
- VC Value Centre
- ATM Automated Teller Machine
- POS Point of sale
- PFS Personal Financial Service
- EMI Equated Monthly Installment
- BSSO Branch Sales & Service Executive
- OPS Operations
- CRM Credit Risk Management
- AOD Asset Operation Department
- DBR Debt-Burden Ratio
- PDC Post Dated Cheque
- UDC Un Dated Cheque

ORGANIZATION BACKGROUND AND STRUCTURE

BRAC Bank Limited, a scheduled commercial Bank, commenced its business operation in Dhaka, Bangladesh on 4 July 2001. The Bank is mainly owned by the largest NGO in Bangladesh – BRAC. The Bank has positioned itself as a new generation Bank with a focus to meet diverse financial needs of a growing and developing economy. The Bank has embarked with an avowed policy to promote broad based participation in the Bangladesh economy through the provision of high quality banking service based on latest information technology. The Bank will ensure this by increasing access to economic opportunities for all individuals and businesses in Bangladesh with a special focus on currently underserved enterprises and households across the rural-urban spectrum. We believe that increasing the ability of underserved individuals and enterprises to build their asset base and access market opportunities will increase the economic well being for all Bangladeshis.

1.6 Historical Background of BRAC BANK LTD

BRAC Bank Limited, with institutional shareholdings by BRAC, International Finance Corporation (IFC) and Shore cap International, has been the fastest growing Bank in 2004 and 2007. The Bank operates under a "double bottom line" agenda where profit and social responsibility go hand in hand as it strives towards a poverty-free, enlightened Bangladesh. A fully operational Commercial Bank, BRAC Bank focuses on pursuing unexplored market niches in the Small and Medium Enterprise Business, which hitherto has remained largely untapped within the country. In the last eleven years of operation, the Bank has disbursed over BDT 7500 crore in terms of loans to nearly 2,00,0,000 small and medium entrepreneurs. The management of the Bank believes that this sector of the economy can contribute the most to the rapid generation of employment in Bangladesh. Since inception in July 2001, the Bank's footprint has grown to 154 branches, 421 SME unit offices and over 300 ATM sites across the country, and the customer base has expanded to 4,65,000 deposit and 1,87,000 advance accounts through 2008. In the years ahead BRAC Bank expects to introduce many more services and products as well as add a wider network of SME unit offices, Retail Branches and ATMs across the country.

BRAC Bank intends to set standards of the Market leader in Bangladesh. It will demonstrate that a locally owned institution can provide efficient, friendly and Modern full- service banking on a profitable basis. 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's goal is to provide mass financing to enable mass production and mass consumption, and thereby contribute to the development of Bangladesh. The Bank's goals are thus aligned with those of BRAC.

1.7 Goals:

BRAC Bank will be the absolute market leader in the number of loans given to small and medium sized enterprises throughout Bangladesh. It will be a world - class organization in terms of service quality and establishing relationships that help its customers to develop and grow successfully. It will be the Bank of choice both for its employees and its customers, the model bank in this part of the world.

1.8 Corporate 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. *(source: http://www.bracbank.com/company_profile.php)*

1.9 Corporate 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 Banks other products and services.

- Achieve efficient synergies between the bank’s branches, SME unit offices and BRAC field offices for delivery of remittance and Banks other products and services.
- Achieve efficient synergies between the bank’s branches, SME unit offices and BRAC field offices for delivery of remittance and Banks 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 controlled environment with no compromise on service quality.
- Keep a diverse, far flung team fully motivated and driven towards materializing the banks vision into reality.

1.10 Organizational Structure:

Boards of directors are the sole authority to take decision about the affairs of the business. Now there are 5 directors in the management of the bank. All the directors have good academic background and have huge experience in associated business. The board of directors holds meetings on a regular basis. The current management teams and board of directors’ name are given in the following table:

Board of Directors:

Mr. Muhammad A. (Rume) Ali Chairman	
Mr. Shib Narayan Kairy, Director	Mr. Quazi Md.Shariful Ala Director
Dr. Hafiz G.A. Siddiqi Director	Ms. Nihad Kabir Director (Independent)
Ms. Tamara Hasan Abed Director	Mr. Syed Mahbubur Rahman Managing Director and CEO

Management Team:

Mr. Syed Mahbubur Rahman Managing Director and CEO	
Mr. Mohammad Mamdudur Rashid Deputy Managing Director	Mr. Rais Uddin Ahmad Company Secretary & Head of Legal, Regulatory & Internal Control
Mr. Nabil Mustafizur Rahman Chief Credit Officer	Mr. Abdur Rahman Head of SME Banking
Ms. Tahniyat Ahmed Karim Head of Human Resources Division	Mr. Firoz Ahmed Khan Head of Retail Banking
Mr. Syed Faridul Islam Head of Risk Management	Mr. Mahmoodun Nabi Chowdhury Head of Corporate Banking & Cash Management & Custodial Services
Mr. Zeeshan Kingshuk Huq Head of Corporate Affairs & Service Quality	Mr. Shah Alam Bhuiyan Head of Operations

1.11 BRAC Bank limited Core Values:

Our Strength emanates from our owner - BRAC. This means, we will hold the following values and will be guided by BRAC as we do our work.

-  Value the fact that one is a member of the BRAC family.
-  Creating an honest, open and enabling environment.
-  Have a strong customer focus and build relationships based on integrity, superior service and mutual benefit.
-  Strive for profit & sound growth.
-  Work as team to serve the best interest of our owners.

- ✦ Relentless in pursuit of business innovation and improvement.
- ✦ Value and respect people and make decisions based on merit.
- ✦ Base recognition and reward on performance.
- ✦ Responsible, trustworthy and law-abiding in all that we do.

1.12 Shareholding Structure

Name of Shareholder	% of Shareholding
BRAC	43.77%
International Finance Corporation	5.36%
ShoreCap International Limited	0.86%
General Shareholders	50.00%
Institutions and Others	0.01%
Total	100.00%

1.13 Corporate Information

- ◆ Established: 2001
- ◆ Registered Office: 1, Gulshan Avenue, Gulshan-1, Dhaka-1212
- ◆ Company registration Number: C-37782(2082) of 1999
- ◆ Inauguration of Banking Operations: 4th July 2001
- ◆ First SME Unit Office: 1st January 2002
- ◆ Signing with Shore Cap as investor: 29th December 2003
- ◆ Signing with IFC as investor: 8th May 2004
- ◆ First ATM installed: 3rd April 2005
- ◆ Preferential share issued: 31st January 2006
- ◆ Signing with Infosys and 3i InfoTech for changing Bank's IT platform: 1st August 2006

- ◆ Listing with CSE: 24th January 2007 and Listing with DSE: 28th January 2007
- ◆ Commencement of share trading in DSE and CSE: 31st January 2007
- ◆ Website - <http://bracbank.com>

1.14 Achievements of BRAC Bank Limited

- ∞ BRAC Bank was awarded with the prestigious title of FT Sustainable Bank of the Year 2010.
- ∞ BRAC Bank Limited has received the prestigious award for being the highest VAT paying organization in national level in service industry for the financial year 2007-2008.
- ∞ BRAC Bank received the prestigious Business Award styled DHL-Daily Star Bangladesh Business Awards 2008 as 'Best Financial Institution of the Year' for its innovation in products, services, financial performance/ productivity, company management and contribution to Bangladesh's development.
- ∞ Leader in SME financing through 429 SME unit offices: The idea of SME unit are become very popular to the BRAC bank customer. In the last six years of operation, the Bank has disbursed over BDT 7500 corer in loans to nearly 2,00,0,000 small and medium entrepreneurs.
- ∞ BRAC Bank Limited has been awarded ICAB National Award from Institute of Chartered Accountants of Bangladesh (ICAB) for one of the Best Published Accounts & Reports 2007 recently.

DEPARTMENTS OF BRAC BANK LTD

If the jobs are not organized considering their inter relationship and are not allocated in a particular department it would be very difficult to control the system effectively. If the departmentalization is not fitted for the particular works, there would be disorganized situation and the performance of a particular department would not be measured. BRAC Bank Limited does these works very well. Departments are as follows—

Human Resource Department	Treasury back
Financial Administration department	General Infrastructure Services
Asset Operations Department	IT
Credit Division	Customer Service Delivery
SME divisions	Cards Division
Internal Control and Compliance Department	Phone Banking
Impaired Asset Management	Cash Management
Probashi Banking Operations	Payment Service
Treasury Front	Loan Administration Department

1.15 Wings of BRAC Bank Ltd:

BRAC Bank Limited consists of four major business divisions namely:

- A. Corporate Banking Division
- B. Retail Banking Division
- C. Small and Medium Enterprise (SME)
- D. Foreign Trade & Treasury

CORPORATE BANKING DIVISION:

The Corporate Banking Division provides full range of commercial banking products and services to any potential corporate clients including multinationals, large or medium local corporate, NGOs, institutional bodies.

The Corporate Banking Division has a centralized structure through on-line banking system. Any credit facility is processed at the Corporate Banking Division, Head office. After sanctioning of the facility, the limit is put on line and the customer can enjoy the facility from any of the BRAC Bank branches. Strict adherence to internal control guidelines and other legal and statutory compliance are followed. The Credit approval process involves separate Credit Division, the Managing Director and finally the Board.

Other departments like Foreign Trade, Treasury, and Credit Administration etc. play the supportive role for a comprehensive range of service to the Corporate Banking Division.

Why Corporate Banking:

- ◆ Quality of service
- ◆ Value of innovative solutions
- ◆ Level of trust with clients
- ◆ Market knowledge

Through the corporate banking, clients have access to a wide range of financial services including:

- Debit capital
- Equity capital
- Ongoing relation support
- Financial markets

RETAIL BANKING DIVISION

Retail Division offers a wide array of lucrative and competitive banking products to the individual customers of the bank. Recently a new retail banking model has been developed. In this model BRAC Bank designs their products based on customer standing. Easy, Excel, Supreme and Premium banking has been developed to serve the customer. It also offers different types of term deposit scheme and attractive STD & Savings deposit schemes giving interest on daily balance.

SMALL AND MEDIUM ENTERPRISE (SME)

The SME program of BRAC is a venture of BRAC Bank. BRAC bank was set up with the growing need for capital mobilization and the need for formal contracts for a wider spectrum of clients of the country. When it came to SME financing, instead of approaching the problem by scaling down its regular operations, a separate program designed specially for SME financing was launched by BRAC Bank in 2002. BRAC Bank's effort is noted in this regard for its complete focus on the credit needs of the small and medium enterprises. Since the initiation of SME operations by BRAC Bank, it has become the Bank's largest and most profitable venture. As of December 2004, the SME division accounted for two third of the Bank's profits. BRAC has served 320000 entrepreneurs with SME loans valued at BDT 144330 million through its 424 SME unit offices. BDT 37400 million assets disbursement was supplemented by BDT 8970 million deposits.

The unique feature of BRAC Bank is that it is the only bank that approaches prospective clients, while other banks wait for them to apply for loans when required. SME units of BRAC Bank are located in all districts of the country. Each unit has two to five Customer Relations Officers (CROs). The role of CROs is instrumental in not only selecting and approaching clients, but also in maintaining regular interaction with each client, monitoring the use of the loan and ensuring regular repayment.

FOREIGN TRADE & TREASURY

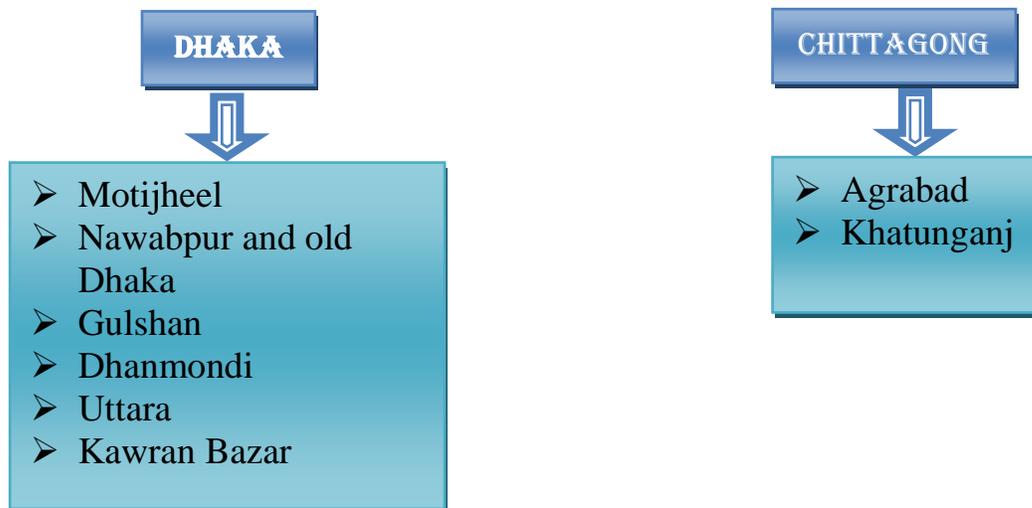
Treasury Division is one of the major divisions of BRAC Bank. Treasury Division deals with money market. All treasury related products are processed in conformity with the Bank's

Operational, Trading, Money market, Overnight, Term placing, Deal settlement, Commercial position keeping, Treasury, Credit, Finance & other applicable policies.

Treasury Operations calculates investment figure, prepares the auction application, forwards the application to Bangladesh Bank for Bid and Treasury Operations maintains and reconciles all accounts with foreign and local banks.

1.16 Business Concentration (Area Wise):

In line with their corporate strategy initially they concentrated their business to the following locations:



1.17 Target Customer Group

- Leading Domestic Organizations
- Corporate and Trading Houses
- Local medium and large Corporate
- Multinational Companies (MNCs')
- NGOs
- Educational Institutions
- Individual
- Health Service Industry
- Leasing companies/Non banking financial institutions.

1.18 SWOT Analysis

The comparison of Strengths, Weaknesses, Opportunities and Threats is normally referred to as a SWOT analysis. Its central purpose is to identify the strategies that will create a firm-specific business model that will best align, fit, or match a company's resources and capabilities to the demands of the environment in which it operates.

<p style="text-align: center;">Strengths</p> <ul style="list-style-type: none"> ☞ Well Capitalized ☞ Brand Name ☞ Faster Processing ☞ Young Energetic Employees ☞ Superior Customer Services ☞ Excellent Networking System 	<p style="text-align: center;">Weaknesses</p> <ul style="list-style-type: none"> ☞ Limited Banking Service ☞ Lack of entry-level experience ☞ Lack Of Research ☞ Migration tendencies of employees
<p style="text-align: center;">Opportunities</p> <ul style="list-style-type: none"> ☞ Acquire Asset ☞ Expansion ☞ Launching New Services ☞ Foreign Outlets ☞ Better Deal In B2B Sector ☞ Applied Research Centers 	<p style="text-align: center;">Threats</p> <ul style="list-style-type: none"> ☞ Increasing Competition ☞ Difficulties to Expand Market in Rural Areas ☞ New Legal System

PRODUCTS & SERVICES OF BRAC BANK LTD

BRAC Bank Limited is offering different types of service Products and services to their retail customers. The services of PFS and Credit Card Services are known as Retail banking or Consumer Banking. Retail banking deals with providing the bank services to individuals on a one-to-one basis. The services under retail banking are as follows

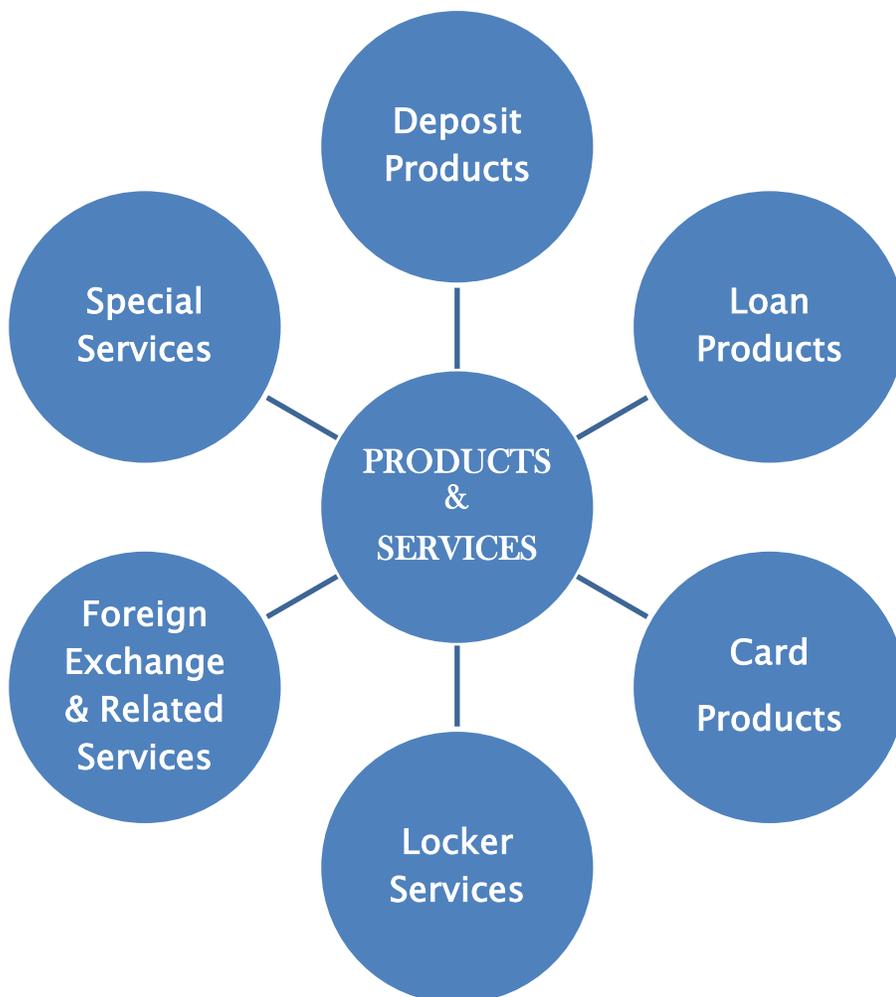


Fig- 1.1 Product & services of BRAC Bank

1.19 Deposit Products

BBL has the deposit services for its customers. BBL's deposit services are shown in the figure below.

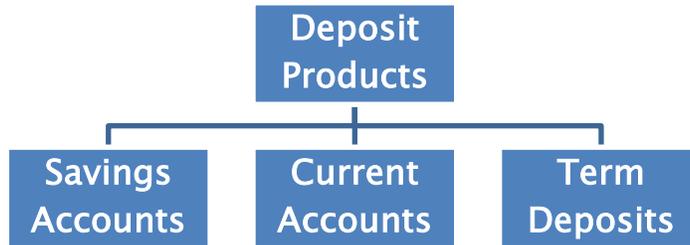


Fig- 1.2: Deposit Products

1.19.1 Savings Account

Savings account is a type of transactional account through which a customer can transact on a daily basis. Special features of this account include: Limitation on transaction & Size of transaction, large withdrawal require prior notice, Cheque bearing account, Interest paid on saving rate, Access to other deposit facilities and loan facilities except overdraft facility.

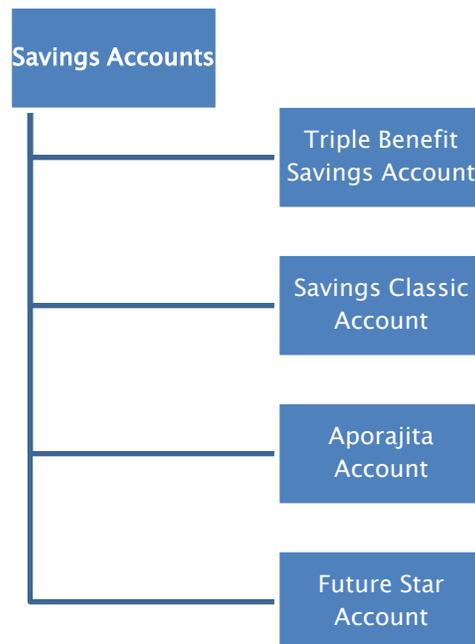


Fig-1.3 Saving account

Savings Accounts

Product Name	Description	Key Features
Triple Benefit Savings Account	Triple Benefits Savings Account is a local currency interest-bearing account with cheque facility and offers a high interest rate of up to 8.5% p.a. Monthly average balance of BDT 50,000 & above will be eligible for interest. If yearly average balance BDT 50,000 or above is maintained than there is no Annual Debit Card Fee, no Half Yearly Account Maintenance fee.	<ul style="list-style-type: none"> ➤ Account opening balance: BDT 50,000 only. ➤ Interest rate of up to 8.5% p.a. ➤ No Debit Card fee, ➤ No upfront Fee. ➤ Free first cheque book of 12 pages.
Savings Classic Account	Savings Classic Account is a local currency interest-bearing account with cheque facility. Monthly minimum balance of BDT 50,000 & above will be eligible for interest. Half Yearly Account Maintenance fee is BDT 300 + VAT if half yearly average balance is above BDT 25,000 and BDT 100 + VAT if half yearly average balance is above BDT 5,000 to BDT 25,000. Annual Debit Card Fee is BDT 600 + VAT.	<ul style="list-style-type: none"> ➤ Account opening balance: BDT 15,000 only. ➤ Interest rate of up to 8.5% p.a., credited to the account every month. ➤ Free first cheque book of 12 pages.
Aporajita	Aporajita Account is a savings account for female customers. The minimum account opening balance requirement is BDT 5,000. Any day end balance of BDT 50,000 & above will be eligible for	<ul style="list-style-type: none"> ➤ Interest rate of up to 8.5% p.a., credited to the account every month. ➤ No account Maintenance Fee.

Account	interest. Annual Debit Card Fee is BDT 600 + VAT. This is a non cheque book account, however, a guest can avail special cheque book as per Schedule of Charges.	➤ Non cheque book account.
Future Star Account	<p>Future Star Account is a savings account for minor that offers an opportunity to save for your child's future. The account is available for the children below 18 years of age.</p> <p>Fund cannot be withdrawn until the child reaches 18 years of age. However, on emergency case, fund can be withdrawn by closing the account. In this case, if the account is closed before one year, interest amount shall be forfeited. Only self-deposited amount will be paid to the account holder.</p>	<ul style="list-style-type: none"> ➤ Account opening balance: BDT 2,000 only. ➤ Interest rate of up to 8% p.a., credited to the account yearly. ➤ Free colorful passbook. ➤ Free privilege card. ➤ No relationship or account maintenance fee.

1.19.2 Current Accounts

BRAC Bank's Current Account is a normal checking account, giving the option to deposit and withdraw money for your day-o-day needs. This is a Cheque bearing account normally no interest paid, no bar on deposit and withdraw and it has easy access to other deposit and loan facilities. This account is normally operated by Businessmen.

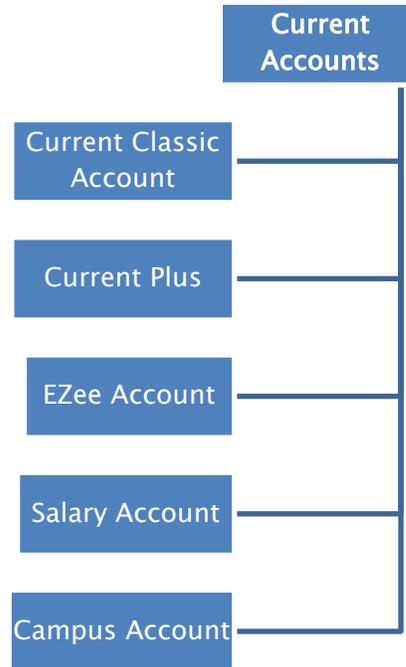


Fig- 1.4 Current account

Current Accounts		
Product Name	Description	Key Features
Current Classic Account	Current Classic Account is a non interest-bearing account with cheque book & VISA Debit card facility. The account has a maintenance fee of BDT 500 + VAT for every half year and Annual Debit Card Fee is BDT 600 + VAT.	<ul style="list-style-type: none"> ➤ Account opening balance: BDT 15,000 only. ➤ Non interest-bearing account. ➤ Free first cheque book of 12 pages.
Current Plus	Current Plus Account offers you the freedom of unlimited transactions. There is no intercity transaction fee for this account. There is no Annual Debit Card Fee, if yearly average balance BDT 25,000 or	<ul style="list-style-type: none"> ➤ Account opening balance of BDT 25,000 only. ➤ No intercity transaction fee. ➤ No upfront Fee or charges.

Account	above is maintained, otherwise BDT 600+VAT will be charged on anniversary and also has a Half-Yearly Account Maintenance Fee of BDT 500 + VAT.	<ul style="list-style-type: none"> ➤ First cheque book of 25 pages for free.
EZee Account	BRAC Bank offers EZee Account a non-cheque interest bearing account for small savers who are in frequent need of transaction. Ezee Account is an interest-bearing current account which offers interest rate of 2% p.a. Any balance greater than zero will be eligible for interest. There is no Annual Account Maintenance Fee. Annual Debit Card Fee is BDT 600 + VAT.	<ul style="list-style-type: none"> ➤ Account opening balance of BDT 2,000 only. ➤ Interest rate of up to 2% p.a., credited to the account every month. ➤ No Annual Account Maintenance Fee. ➤ Non cheque book account
Salary Account	Salary Account is a non-cheque book individual account for employees of different Corporate Houses, offered to facilitate the disbursements of their monthly salaries. Employees of MNC/LLC/MID/CORP/NGO/other than foreign nationals are eligible to open this account. Annual Debit Card Fees is BDT 300 + VAT. The organization needs to have a minimum of 10 employees and a payout of Tk. 1 lac per month.	<ul style="list-style-type: none"> ➤ 4% interest on any deposit amount (on daily balance). ➤ No Account Maintenance Fees. ➤ No minimum balance required. ➤ Partial waiver on VISA Debit Card. ➤ Cheque book facility. ➤ Loan facility at preferential rates.
Campus Account	Campus Account is an interest-bearing current account exclusively offered for university students with an interest rate of 4% p.a. Any balance greater than zero will be eligible for interest. There is no Annual	<ul style="list-style-type: none"> ➤ Offered for university students. ➤ Account opening balance of BDT 2,000 only. ➤ No Annual Account

	Account Maintenance Fee. Annual Debit Card Fee is BDT 600 + VAT.	Maintenance Fee.
--	---	------------------

1.19.3 Term Deposits

A type of non-transactional Account and the amount payable after maturity only special features of this account include. Amount can be fixed by both business & individual with permission from bank, Interest paid is comparatively higher than TA. No accesses to other deposit and loan facilities, Term Deposit receipts are given from bank.

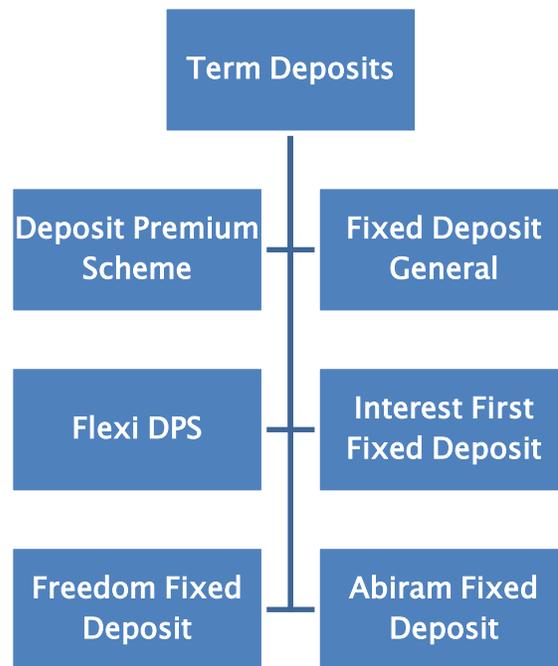


Fig-1.5 Term Deposits

Term Deposits

Product Name	Description	Key Features
Deposit Premium Scheme (DPS)	<p>Deposit Premium Scheme (DPS) – a truly special savings plan that allow saving on a monthly basis and getting a handsome amount at maturity.</p> <p>In terms of installment sizes, the monthly installment can be as low as BDT 500 or any multiples of it i.e. BDT 1,000, BDT 2,500. Unlike other banks, BRAC Bank gives the luxury of choosing any day of the month as installment date.</p>	<ul style="list-style-type: none"> ➤ Flexible installment sizes and DPS term ➤ Auto Transfer Facility. ➤ On-Line Banking Facility.
Fixed Deposit General	<p>Fixed Deposit General is a non-transactional account that gives interest and principal at maturity. FD General can be opened for 1/3/6/12/24/36 months. Interest is paid on maturity, calculated on 360 days, as per the Interest Rate Matrix. This account is available on a roll over basis until the customer confirms its closure.</p>	<ul style="list-style-type: none"> ➤ Minimum amount required to open this account is BDT 50,000. ➤ Interest is paid on maturity. ➤ Interest amount is subject to govt. taxes.
Flexi DPS	<p>Flexi Deposit Premium Scheme is a non-transactional account that a customer uses for interest earning and savings purposes through monthly installment basis. FDPS can be opened for 1/2/3/4/5/6/7/8/9/10 years. This account is available on a roll over basis until the customer authorizes its closure. Interest is accrued to the FDPS</p>	<ul style="list-style-type: none"> ➤ Least amount required to open an FDPS account is BDT 500 and its multiples. ➤ Interest amount is subject to 10% govt. taxes.

	account on monthly basis.	
Interest First Fixed Deposit	Interest First Fixed Deposit is a non-transactional account that a customer uses for interest earning in advance and savings purposes. IFFD can be opened for 3/6/12 months. Interest (after the adjustments of 10% Government tax on the interest amount) is immediately transferred to the link account, as per the Interest Rate Matrix.	<ul style="list-style-type: none"> ➤ IFFD is a non-transactional account. ➤ Interest is given upfront, at the time of opening the FD. ➤ Minimum amount required to open an IFFD account is BDT 100,000.
Freedom Fixed Deposit	Freedom Fixed Deposit is a non-transactional account that gives interest quarterly to the link account automatically. FFD can be opened for 6/12/24/36 months. This account is available on a roll over basis until the customer confirms its closure. Interest is paid on a Quarterly basis after adjusting 10% Government tax on the interest amount, as per the Interest Rate Matrix.	<ul style="list-style-type: none"> ➤ Freedom Fixed Deposit is a non-transactional account. ➤ Account opening balance of BDT 25,000 only. ➤ Interest amount is subject to govt. taxes.
Abiram Fixed Deposit	Abiram Fixed Deposit is a non-transactional account that deposits interest monthly to your existing current or savings account. Abiram FD can be opened for 1/2 years. This account is available on a roll over basis until the customer confirms its closure. Interest is paid on a Monthly basis after adjusting 10% Government tax on the interest amount, as per the Interest Rate Matrix.	<ul style="list-style-type: none"> ➤ Interest is paid on a Monthly basis. ➤ Minimum amount required to open this account is BDT 100,000. ➤ Interest amount is subject to 10% Government taxes.

1.20 Loan Products

BBL has the deposit services for its customers. BBL's deposit services are shown in the figure below.

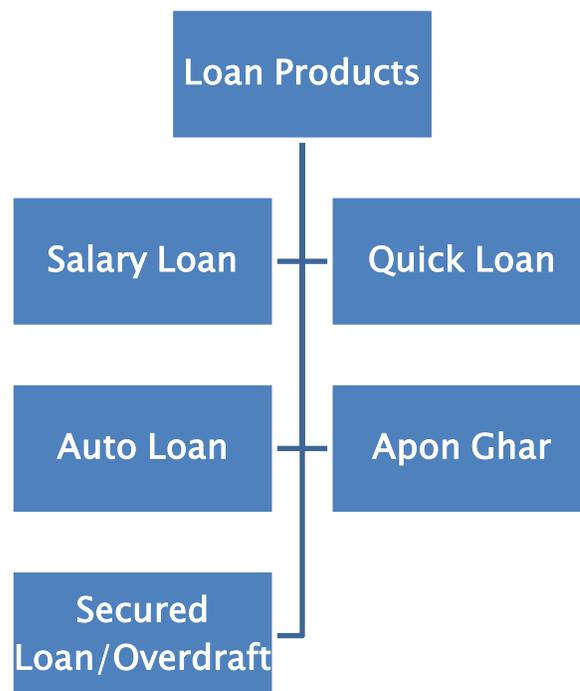


Fig 1.6 Loan Products

1.20.1 Salary Loan

Salary Loan is a fully unsecured loan facility offered to the salaried employees of different corporate bodies, MNCs, Small/Medium Sized local companies etc based on their monthly net income

This type of loan has different features and requirements which will be discussed in detail in the subsequent chapters.

1.20.2 Quick Loan

Quick loan is a personal loan facilities offered by the retail banking division to businessmen who have sound business records for minimum 2 years. It is a clean lending product in the sense that there is no cash security (like Govt. Savings Certificates or Fixed Deposits etc) taken against the loan.

QL has different features and requirements which will be discussed in detail in the consequent chapters.

1.20.3 Auto Loan

Whether you want to purchase a brand new car or a reconditioned one, BRAC Bank Auto Loan is built for maximum speed and efficiency. Get your dream car on the road in no time.

Eligibility:

- Available for Salaried individuals, Business Persons, Self Employed & Landlord.
- Age between 21 at the time of application to 65 at the time of maturity
- Minimum Monthly Income: BDT 25,000 (for salaried); BDT 35,000 (for others).
- Length of service: Confirmed employment with total 1 year work experience.
- Age of Business: Min 2 years.

Key Features:

- Up to 50% of quoted value of the car.
- Loan amount up to BDT 2000,000.
- Interest Rate is 17% per annum.
- Tenor: 12 to 60 months.

Documents required:

- Latest one year's personal bank statement.
- Photocopy of national ID/Passport.
- One copy passport size photograph of the applicant.
- One copy passport size photograph of guarantor.
- Price quotation of the vehicle.
- Business card/ visiting card of the applicant
- Personal TIN certificate.
- Letter of Introduction stating salary, issued by the employer.

Schedule of Charges:

- ❖ Processing fee: 1% +VAT of the loan amount.
- ❖ Early Settlement Fees:
 - 2%+ VAT on the outstanding amount if settled within 1st 2 years,
 - 1%+ VAT for 2 years & above.

1.20.4 Apon Ghar

Apon Ghar (Own Home) is the Home Loan product from Brac Bank with a complete solution stretching with five values added FREE services. BBL Apon Ghar provides personal bank representative for information search till moving into the home. In addition to these there are smart privilege consultancies for: Interior, Furniture & Soft Furnishing, Home Appliance, Window Treatment etc.

Customer Segment & Eligibility

Salaried Individuals:

- Total Job Experience is minimum 3 years & must be permanent in current job.
- Minimum income is BDT 25,000/-.

Businessmen / Self Employed Individuals / Landlords:

- Owner / Director of Proprietorship / Partnership / Private Limited Company.
- Total Business Experience is minimum 3 years
- Minimum income is BDT 30,000.

Key Features:

- Owner of the property must be the main borrower.
- Interest Rate is 16% for purchase & 17% for home credit per annum.
- Mortgaged property must be located within the metropolitan area of Dhaka, Greater Dhaka where RAJUK Plan is available, and Chittagong & Sylhet.
- Applicants must be permanent resident of Bangladesh.
- Minimum age 25 years & maximum age 65 years at the time of maturity.
- Competitive Interest Rate.
- Maximum loan tenor is 25 years.

Documents required:

- Latest 01 year personal bank statement.
- Latest Tax Clearance Certificate (where applicable).
 - Photocopy of National ID card / Passport.

- Allotment Letter/ Allotment Agreement/ Byna Deed for Home Loan.
- Price quotation for Home Credit Loan.
- For Salaried Individuals:
 - Letter of Introduction (LOI]
 - Latest 01year salary account statement

Schedule of Charges:

- ❖ Loan up to BDT 15 Lac is @ 2% on loan amount + VAT
- ❖ Loan above BDT 15 Lac is @ 1.5% on loan amount + VAT
- ❖ For Take Over cum Home Credit loan 1% on loan amount + VAT
- ❖ Valuation charge @ 3500 + VAT in addition to the processing fee
- ❖ Security replacement Fee – BDT 10,000 + VAT
- ❖ Processing fee: 2% +VAT of the loan amount.
- ❖ Early Settlement Fees
 - 2% of outstanding if settled within first 2 year + VAT
 - From 3rd to 4th year 1.5%+VAT on outstanding
 - From 5th year 1%+VAT on outstanding
 - Date rescheduling fee Tk 2000+VAT each time.

1.20.5 Secured Loan/Overdraft

BRAC Bank Ltd provides loan against fixed deposits so that you can meet any cash emergencies without the need to give up on your high yield savings.

Eligibility:

Any individual with fixed deposits and WEDB purchased from Brac Bank Ltd may apply for this facility.

Key Features:

Secured Loan: Term Loan

- Paid in Equal monthly installments.
- Loan Tenor: 12 to 60 months.

Secured Overdraft: Continuous Loan

- Tenor: 12 months (Auto renewal option available).
- Quarterly interest payments.

Other Features

- Loan Amount up to 90% of Face Value of your fixed deposits.
- Early settlement & Enhancement facilities available.
- Cross collateralization allowed.

Documents required:

To take this loan customers need only the copy of National ID.

Schedule of Charges:

- ❖ Processing fee: 1% +VAT of the loan amount (Max BDT 10,000, Min BDT 1000.).
- ❖ Early Settlement Fees
 - Secured Loan 1% of outstanding amount at any time before maturity; Maximum BDT 10,000

- Secured Overdraft - 2% of outstanding or BDT 2,000, whichever is lower.

1.20.6 Card Products

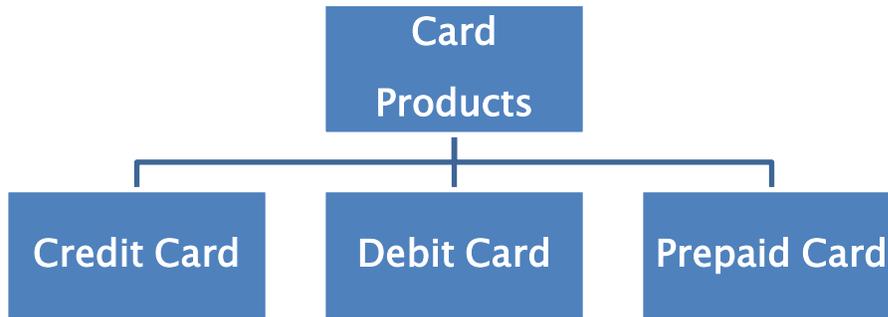


Fig 1.7 Card Products

1.20.7 Credit Card

i) **Platinum Credit Card**

Platinum Card is the highest visa branded credit card. BBL issue both VISA and Master card of this category. Platinum Credit Card provides cardholders with an unsecured revolving facility. This card is valid not only in Bangladesh but also in abroad as well. It can be used in local currency (BDT) within the country and foreign currency outside the country. This type of credit has a limit ranging from BDT 300,000 to BDT 500,000. Platinum Credit has a lot of unique features over other cards.

Key Features:

- Priority Pass
- Discount at Hotel club
- VISA Speedpass

- VISA Golf club
- VISA CONCIERGE service.
- Free access to “Balaka” the Sheraton lounge at Shahjalal International Airport.
- Discount at Ikebana, Gulshan Group of Hotels, D’Damas, Otobi, Nazimgarh Resorts, Leo Diamond, Restaurants all over India.
- Free Priority Welcome Service.



ii) Universal Credit Cards

This is a Visa/Master Card dual currency credit card with worldwide acceptability. Its USD credit limit will be within approved BDT limit assigned for the cardholder. A secured dual card's limit will be maximum USD 30,000 against lien on RFCFD or ERQ account.

As per customer request, dual card will be offered to customers against his/her Travel Quota, Residence Foreign Currency Deposit (RFCFD) account and Export Retention Quota (ERQ) account. Dual card can be used in local currency within the country and foreign currency outside the country.

Universal Visa/MasterCard Classic

Dual Currency Visa/MasterCard Credit Card is valid not only in Bangladesh but abroad as well. It can be used in local currency (BDT) within the country and foreign currency outside the country. This type of credit card has a limit ranging from BDT 10,000 to BDT 75,000.

Universal Visa/MasterCard Gold

This is a Dual Currency Visa/Master credit card which is valid both in Bangladesh as well as abroad. It can be used in local currency (BDT) within the country and foreign currency outside the country. The basic difference between Classic & Gold cards is that the Gold card has higher

credit limit than that of classic card. Credit limit of Visa/MasterCard Gold Card ranges from BDT 75,001 to BDT 500,000.

iii) Payment of Credit Card bills

Now customer can pay their credit card bills right on time. Here are some easy options to clear BRAC Bank Credit Card dues:

Over the Counter: Fill up the deposit slip and pay by cash/cheque at any BRAC Bank Branch in Bangladesh.

Drop Boxes: Fill up the deposit slip and drop your cheque into the Drop Box located at various BRAC Bank Branches.

Auto Debit Instructions: Issue auto debit instructions to debit your BRAC Bank current/savings account every month to clear your Credit Card bill.

Internet Banking: Get registered and pay online by logging onto BBL Internet Banking.

Through ATMs: Make ATM fund transfers from your BRAC Bank current/savings account to pay off your Credit Card dues.

1.20.8 Debit Card

Debit card is an initiative to protect this world and to present a better tomorrow for your future generations. When you are availing a debit card, you are donating for our environment-friendly initiatives which include:

- ✓ Waste management projects
- ✓ Renewable energy projects
- ✓ Tree plantation programs and many more



Enhanced Functionalities

- Enhanced daily cash withdrawal limit of BDT 50,000 from ATM Booth
- Cash withdrawal facility from
 - More than 300 BRAC Bank ATM booths
 - ATM booths of more than 30 banks under OMNIBUS network
 - All ATM booths of Rupali Bank Ltd

- BDT 3,00,000 cash withdrawal facility from Branch POS counters
- BDT 1,00,000 purchase facility from Merchant POS
- Free Account Enquiry
- Free Mini Statement Printing

Convenience of Shopping

- ✚ No need to carry cash
- ✚ Shopping through 1,500+ BRAC Bank POS terminals
- ✚ Acceptance at 8,500+ other bank POS terminals
- ✚ Discount at over 60 restaurants and 70 lifestyle stores across the country
- ✚ Debit card usage facility at selective filling stations all across the country

1.20.9 Prepaid Card

Hajj Prepaid Card

BRAC Bank brings another perfect solution for your financial needs while you visit the Holy Lands of Saudi Arabia to perform your Hajj. You can now enjoy convenient and safe access to your money during your Pilgrimage by simply getting yourself a BRAC Bank Hajj Card. Since, this is a Prepaid Card, any individuals (18 years and above) having no relationship with Brac Bank can also enjoy the benefits of this card. One can withdraw cash from any Visa accepted ATMs or do the shopping across Kingdom of Saudi Arabia (KSA) using this plastic.



Highlights of Hajj Card:

- ❖ Completely interest free
- ❖ Limit up to USD 350 as per Hajj Quota (Quota may change as per Government regulation)
- ❖ Valid across KSA during Hajj

- ❖ Accessible in all VISA accepted ATMs & Shops in KSA
- ❖ A nominal issuance fee of BDT 300+15% VAT
- ❖ Scope to encash unused balance in BDT
- ❖ No endorsement fee or penalty

Documents required for buying a Hajj Card:

- A valid passport/Hajj passport with valid Pilgrim VISA
- A recent color photograph
- Prepaid card application form

Travel Prepaid Card

BRAC Bank brings another perfect solution for your financial needs while you visit anywhere in the world. You can now enjoy convenient and safe access to your money during your travel by simply getting yourself a BRAC Bank Travel Card. Since, this is a Prepaid Card; any individuals having no relationship with Brac Bank can also enjoy the benefits of this card. One can withdraw cash from any VISA accepted ATMs or do the shopping across the world using this plastic.



Highlights of Travel Card:

- ❖ Instant issuance - Just pays and picks the card
- ❖ Completely interest free
- ❖ Valid all over the world (except Bangladesh)
- ❖ Accessible in all VISA accepted ATMs & Shops globally

- ❖ Bank account not required
- ❖ A nominal issuance fee of BDT 500+15% VAT
- ❖ Scope to refund of unused balance in BDT
- ❖ No endorsement fee or penalty

Documents required for buying a Travel Card:

-  A valid passport
-  A recent color photograph
-  Prepaid card application form

1.21 Locker Services

Locker service of BBL allows the customers to keep their valuables in a safe and secure place and access the same at convenient times. These strong and heat resistant steel lockers stiff in vault, round the clock security guards, and sophisticated anti- burglary alarm systems provide maximum protection to the valuables of customers. Three sizes locker are available in BBL. Those are Small, Medium, and Large. Annual charges of these sizes are given below:

Sizes	Charges
Small	BDT 3500 + 15% VAT
Medium	BDT 5200 + 15% VAT
Large	BDT 7200 + 15% VAT

Locker Services are available in the following branches:

SI	Branch	SI	Branch
01.	Agrabad	11.	Khulna
02.	Asadgate	12.	Mirpur
03.	Banani	13.	Mogbazar
04.	Bashundhara	14.	Momin Rd.
05.	CDA	15.	Narayanganj
06.	Comilla	16.	Rampura
07.	Gulshan	17.	Satmosjid Rd
08.	Halishahar	18.	Shyamoli
09.	Zindabazar	19.	Sylhet
10.	Kazirdewri	20.	Uttara

1.22 Foreign Exchange & Related

The foreign exchange and money market operation of the BRAC Bank Limited in the world is extensive. Foreign currencies happen to be one of its special areas of strength. A superior service is provided to customers in Bangladesh through the Bank's network of dealing centers placed in the principal areas. The Bank's foreign exchange specializes in offering solutions to those who wish to manage interest rate and currency exposures that result from trade, currency endorsement, investment and financing activities of other dynamic economies of the region.

1.22.1 Travel Related Services (TRS)

Travel Related Services deals with the sale of AMEX Travelers Cheques (TC) and Cash FCY against Individual's Travel Quota and Medical File. This entitlement is for a Calendar Year i.e. from 1st January to 31st December.

Features of Travelers Cheque (TC)

- Cheaper than cash Foreign Currency.
- More secure than cash.
- If lost or stolen, can be refunded.
- Accepted globally & Life Time

Required Travel Document for FCY/TC Endorsement

- Valid Passport.
- Valid Visa.
- Air/ Bus Ticket (with return).

Required Documentation for Medical File

- ❖ Valid Passport with Visa (Parent's Passport for Infant).
- ❖ Photo copy of Air ticket/ Bus ticket (Original needs to be shown).
- ❖ Invoice from prospective hospital.
- ❖ Recommendation letter from personal physician.
- ❖ Related medical documents (Prescriptions, Diagnosis Reports etc.).
- ❖ Previous overseas medical treatment documentation (If any) & Proof of treatment (After return from abroad).

1.22.2 Education Related Services (ERS)

BRAC Bank ERS offers '**Student File**' services which eases educational related financial transactions abroad. Student File opening is a mandatory requirement set by Bangladesh Bank for Foreign Exchange transfer to other countries. Through opening Student File, educational related expenses can be remitted abroad.

Eligibility:

Students who have taken admission in regular courses such as undergraduate, post graduate, language course pre-requisite to bachelor degree & professional diploma/ certificate courses in recognized institutions abroad.

Student Quota:

Education Cost & Living Cost as per estimate furnished by Foreign Institution/University and USD 200 or equivalent for transit expenses.

Services offered:

-  Student File Opening.
-  Foreign Demand Draft (FDD)/ Foreign Telegraphic Transfer (FTT) issuance for tuition fees.
-  Travelers Cheque (TC) endorsement to pay off living expense.

Documents required:

- Valid Passport.
- One Passport size photograph.
- Admission letter issued by the educational institution of the student.
- Estimation of annual tuition fee, board and lodging, incidental expenses etc. issued by the concerned educational institution.

- All educational certificate and mark sheet.
- Visa & confirmed ticket (Required to release the living cost).

1.23 Special Services

1.23.1 Non Stop Banking

In the process of services, BRAC Bank has initiated "Non-Stop" banking services for the customers. The service has the two following schedules of two different types of banking service that are convenient for the distinctive customers

- Non stop banking from 10 a.m. to 8 p.m.
- Online banking facility in all of the sections
- Up to 5 p.m. for the fixed branches

The branches where the service is available: Gulshan, Banani, Uttara, Mirpur, Dhanmondi, Satmasjid Road, Rampura, Moghbazar, Nowabpur etc.

1.23.2 Customer Centric Business Model

BRAC Bank Limited formally launched a New Retail Banking Business Model to facilitate more customized and convenient services in order to appropriately meet the requirements of the customers. BRAC Bank introduced four segments in their retail banking – **Premium, Supreme, Excel and Easy** – aimed to sufficiently fulfill the financial needs of different customer groups. This initiative, has been introduced so that customers get benefits from more demand-driven banking services instead of supply-driven services; hence the model is a customer centric one eliminating the product centric mind frame.

1.23.3 Mobile Banking

BBL's Mobile Bank units are designed to bring banking service to customers doorsteps. It enables the customers to complete their daily banking without visiting the bank.

Key Features:

- ❖ Instant Account Balance & Mini Statement.
- ❖ Fixed Deposit Maturity Alarm.
- ❖ High Value Transaction Alert.
- ❖ Payment (loan) failure alert.
- ❖ Cheque clearing failure alert.

1.23.4 Internet Banking

The Customer can be able to view the list of accounts with the current balance. They can transfer funds from one of his accounts to another of his accounts within the bank. They can make a request for account statement for a required period. The bank will manually service this request. Recently BBL introduces their new service “e-statement”. As part of the sustainable banking initiative BBL on the occasion of ‘World Environment Day’ has launched a green initiative quoted as ‘Go Green with e-statement’ for its valued customers in which customers will get their statement at their email address by the 20th of every month. All of these services are free-of-charge and are affordable for every customer.

1.23.5 Any Branch Banking

BBL offers its customers with the facility of operating their bank accounts from any of its sales and service centers across the county. This enables customers to meet their countrywide banking needs out of one single account.

FINANCIAL PERFORMANCE REVIEW

1.24 Operating Result

BRAC had net profit after tax in 2011 was BDT 1702 million- an increase of 32 million over last year. Interest expense has decreased by 5% in 2010, as liabilities were reprised at lower rates and the deposit mix tilted towards low cost funds.

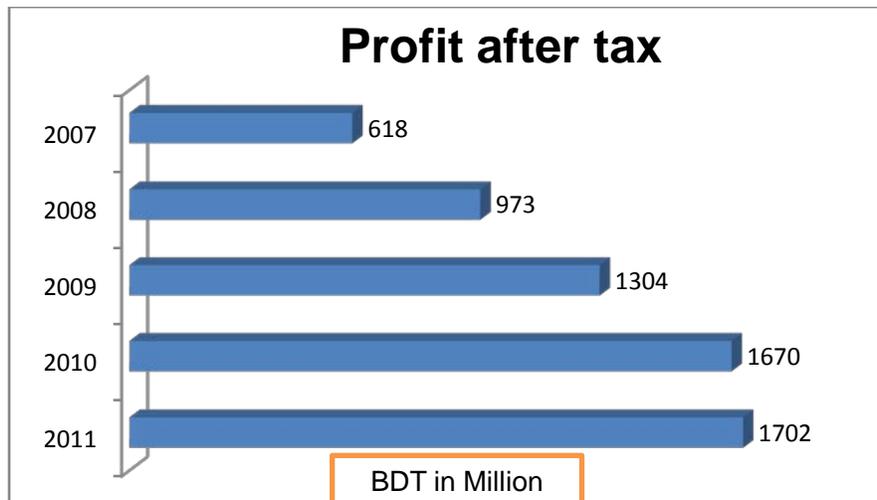


Fig- 2.1: Profit after tax

1.25 Credit Deposit Ratio (CDR)

Credit Deposit Ratio (CDR) is an important ratio, specially for banks. It is the proportion of loan-assets created by banks from the deposits received. The higher the ratio, the higher the loan-assets created from deposits.

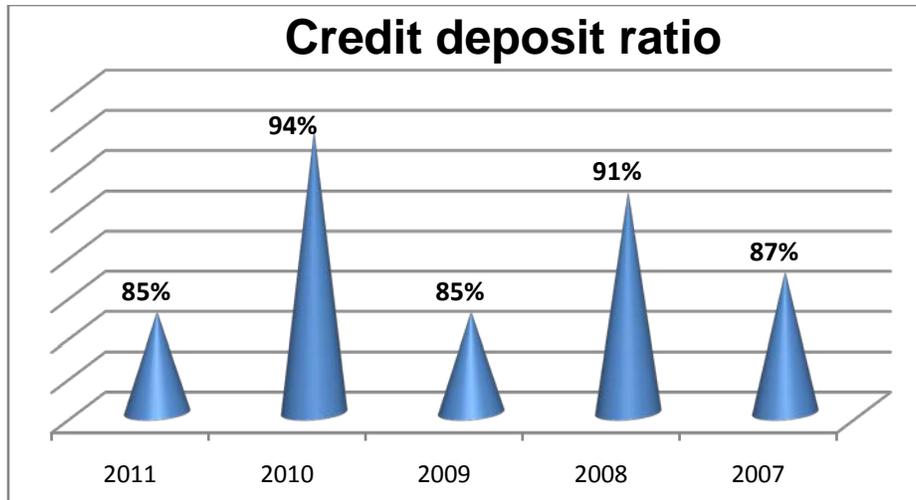


Fig- 2.2: Current deposit Ratio

From the figure above it is found that year 2010 was on the top with the highest percentage from 2007 to 2009 as their corporate banking enjoyed outstanding growth of 67% in advances, while cash management registered 11% growth in deposits due to primary focus on mobilizing CASA (Current and Savings Accounts) and operating accounts as opposed to term deposits.

1.26 Cost to Income Ratio

The cost income ratio (or efficiency ratio) measures operating costs as a percentage of operating income. The ratio should be as low as possible (but not so low that it compromises customer service). In the year 2010, Cost to Income Ratio has decreased from 48.82% to 47.98% due to a greater income growth than that of the cost.

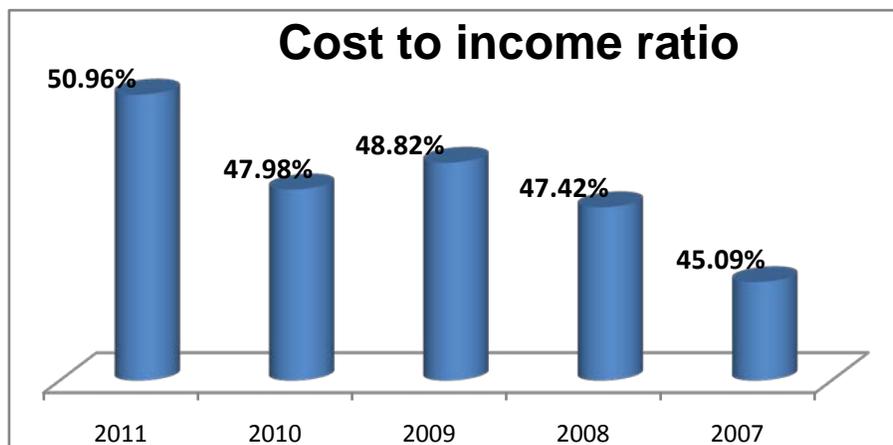


Fig- 2.3 Current Income Ratio

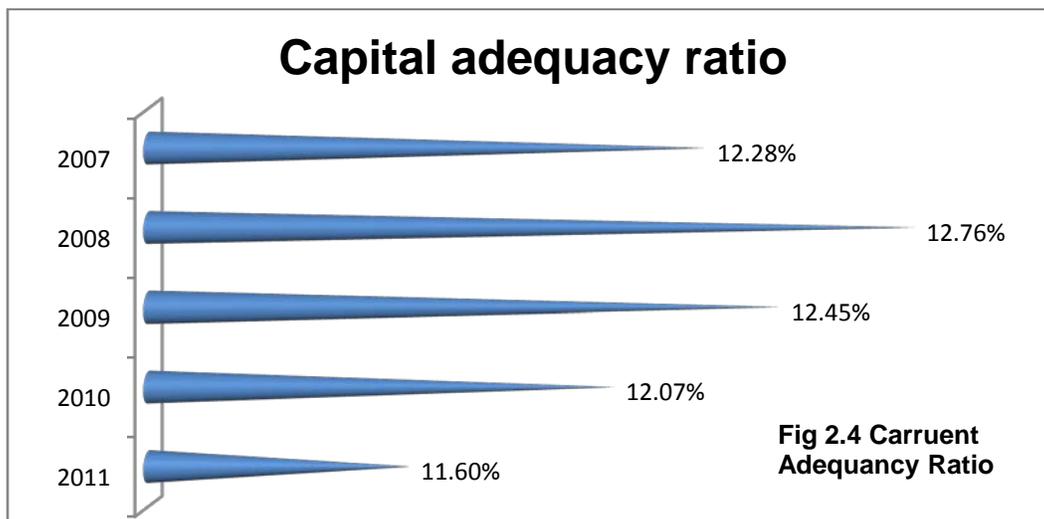
1.27 ROI, ROA and ROE

Particulars	2011	2010	2009	2008	2007
Return on investment (ROI)	12.41%	9.00%	12.30%	12.61%	11.64%
Return on Asset(ROA)	1.36%	1.55%	1.56%	1.64%	1.62%
Return on Equity (ROE)	17.90%	18.95%	19.19%	22.88%	23.83%

The ROA was fluctuating through the five year. From 2007 to 2008 it was increasing by 0.02%. After that it was decreased by .19% in 2011. In the balance sheet and income statement I found that there was a higher decrease in the net income after tax from year 2010 to 2011. As a result there return on asset was decreasing. On the other hand the ROE of BRAC bank was decreasing through the five year. However there was great downfall from the year 2008 to year 2009. From the balance sheet and income statement we can see that there was great fall in net income after tax in the year 2008 as a result ROE fall from 22.88% to 19.19%.

1.28 Capital Adequacy Ratio

Capital Adequacy ratio is the measure of the financial strength and sustainability of the bank. The Bangladesh Bank uses CAR as the mechanism to protect depositors and confidence of the banking system. The bank maintained adequate capital of 11.16% at year 2011 compared to the current regulatory requirement of 10.00%.



1.29 Distribution Network

Particulars	2011	2010	2009	2008	2007
Number of Branches & Service center	151	147	130	86	36
Human Capital	6619	7151	5907	4192	4428
Number of ATM	293	230	177	125	60
Number of Unit Office	315	344	369	399	392



PART 2

JOB

JOB STRUCTURE

2.1 Nature of the Job

The job category of BRAC Bank Ltd has been divided into four major divisions. They are-

- Corporate Banking Division
- Retail Banking Division,
- Small and Medium Enterprise (SME) and
- Foreign Trade & Treasury.

From here I was working in Retail Banking division. Retail Division directly interacts with clients to help their financial question and needs. They deal with various types of financial transaction, funds disburse, loan sanctions, cash, bank statement, pay order, opening account, card operations, client and account information to serve the customer.

2.2 Specific Responsibilities of the Job

I have joined in BRAC Bank Ltd as an intern starting from 2nd May to 31th July, 2012. The following terms and conditions have to be maintained which are as follows:-

Work Location: Retail Banking Division, BRAC Bank Ltd, Gulshan Branch. House # 50, Ground Floor, Road # 3, Plot # 02, Gulshan Avenue, Gulshan- 1, Dhaka 1212.

Time Period: The internship Program of BRAC Bank Ltd. started from 2nd May to 31th July, 2012.

Allowances: TK 5000 honorium for Internship has been paid per month.

Work Hours: I had to work from 9:30 am to 6:30 pm

Supervisors: I worked under the supervision of Queresha Faria Ali, Customer Service Manager, Branch Banking, BRAC Bank Ltd.

Duties and Responsibilities

- In banks different customer came with different problem, my job was to interact with them, determine what kind of service they want and direct them to the concerned desk.
- Maintain customer queue according to the serial.
- Help customers understand their accounts by explaining incurred fees that will be added or deducted from their account. Handle customers regarding product information and complaints.
- Helps customer to fill up different important customer service form and make sure that all the additional documents like passport size photograph of the account holder and nominee's, ID card, utility bill's copy, trade license, offer letter, bank statement etc are enclose with form. Checking whether incoming loan applications had all necessary documents attached.
- Entry all the new Cheque Books, ATM Cards, BA Letter, Welcome Pack, NOC, Return Check, Capture Cards in the register to maintain in hand and outgoing records.
- Courier all the important documents, letters, ATM Cards, FD Advice, Pin number, NOC, Capture card, Pay Order to different branches from where customer would like to take delivery.
- Deliver ATM Cards, Capture Cards, Cheque Books, Shanchai Patra Certificate, Return Checks to the client from the delivery counter.
- Effectively correspond with customers over phone for call back confirmation and to introduce new product line.
- Help BSSO's in reconciliation, printing, photocopying, and scanning of different important documents.
- Except from the usual works I also interact with the managers, officers and colleagues. There were numerous informal discussions with the managers regarding tracking customer satisfaction and ways to improve satisfaction while eliminating any reason for dissatisfaction. The managers and officers were very much helpful in providing lot of useful information, and provided tremendous amount of support behind the preparation of this report.

- Between this internship program I have also attend a 3 days training program featuring BRAC Bank overall operations. There I was attached to Satmashjid road branch and in Panthapath SME Service centre for one day each.

2.3 Different Aspect of Job Performance

BRAC Bank Limited, being a local bank has a very friendly and helpful working environment. Being an intern the most challenging work that I performed was the daily job properly. I had to be very sincere and alert while handling any customer, as any mistake done by me could do a great harm to the bank and its reputation and it might lose its potential customer. The work environment at BRAC Bank Limited was always very challenging to improve my everyday performance. I was trained to interact with sophisticated customers and to follow bank's procedures accordingly. I learned that the perception and knowledge I gained from the BRAC University, is of extreme importance. It's made me confident, knowledgeable and open-minded to new ideas, situations and finds no problem to work in the absorbing and challenging work environment of BRAC Bank Limited.

2.4 Recommendation

There are lots of thing I have learned under Retail Banking Division in BRAC Bank Ltd. I got the opportunity to know the nature of corporate culture, job environment and the most important thing how to interact with the customer with positive attitude. However I think that each department should think intern as their co workers rather than only intern. This is because many of the members do not want to share the kind of work they do and what sorts of task they usually do. As a result at the end of the day we could not learn more. If they do not want to disclose then what is the use of keeping the interns since they are not learning effectively.



PART- 3

PROJECT

RESEARCH METHODOLOGY

A research method is a master plan specifying the methods and procedures for collecting and analyzing the needed information. It is a frame work or blue print that plans the action for the research project. The objectives of the study determined earlier were included in the research to ensure that the information collected is appropriate for solving the problem.

3.1 Intent of Study

The customer base of BBL unsecured loans is rapidly growing. Serving this huge customer base up to the customers' expectations is a great challenge for BBL. Customers now-a-days has increased chances of service level comparison between several banks. Some customers often come up with complaints that the process of loan approval and disbursement by BBL is often too lengthy and cumbersome. If the BBL is unable to keep these customers satisfied, then customers have huge opportunities to switch to other banks, like HSBC (Hong Kong & Shanghai Banking Corporation) or SCB (Standard Chartered Bank)—BBL's prime competitor. This study was mainly performed in order to identify the current level of customer satisfaction and to come up with suggestions to combat any trace of dissatisfaction, so that BBL is able to hold market leadership in customer satisfaction.

3.2 Broad Objectives

- To identify the level of customer satisfaction among unsecured loan customers of BBL.
- To suggest ways of improving the service standard that accommodates a rapidly growing customer volume.

3.3 Specific Objectives

- To identify the level of satisfaction among unsecured loan customers.
- To find out the major factors hampering satisfaction among the Salary & Quick Loan-holders in BBL.

- To see if inclusion of some necessary product or documentation feature that is currently absent, or improvement of some existing facility that can contribute in increasing customer satisfaction.
- To identify the features of the competitors' products and services driving the customer feel like shifting to the competitor Bank.

3.4 Definition of the Population

The research was mainly based on the primary data collected from the respondents. As mentioned in the scope of the research, this research was conducted only on the customers of Salary and Quick loans at BBL. In order to get the most recent picture of customer satisfaction, *the population was taken to be the customers of Salary and Quick Loans who received loans from BRAC Bank Ltd.*

3.5 Sampling Design and Technique

Sampling involves any procedure that uses a small number of items or a portion of a population to make a conclusion regarding the whole population. If certain statistical procedures are followed it is unnecessary to select every item in a population because the result of a good sample should have the same characteristics as the population as a whole. Of course, when errors are made, samples do not give reliable estimates of the population.

The first step of the sampling plan is to identify the target population: “all the customers of Salary and Quick Loans who received loans from BBL, Gulshan branch”.

The next sampling issue concerns sample size. The target sample size for this research was 100 respondents, 50 from each type of loan—Salary Loan and Quick Loan.

The final sampling decision comprises of choosing the method of selecting the sampling units.

3.6 Data Collection Method

Both primary and secondary sources have been used for collecting necessary data to analyze BBL unsecured loan.

Primary sources include interviews of customers at BBL through questionnaire and face-to-face interviews with respective officers in loan department.

Secondary data sources include product development documents and unsecured loan sales manual of BRAC Bank. Some information is collected from the website of BRAC Bank Ltd.

Discussions with managers and service officers in various levels of the organization could be a major contribution in the preparation of this report.

3.7 Questionnaire

Initially some research questions were formulated in relation to the specific objectives of the report. Using these research questions as an outline the main questionnaire was prepared. The questionnaire contained closed- end questions, where the customers were asked to rate different factors they think hamper satisfaction on the service level. The questionnaire predominantly tried to focus on factors leading to loss in customer satisfaction, and which factors can lead to reduce any existing level of dissatisfaction among the Unsecured Loan Customers.

3.8 Limitations

- The one of the main limitations of the research paper is to conduct a small scale survey on clients.
- Insufficient supply of relevant books and journals.
- The branch is too much busy branch as for this to operate the survey on the basis of questionnaire.
- Time provided for conducting the study is another important constraint.
- Confidentiality of data is another important barrier that will face during the conduct of this study.

OPERATION OF THE UNSECURED LOANS DEPARTMENT

4.1 Section 01: Qualifying the Customers

4.1.1 Prime Target Market for Salary loan and Quick Loan

Salary Loan:

- Salaried executives of Multinationals and Large Local corporate bodies
- Employees of Supranational organizations like WHO, UNICEF, WB, UNDP etc

Quick Loan:

- Owners of small and sole proprietorship business firms
- Self employed professionals like Doctors, Engineers, Architects, Accountants etc

4.1.2 Customer Eligibility

- ∞ The Minimum Monthly take home salary for service holders is BDT 12,000.00 for Salary loan.
- ∞ Minimum 6 month's relationship with current employer.
- ∞ For Quick Loan applicants, minimum monthly income is BDT 20,000.00. Minimum 3 years of business records in the same business if applicant reside on his own house, otherwise it will be 4 years.
- ∞ Minimum age required is 23 years at the time of application for the loan.

4.1.3 Target Market Segmentation:

Segment 1:

Employees of Medium/small sized or mid/small-range local companies such as reputed schools, hospitals, restaurants, newspapers, airlines, real-estate developers of repute, insurance companies, reputed trading firms and business establishment and Government employees etc. The employees must maintain salary account with a bank.

Segment 2:

Employees of listed multinational and corporate bodies which have a corporate relationship with BBL, have been maintaining their salary a/c with BBL and have a history of EOSB (end of service benefit) payment of their employees through BBL account.

Segment 3:

Category 1: Businessmen – A/C with BBL.

Category 2: Businessmen – A/C with other bank or salary payment made through cash.

A/C with BBL means maintaining relationship with BRAC Bank Limited at least for 3 months before submitting loan application.

Segment 4:

Self-employed: Likes Doctors, engineers, architects, accountants.

Category 1: A/C with BBL

Category 2: A/C with other bank or salary payment made through cash

4.1.4 Location

For Salary Loans applicants

- City corporation area where Branch has its network. In case of areas outside City Corporation Branch operation area signifies the area surrounding 10 km of that branch.

For Quick Loan applicants

- Customer must reside, at the time of application, within the city or town areas where BRAC Bank has its operation.
- Address to be verified by the Service Center/Branch Personnel where verification team is not available.

4.2 Product Description: Salary Loan & Quick Loan

4.2.1 Overview

“**Salary Loan**” is a fully unsecured loan facility offered to the salaried employees of different corporate bodies, MNCs, Small/Medium Sized local companies etc based on their monthly net income. The loan is offered against a personal guarantee or End of Service Benefit Assignment (Accumulated pension fund). It is one of the oldest forms of banking products where the bank lends the customer a principal fund and the customer pays off the loan (Principal + Interest) periodically (i.e. monthly).

“**Quick loan**” is a personal loan facility offered by the Retail Banking Division to businessmen/ Self Employed segments* who have sound business records for minimum 3 years with a valid trade license. For Doctors 5 years practice proof is required. It is an unsecured lending product in the sense that there is no cash security taken against the loan.

4.2.2 Purpose of the Facility

SL and QL can be offered to the customers for the following purposes:

- House /Office/Clinic renovation
- Marriages in the family
- Hospitalizations or other emergency medical needs
- Trips abroad
- Higher professional or tertiary education/ professional training of dependants/ children
- Purchase of office equipment/accessories /computers
- Purchase of miscellaneous household appliances / furniture
- Advance Rental Payment

4.2.3 Facility Amount and Tenor

Minimum Loan:	BDT 100,000 for all segments.
Maximum Loan:	BDT 10 lakh for all segments.

The customer can repay the loan in the following maximum tenors depending on the amount:

Loan amount	Max Tenor Allowed
For Salary Loans	
100 k - 299K	12 to 48 months
300 K and Above	60 Months Maximum
For Quick Loans	
Less than 300 K	48 months max
300 K & above	60 months max.

4.2.4 Rates and Fees

Interest Rate:

For Salary Loans : 20% Per Annum, 1% off for BBL Salary Account Holder, 15% for BBL Staff (indicative).

For Quick Loans: 23% per annum.

Charges & Fees:

The schedule of Charges & Fees for Salary and Quick Loans is given below:

Subject	Salary Loan	Quick Loan
Processing Fee	2% of the loan amount or BDT 3,000 + VAT, whichever is higher.	2% of the loan amount or BDT 3,000+VAT, whichever is higher

Early Settlement Charges	2% within (1-2 years), 1% (After 2 years and before expiry) of loan outstanding amount; No early settlement charges for top-up loan.	2% within (1-2 years), 1% (After 2 years and before expiry) of loan outstanding amount; No early settlement charges for top-up loan.
Loan re-scheduling charges	1.5% of the outstanding loan amount, or BDT 500, whichever is higher.	1.5% of the outstanding loan amount or BDT 500, whichever is higher.
Penal Interest	20% p.a. on overdue amount	23% p.a. on overdue amount.
Documentation Fees	BDT 100 + VAT	BDT 100 + VAT
Verification charges	BDT 250	BDT 250
Stamp Charges	BDT 500	BDT 660

4.2.5 Repayment

Installment Amount: The customers will repay through Equal Monthly Installment (EMI). The EMI amount is a function of the following three variables:

- The amount of the Loan
- Interest Rate
- Repayment Tenor

The EMI size for any amount of SL and Quick can be calculated with the aid of EMI Matrix, which is developed considering different interest rates and tenors for a SL or Quick Loan of BDT 1 Lac.

Repayment Method: The customer has to pay the loan from any of the following 2 methods:

- **Standing Instruction:** The customer will give a Debit Authorization in the Application Form. This method is applicable when account maintained in BRAC Bank is assessed for income determination.
- **Post Dated Cheques:** The customer will provide a number of PDCs equal to the no. installment of the loan. This method is applicable when account maintained in other banks is assessed.

4.2.6 Documentation:

When submitting the application, the customer has to submit the following documents along with documents for qualifying through eligibility criteria, authority to take loan, and income assessment:

Document	Salary	Quick
NID/Passport	Y	Y
Salary Certificate	Y	N/A
Trade License	N/A	Y
Visiting Card/ Office ID	Y	N/A
Certificate of Incorporation	Y	Y
Account Statement	Last 3 months	last 1 year
Offer Letter	Y	N/A
Personal Guarantee	Y	Y
Pay slip	Y	N/A
Letter of EOSB Assignment	Y	N/A
Tin Certificate	N/A	Y

All documents other than board resolution and account statement have to be originally sighted and signed accordingly by a bank official.

4.2.7 Delivery

In all the cases, the amount is credited to the transactional account of the customer maintained with BRAC Bank. If the customer does not maintain any account, an account with zero balance is opened for disbursement purpose.

4.3 Sales Process Flow

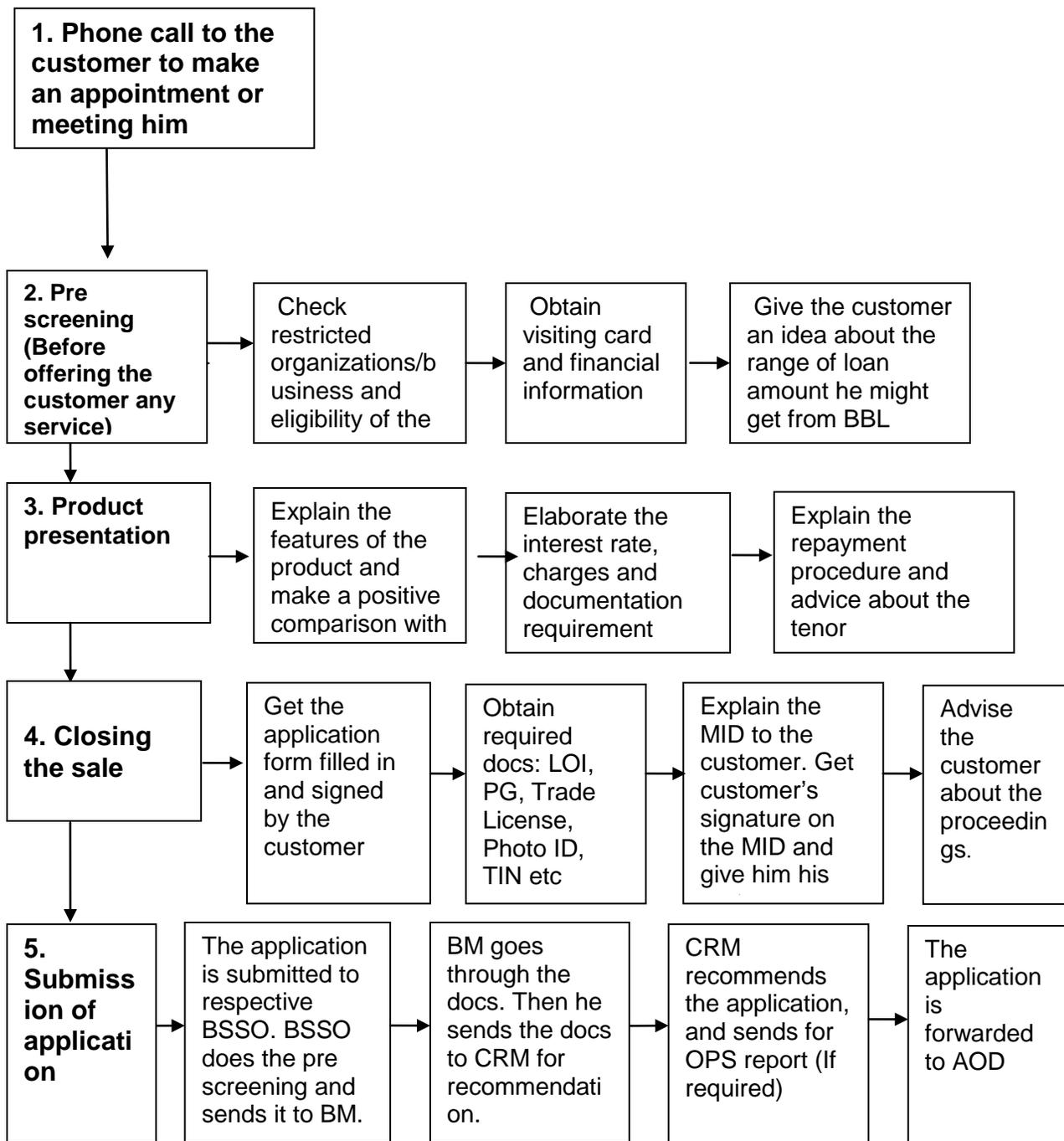


Fig 3.1: Unsecured Loan--Sales process flow

4.3.1 Finding Prospective Customer

Other than the cold calls randomly done by the sales staffs, they can identify prospective customers through a number of methods, which includes:

1. Reference from existing customers
2. Targeting a specific area, customer segment, or industry
3. Certain Customer

4.3.2 Need Identification and Screening

It is a mandatory requirement that all customers must be interviewed in person either at the Bank's premises or the customer's office, even if they have been referred by a known referral source, customer, or even a staff.

4.3.3 Eligibility Check

First, sales staff has to check whether the organization in which the applicant works falls under Unacceptable employer or the business nature of the customer falls within the restrictions sector. Also, the customer has to be screened through the eligibility criteria discussed earlier for pre screening.

4.3.4 Identifying the Nature of Business and Loan Purpose

For Quick Loan, the sales staff has to discuss in detail with customer about the business nature (products manufactured or traded, service rendered, customers), details of the loan (loan amount, tenor, etc.), and purpose of the loan. The loan amount has to be in between minimum and maximum loan amount. The tenor must not exceed the max. tenor, which is currently 5 years.

4.3.5 Business and Borrower Information

The borrower must reveal the details of business/service (name of the business, address, and contact number), self (name, address, contact number). If the customer is a business person, the

staff has to know the average balance and credit turnover of the transactional accounts maintained by the customer in different banks. This must match the sales turnover criteria outlined in customer eligibility.

4.3.6 Loan Advise and Income Assessment

Upon knowing the amount and preferred tenor, the staff will check whether the customer is new or existing. If the customer has repayment history, security ratio will change. Depending on the amount, tenor, and DBR, the staff will pick the appropriate interest rate to be applied. With interest rate and tenor, he will then find out the EMI factor and inform the EMI for the applied loan to the customer.

Moreover, he has to roughly check the income of the customer. Monthly credit turnover can be calculated by dividing yearly credit turnover found in the bank statement by 12. After the income is derived, it has to be multiplied by Debt-Burden Ratio to arrive at maximum EMI. This cannot exceed 40% of the monthly average balance which is derived by averaging the balance maintained in 1st, 8th, 16th, and 25th day of each month.

For SL as well, the sales staff will know how the customer gets his salary i.e. the salary is credited to his account or he gets it in cash. The sales person will also check the DBR and know if the customer has any existing loan. If there is any loan, he will deduct the existing EMI from the DBR and let the customer know the range of loan amount he might get.

4.3.7 Product Presentation

The staff will elaborate the interest rate, charges, security requirement, and repayment method. He has to compare this information with the competitive offers and must indicate the superiority of the product.

Other areas that should be discussed with the customer during this stage include:

- i) Interest rate - The Bank's interest rates tend to be competitive and also they are not fixed.
- ii) Processing fee and other expenses - The processing fee is considered to be low. Provide a summary of one-time expenses - some customers probably will be unaware of all the expenses that they will incur.

- iii) Provide customer with a schedule of repayment amounts.
- iv) Early (full) redemption is permissible. However, no notice is required for partial redemption.
- v) Loan documentation procedure

The sales staff must handle any objection raised by the customer. The customer may pose questions regarding the following issues and answers should be like the ones provided here.

Frequently Asked Questions by customers:

“Why do you charge high interest rate?”

Actually the interest rate is not as high as it seems. We follow monthly reducing balance method, which means that interest is charged on the outstanding amount each month. Outstanding loan decreases each month, so the interest charge decreases each month. So if you calculate the total interest payment and divide it by loan taken, the interest rate will be much lower.

“Why do you need processing fees?”

As we are doing statement analysis, contact point verification, and statement verification, some costs are incurred. Besides, the government has to be paid VAT on fee income and stamp charges on the security documents. That is why we charge processing fee”

“Why do I need to give PDC/UDC to the bank and sign in some legal documents?”

PDC (Post Dated Cheque) is required for repayment of the loan each month. UDC (Un Dated Cheque) is required as a collection mechanism. Legal documents give the bank right to claim the outstanding amount and any charges in case of default or litigation.

4.3.8 Closing the Sale

At this point it is important to make sure that the customer understood what the sales staff has told him so far before proceeding to the next stage. The next steps are:

1. Fill in the loan application form and request customer to sign it.

2. Obtain the photocopies of the required documents.
3. Obtain Personal Guarantee and a photograph of the guarantor.
4. Obtain Pay slip (for SL).
5. Fill in the CIB Undertaking Form and request customer to sign it.
6. To ensure all pertinent information is captured and clearly agreed, staff must walk through the Most Important Document (MID) with the customer and customer's signature must be obtained at the end of the document.
7. Explain to customer when he /she can expect formal approval from the Bank and the procedures that will take place.

4.3.9 Forwarding the Loan Application

- i) Before sending the loan application to Credit Unit, bank official will recommend the application with his seal and signature. He has to check all the information in the booklet and check the documentation. If any discrepancy arises, he must inform the sales staff immediately to resolve the issue. Then the document can be forwarded with proper tracking.
- ii) Concerned Bank official will also check the CIB undertaking form and sign it for sending it to Credit Operations Unit for submission to CIB of Bangladesh Bank. (Wherever required)

4.4 Loan Approval and Disbursement Process Flow

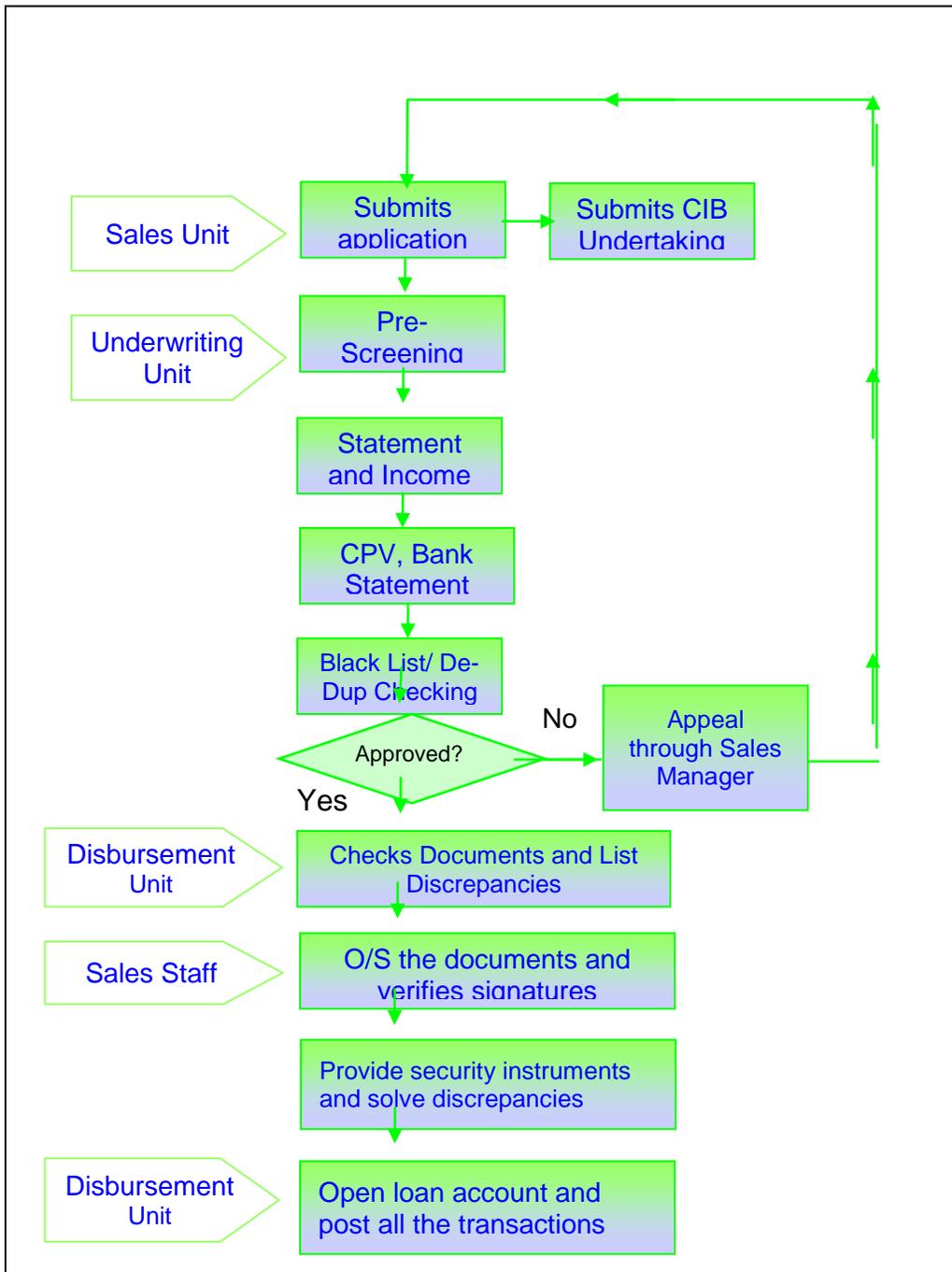


Fig 3.2 Loan approval and disbursement process flow

4.4.1 Approval Process Flow

1. Upon receipt loan applications, Sales Unit inputs the loan application information to Loan Locator, an online loan tracking program, and puts ID on the application.
2. The applications are then screened by Credit Analyst to check if the application form has been properly filled out, all necessary documents have been sent, and the loan proposal meets the minimum criteria for processing. Currently they check whether the customer falls outside the restriction and exclusion list, the customer has provided fixed phone number, date of birth is provided, credit card or any other loan repayment is satisfactory, and product parameters are met.
3. If loan proposal meets the minimum documentary and other requirements, it is sent for Bank Statement assessment. If proposal does not meet the minimum requirements, it is deferred back to the source via the unsecured team for the discrepancies to be cleared. It is checked in this point whether there is any inward cheque return, clearing type behavior, and reducing balance.
4. After statement analysis by support staff, the credit analyst completes the assessment of loan application. There are three possible outcomes after this stage:
 - a) If full or substantial amount (50% or above) can be offered, a Credit Checklist is prepared and the loan application is sent for Contact Point Verification by Third Party Agency, and if other bank statements are involved, bank statement verification and/or credit reports from the other banks are asked for.
 - b) If the amount that can be offered is significantly lower (Less than 50%) than the amount applied for, the application is deferred back to the source via unsecured team for customer consent. If the customer agrees to the lower amount, the application is re-received by Credit Unit and sent for verification as in the previous case.
 - c) If no loan can be offered, the application is declined and sent back to the source via the unsecured team.

5. After CPV report and bank statement authentication report/credit report is received, credit analyst cross checks the reports with previously provided information and if all are found to be correct, approves the loan (if within approval authority) or passes on to the appropriate Credit Manager for approval.
6. After a loan proposal is approved, Credit Unit support staff carries out a cross check with the Black List maintained by Credit Unit, and De-duplication check with existing databases to find out if the applicant is already enjoying other credit facilities with BBL that was not declared.
7. If no matches are found in the Black list / De-duplication check, Credit Unit sends the approved documents to Asset Operations after approval. The approval is valid for 45 days.

4.5 Credit Information Bureau Report (CIB)

If the loan amount is equal to or more than BDT 10 Lakh, undertaking has to be signed by the customer for submission to Bangladesh Bank through Credit Operations department of BRAC Bank. There are some rules to observe before submission the undertakings:

1. In case of partnership or limited company, each partner or director has to submit the undertaking.
2. No abbreviation in the name of the owner or directors is allowed in the undertaking forms.
3. TIN number, phone number, and banking information are mandatory in the forms.
4. The forms need to be signed by bank officials before submitting to Credit Operations.

After submission of the undertaking forms to Credit Operations, they are forwarded to Credit Information Bureau of Bangladesh Bank. Reference no. is provided after one day and this number is needed for finding the status later and before forwarding the loan documents to Asset Operations.

The status of the CIB reports can be of 4 types, which are:

Status	Meaning of the Status
Nil	Customer didn't avail any loan from any bank
Clean	Customer is enjoying facility from other banks and has good repayment history
Objection	Mismatch is found in borrower's name or any director
Bad Loss	Customer has defaulted with any bank

In case of "Objection", the customer can provide supporting documents to clarify the objection and can reapply within the timeline specified in the Objection Report. Sometimes, the customer has to amend the information at CIB through his previous bank.

In case of "Bad Loss", the customer can rectify his repayment history, applies through his previous bank by Appendix "Kha" to Bangladesh Bank, and change his status.

It is also important to remember that:

- Validity of the CIB reports is for one quarter.
- If any person gives personal guarantee to another person and the guaranteed person defaults, the CIB report of the guarantor will show "Bad Loss" status also.

ANALYSIS AND FINDINGS

4.6 Background of the research

BRAC Bank has widened its unsecured loan customer base in recent years. Serving this huge customer base up to the customers' expectations is a great challenge for BBL. Customers now-a-days has increased chances of service level comparison between several banks. Some customers often come up with complaints that the process of loan approval and disbursement by BBL is often too lengthy and cumbersome. If the BBL is unable to keep these customers satisfied, they have huge opportunities to switch to other banks.

4.7 Hypotheses

Initially based on feedback from the BSSOs (Branch Sales & Service Officer) who directly interact with the customers, and then based on general opinion of the customers, a number of hypotheses were developed.

Many hypothesis-testing techniques are there, such as t-test, chi-square test, ANOVA and so on.

In this report I have selected "z-test", the most common and applicable to test his hypotheses.

The questionnaire contained questions, the responses of which could be used to prove or disprove the hypotheses. In addition to the hypothesis testing questions, there are some questions regarding what segment the customers fall into, and also about what improvements they would want on the products and services delivery system of BBL Unsecured Loans. The customers were also asked to identify which competing bank seemed very attractive in terms of their offer to the customer, and for what reason. These findings have been presented after testing the hypotheses.

Since the sample size is large, I use the normal distribution. After selecting a null and an alternative hypothesis, Z-critical values were calculated.

For each of the hypotheses, it was first tested whether the customer was satisfied or dissatisfied. Then it was tested whether the customers are highly satisfied or highly dissatisfied.

For each of the hypotheses:

- If $\mu \geq 3$, customers are satisfied
- If $\mu \geq 4$, customers are highly satisfied
- If $\mu \leq 2$, customers are highly dissatisfied

4.8 The objectives tested through hypothesis testing:

Objective 1. To identify the level of satisfaction among Salary Loan and Quick Loan customers.

Objective 2. To find out what are the major factors that hamper satisfaction among the Salary and Quick Loan-holders in BBL.

The hypotheses tested:

- ☑ Customers get the loan within the expected time
- ☑ Customers get the amount of loan they expected
- ☑ Customers are pleased at the BSSOs' attitude and politeness
- ☑ Customers feel the BSSOs are honest and clear about product presentation
- ☑ Customers feel that BBL offers reasonable interest rates
- ☑ Customers think that BBL's loan documentation procedure is simple
- ☑ Customers feel that the requirement of a personal guarantee for Salary Loans is reasonable

4.8.1 Testing the hypotheses:

The scoring was done on a scale of 1 to 5, where 1=strongly disagree, 5= strongly agree. So the null and alternative hypotheses are taken as follows:

$$H_0: \mu \geq 3$$

$$H_1: \mu < 3$$

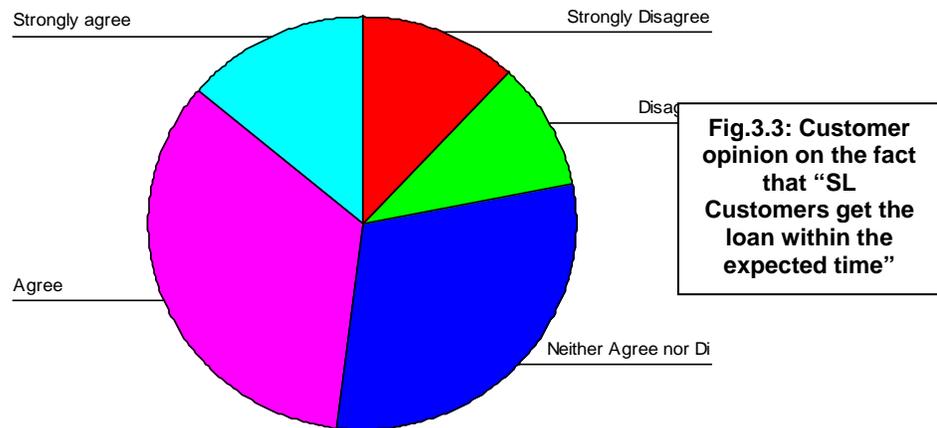
A significance level of 0.05 was used. The test is a one tailed (left tailed) test since we are notified about the existence of some dissatisfaction only if $\mu < 3$.

Hypothesis 1) Customers get the loan within the expected time

i) *For SL customers:*

The responses by the customers are as follows:

SL Customers get the loan within the expected time				
	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	6	12.0	12.0	12.0
Disagree	5	10.0	10.0	22.0
Neither Agree nor Disagree	15	30.0	30.0	52.0
Agree	17	34.0	34.0	86.0
Strongly agree	7	14.0	14.0	100.0
Total	50	100.0	100.0	



The output of data analysis by SPSS shows the following:

	N	Minimum	Maximum	Mean	Std. Deviation
INTIME	50	1	5	3.28	1.196
Valid N (listwise)	50				

Hypothesized Mean for loan processing within expected time	3.00
Z-Score	1.655
Z _∞ -Critical	-1.645
Result	Z > Z _∞

From the table it is very clear that z-score is greater than z-critical. So, here we cannot reject the null hypothesis. So it is found that the **SL customers are satisfied with respect to getting the loan within the expected time.**

In order to see whether customers are highly satisfied, it is assumed that if $\mu \geq 4$, customers are highly satisfied. Our null and alternative hypotheses are:

$$H_0: \mu \geq 4$$

$$H_1: \mu < 4$$

Hypothesized Mean for loan processing within expected time	4.00
Z-Score	-4.25
Z ∞ -Critical	-1.645
Result	Z < Z ∞

The Z score is less than Z-critical, and thus we reject H₀. So it is found that **SL Customers are satisfied, but not highly satisfied about the loan processing and delivery time.**

ii) *For QL customers:*

The responses by the customers are as follows:

QL Customers get the loan within the expected time				
	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	10	20.0	20.0	20.0
Disagree	19	38.0	38.0	58.0
Neither Agree nor Disagree	12	24.0	24.0	82.0
Agree	6	12.0	12.0	94.0
Strongly agree	3	6.0	6.0	100.0
Total	50	100.0	100.0	

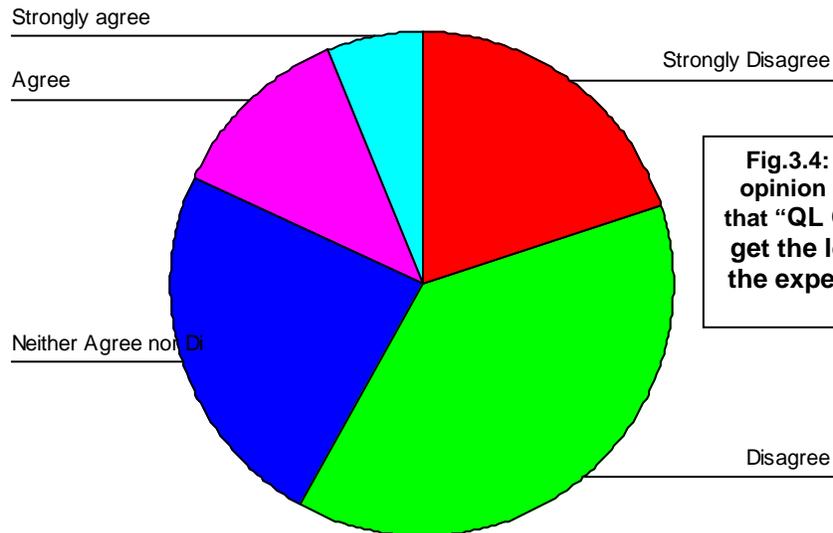


Fig.3.4: Customer opinion on the fact that "QL Customers get the loan within the expected time"

The output of data analysis by SPSS shows the following:

	N	Minimum	Maximum	Mean	Std. Deviation
INTIME	50	1	5	2.46	1.129
Valid N (listwise)	50				

Hypothesized Mean for loan processing within expected time	3.00
Z-Score	-3.382
Z ∞ -Critical	-1.645
Result	Z < Z ∞

From the table it is very clear that z-score is less than z-critical. So, here we reject the null hypothesis in favor of the alternative hypothesis that $\mu < 3$. So it is found that the **QL customers are dissatisfied with respect to getting the loan within the expected time.**

In order to see whether customers are highly dissatisfied, it is assumed that if $\mu \leq 2$, customers are highly dissatisfied. This will be a right tailed test. Our null and alternative hypotheses are:

$$H_0: \mu \leq 2$$

$$H_1: \mu > 2$$

Hypothesized Mean for loan processing within expected time	2.00
Z-Score	2.88
Z ∞ -Critical (at 0.05 level of significance for right tailed test)	1.645
Result	Z > Z ∞

We see for this right tailed test that $Z > Z$ -critical, and so we reject the null hypothesis in favor of the alternative hypothesis. Thus it is seen that **QL Customers are dissatisfied, but not highly dissatisfied about the time taken to deliver the loan.**

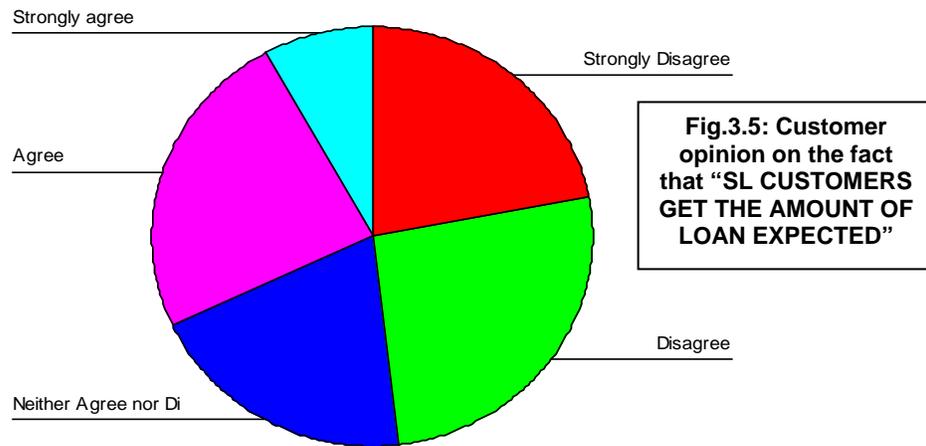
Hypothesis 2) Customers get the amount of loan they expected

i) *For SL customers:*

The output of data analysis by SPSS shows the following:

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	11	22.0	22.0	22.0
Disagree	13	26.0	26.0	48.0
Neither Agree nor Disagree	10	20.0	20.0	68.0

Agree	12	24.0	24.0	92.0
Strongly agree	4	8.0	8.0	100.0
Total	50	100.0	100.0	



	N	Minimum	Maximum	Mean	Std. Deviation
AMOUNT	50	1	5	2.70	1.282
Valid N (listwise)	50				

Hypothesized Mean	3.00
Z-Score	-1.654
Z _∞ -Critical (at 0.05 level of significance for left tailed test)	-1.645
Result	Z < Z _∞

From the table it is very clear that z-score is less than z-critical. So, here we reject the null hypothesis in favor of the alternative hypothesis that $\mu < 3$. So it is found that the **SL customers are dissatisfied with the maximum amount of loan they can avail.**

In order to see whether customers are highly dissatisfied, it is assumed that if $\mu \leq 2$, customers are highly dissatisfied. This will be a right tailed test. Our null and alternative hypotheses are:

$$H_0 : \mu \leq 2$$

$$H_1 : \mu > 2$$

Hypothesized Mean for loan processing within expected time	2.00
Z-Score	3.86
Z _∞ -Critical (at 0.05 level of significance for right tailed test)	1.645
Result	Z > Z _∞

We see for this right tailed test that $Z > Z$ -critical, and so we reject the null hypothesis in favor of the alternative hypothesis. Thus it is seen that **SL Customers are dissatisfied, but not highly dissatisfied with the maximum amount of loan they can avail.**

ii) **For Quick Loan Customers:**

The output of data analysis by SPSS shows the following:

	Frequency	Percent	Valid Percent	Cumulative Percent
Disagree	8	16.0	16.0	16.0
Neither Agree nor Disagree	20	40.0	40.0	56.0
Agree	20	40.0	40.0	96.0
Strongly agree	2	4.0	4.0	100.0
Total	50	100.0	100.0	

	N	Minimum	Maximum	Mean	Std. Deviation
AMOUNT	50	2	5	3.32	0.794
Valid N (listwise)	50				
Hypothesized Mean					3.00
Z-Score					2.84
Z _∞ -Critical (at 0.05 level of significance for left tailed test)					-1.645
Result					Z > Z _∞

From the table we see that z-score is greater than z-critical. So, here we are unable to reject the null hypothesis, and thus the alternative hypothesis is rejected. So it is found that the **QL customers are satisfied with the maximum amount of loan they can avail.**

In order to see whether customers are highly satisfied, it is assumed that if $\mu \geq 4$, customers are highly satisfied. Our null and alternative hypotheses are:

$$H_0 : \mu \geq 4$$

$$H_1 : \mu < 4$$

Hypothesized Mean for loan processing within expected time	4.00
Z-Score	-6.05
Z _∞ -Critical (at 0.05 level of significance for left tailed test)	-1.645
Result	Z < Z _∞

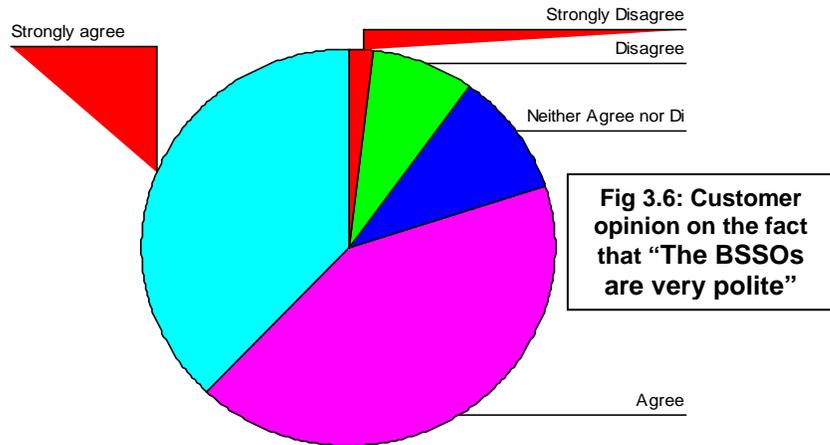
The Z score is less than Z-critical, and thus we reject H₀. So it is found that **QL Customers are satisfied, but not highly satisfied about the maximum amount of loan they can avail.**

Hypothesis 3) Customers are pleased at the BSSOs’ attitude and politeness

i) *Response by the SL Customers*

The responses by the customers are as follows:

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	1	2.0	2.0	2.0
Disagree	4	8.0	8.0	10.0
Neither Agree nor Disagree	5	10.0	10.0	20.0
Agree	21	42.0	42.0	62.0
Strongly agree	19	38.0	38.0	100.0
Total	50	100.0	100.0	



	N	Minimum	Maximum	Mean	Std. Deviation
DSPOLITE	50	1	5	4.06	.998
Valid N (listwise)	50				

Hypothesized Mean	3.00
Z-Score	7.51
Z _∞ -Critical (at 0.05 level of significance for left tailed test)	-1.645
Result	Z > Z _∞

From the table we see that z-score is far greater than z-critical. So, here we are unable to reject the null hypothesis, and thus the alternative hypothesis is rejected. So it is found that the **SL customers are satisfied with the attitude and politeness of the BSSOs.**

In order to see whether customers are highly satisfied, it is assumed that if $\mu \geq 4$, customers are highly satisfied. Our null and alternative hypotheses are:

$$H_0 : \mu \geq 4$$

$$H_1 : \mu < 4$$

Hypothesized Mean for loan processing within expected time	4.00
Z-Score	0.425
Z _∞ -Critical	-1.645
Result	Z > Z _∞

The Z score is greater than Z-critical, and thus we cannot reject H₀. So it is found that **SL Customers are highly satisfied with the attitude and politeness of the BSSOs.**

ii) Responses by QL Customers

The output of data analysis by SPSS shows the following:

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	1	2.0	2.0	2.0
Disagree	5	10.0	10.0	12.0
Neither Agree nor Disagree	9	18.0	18.0	30.0
Agree	20	40.0	40.0	70.0
Strongly agree	15	30.0	30.0	100.0
Total	50	100.0	100.0	

	N	Minimum	Maximum	Mean	Std. Deviation
DSPOLITE	50	1	5	3.86	1.030
Valid N (listwise)	50				
Hypothesized Mean					3.00
Z-Score					5.90
Z _∞ -Critical					-1.645
Result					Z > Z _∞

From the table we see that z-score is far greater than z-critical. So, here we are unable to reject the null hypothesis, and thus the alternative hypothesis is rejected. So it is found that the **QL customers are also satisfied with the attitude and politeness of the BSSOs.**

In order to see whether customers are highly satisfied, it is assumed that if $\mu \geq 4$, customers are highly satisfied. Our null and alternative hypotheses are:

$$H_0 : \mu \geq 4$$

$$H_1 : \mu < 4$$

Hypothesized Mean for loan processing within expected time	4.00
Z-Score	-0.96
Z ∞ -Critical (at 0.05 level of significance for left tailed test)	-1.645
Result	Z > Z ∞

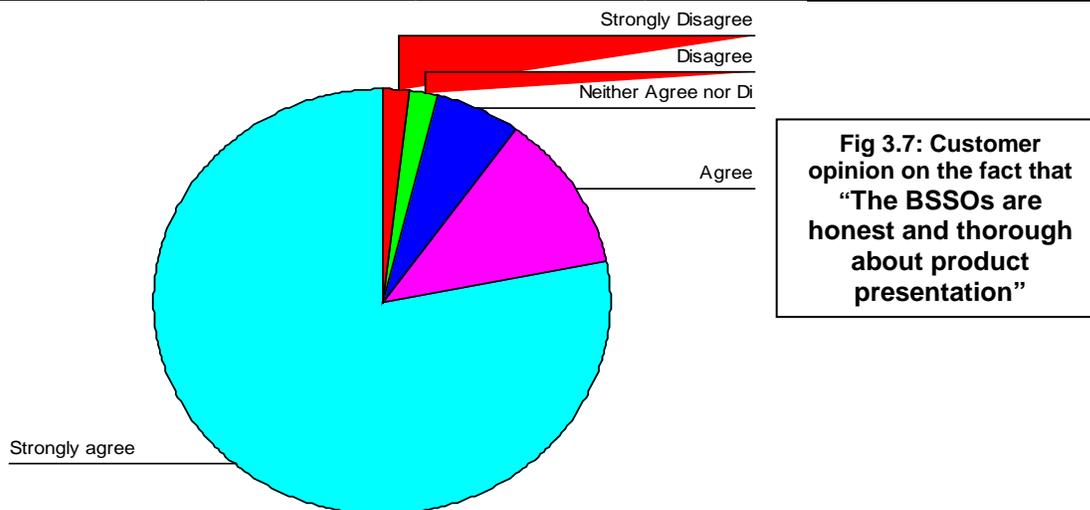
The Z score is greater than Z-critical, and thus we cannot reject H₀. So it is found that **QL Customers are highly satisfied with the attitude and politeness of the BSSOs.**

Hypothesis 4) Customers feel the BSSOs are honest and thorough about product presentation

i) Response by the Salary loan Customers

The output of data analysis by SPSS shows the following:

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	1	2.0	2.0	2.0
Disagree	1	2.0	2.0	4.0
Neither Agree nor Disagree	3	6.0	6.0	10.0
Agree	6	12.0	12.0	22.0
Strongly agree	39	78.0	78.0	100.0
Total	50	100.0	100.0	



	N	Minimum	Maximum	Mean	Std. Deviation
DSPROP	50	1	5	4.62	.855
Valid N	50				

Hypothesized Mean	3.00
-------------------	------

Z-Score	13.39
Z _∞ -Critical	-1.645
Result	Z > Z _∞

From the table we see that z-score is far greater than z-critical by a huge margin. So, here we are unable to reject the null hypothesis. So it is found that the **SL customers are satisfied with the honesty and product presentation capability of the BSSOs.**

In order to see whether customers are highly satisfied, it is assumed that if $\mu \geq 4$, customers are highly satisfied. Our null and alternative hypotheses are:

$$H_0: \mu \geq 4$$

$$H_1: \mu < 4$$

Hypothesized Mean for loan processing within expected time	4.00
Z-Score	5.12
Z _∞ -Critical (at 0.05 level of significance for left tailed test)	-1.645
Result	Z > Z _∞

The Z score is far greater than Z-critical, and thus we cannot reject H₀. So it is found that **SL Customers are highly satisfied with product presentation capability of the BSSOs.**

ii) Response by Quick Loan customers

In the same way as all the previous tests,

The output of data analysis by SPSS shows the following:

	N	Minimum	Maximum	Mean	Std. Deviation
DSPROP	50	1	5	3.76	1.238
Valid N (listwise)	50				
Hypothesized Mean					3.00
Z-Score					4.34
Z _∞ -Critical (at 0.05 level of significance for left tailed test)					-1.645
Result					Z > Z _∞

So, here we are unable to reject the null hypothesis, and thus the alternative hypothesis is rejected. So it is found that the **QL customers are satisfied with the product presentation capability of the BSSOs.**

In order to see whether customers are highly satisfied, it is assumed that if $\mu \geq 4$, customers are highly satisfied. Our null and alternative hypotheses are:

$$H_0: \mu \geq 4$$

$$H_1: \mu < 4$$

Hypothesized Mean for loan processing within expected time	4.00
Z-Score	-1.37
Z ∞ -Critical (at 0.05 level of significance for left tailed test)	-1.645
Result	Z > Z ∞

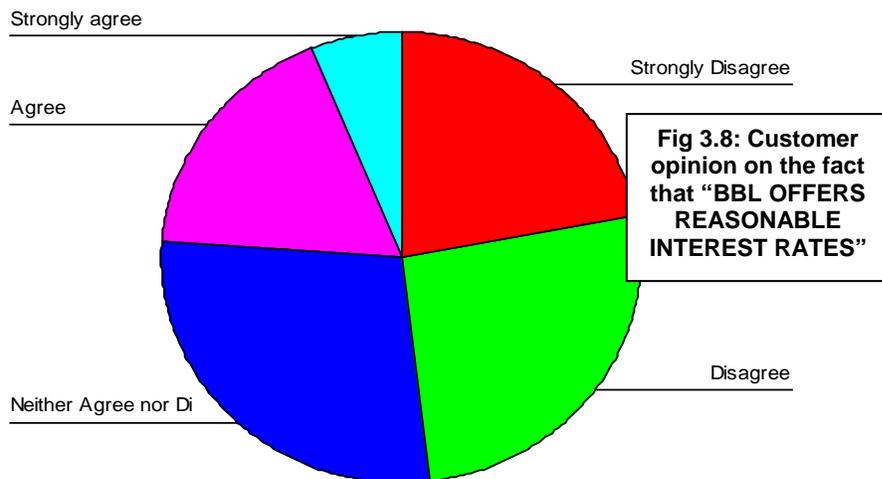
The Z score is greater than Z-critical, and thus we cannot reject H₀. So it is found that **QL Customers are highly satisfied with the product presentation capability of the BSSOs.**

Hypothesis 5) Customers feel that BBL offers reasonable interest rates

i) For SL customers

The responses by the customers are as follows:

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	11	22.0	22.0	22.0
Disagree	13	26.0	26.0	48.0
Neither Agree nor Disagree	14	28.0	28.0	76.0
Agree	9	18.0	18.0	94.0
Strongly agree	3	6.0	6.0	100.0
Total	50	100.0	100.0	



	N	Minimum	Maximum	Mean	Std. Deviation
GOODINT	50	1	5	2.60	1.195
Valid N (listwise)	50				

Hypothesized Mean	3.00
Z-Score	-2.36
Z _∞ -Critical (at 0.05 level of significance for left tailed test)	-1.645
Result	Z < Z _∞

Here we reject the null hypothesis, as $Z_{\infty} < Z_0$ it is found that the **SL customers are dissatisfied with the interest rate structure offered by BBL.**

In order to see whether customers are highly dissatisfied, it is assumed that if $\mu \leq 2$, customers are highly dissatisfied. This will be a right tailed test. Our null and alternative hypotheses are:

$$H_0 : \mu \leq 2$$

$$H_1 : \mu > 2$$

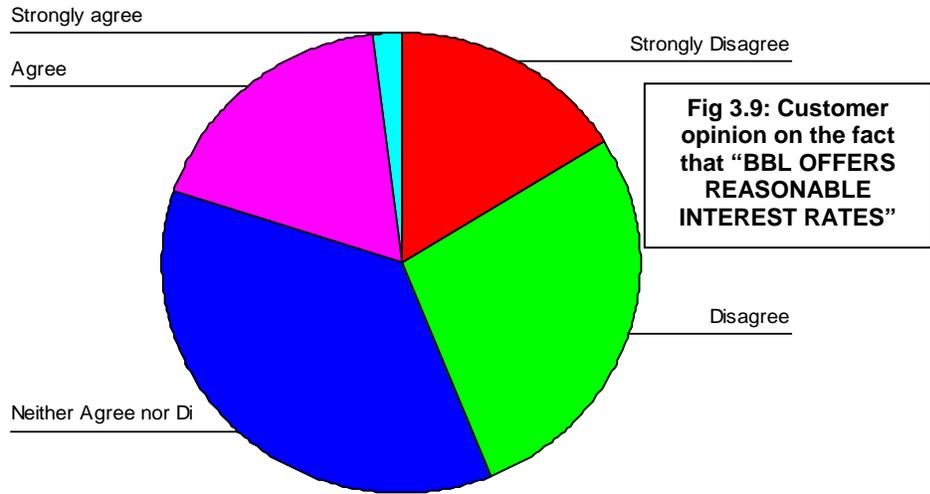
Hypothesized Mean for loan processing within expected time	2.00
Z-Score	3.55
Z _∞ -Critical (at 0.05 level of significance for right tailed test)	1.645
Result	Z > Z _∞

We see for this right tailed test that $Z > Z$ -critical, and so we reject the null hypothesis in favor of the alternative hypothesis. Thus it is seen that **SL Customers are dissatisfied, but not highly dissatisfied about the interest rate structure offered by BBL.**

ii) For QL Customers

The responses by the customers are as follows:

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	8	16.0	16.0	16.0
Disagree	14	28.0	28.0	44.0
Neither Agree nor Disagree	18	36.0	36.0	80.0
Agree	9	18.0	18.0	98.0
Strongly agree	1	2.0	2.0	100.0
Total	50	100.0	100.0	



	N	Minimum	Maximum	Mean	Std. Deviation
GOODINT	50	1	5	2.62	1.028
Valid N (list wise)	50				

Hypothesized Mean	3.00
Z-Score	-2.61
Z _∞ -Critical	-1.645
Result	Z < Z _∞

Here also we reject the null hypothesis, as $Z < Z_{\infty}$. So it is found that the **QL customers are also dissatisfied with the interest rate structure offered by BBL.**

In order to see whether customers are highly dissatisfied, it is assumed that if $\mu \leq 2$, customers are highly dissatisfied. This will be a right tailed test. Our null and alternative hypotheses are:

$$H_0: \mu \leq 2$$

$$H_1: \mu > 2$$

Hypothesized Mean for loan processing within expected time	2.00
Z-Score	4.26
Z _∞ -Critical (at 0.05 level of significance for right tailed test)	1.645
Result	Z > Z _∞

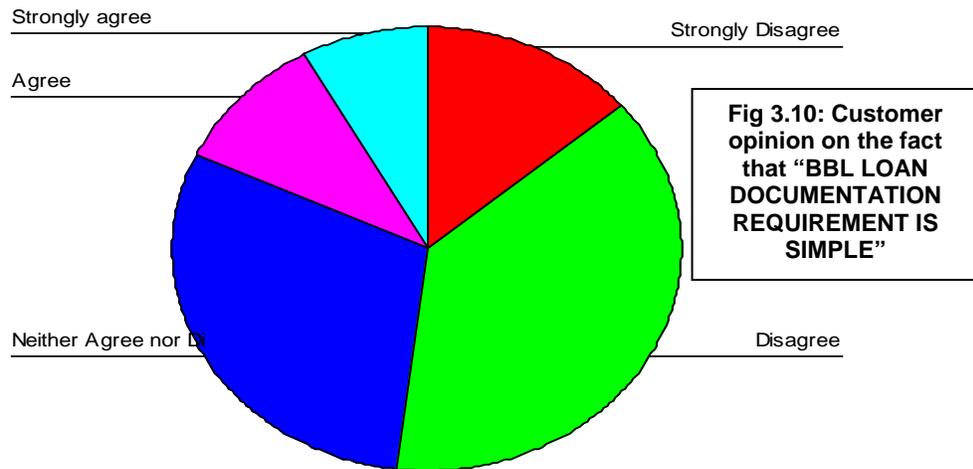
We see for this right tailed test that $Z > Z\text{-critical}$, and so we reject the null hypothesis in favor of the alternative hypothesis. Thus it is seen that **QL Customers are dissatisfied, but not highly dissatisfied about the interest rate structure offered by BBL.**

Hypothesis 6) Customers think that BBL’s loan documentation procedure is simple

i) Response by Salary Loan customers

The SPSS output is as follows:

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	7	14.0	14.0	14.0
Disagree	19	38.0	38.0	52.0
Neither Agree nor Disagree	15	30.0	30.0	82.0
Agree	5	10.0	10.0	92.0
Strongly agree	4	8.0	8.0	100.0
Total	50	100.0	100.0	



	N	Minimum	Maximum	Mean	Std. Deviation
GOODDOCS	50	1	5	2.60	1.107
Valid N (list wise)	50				

Hypothesized Mean	3.00
Z-Score	-2.55
Z ∞ -Critical (at 0.05 level of significance for left tailed test)	-1.645
Result	Z < Z ∞

From the table we see that z-score is less than z-critical. So, here we reject the null hypothesis in favor the alternative hypothesis. So it is found that the **SL customers are dissatisfied with the loan application documentation requirements and procedures of BBL.**

In order to see whether customers are highly dissatisfied, it is assumed that if $\mu \leq 2$, customers are highly dissatisfied. This will be a right tailed test. Our null and alternative hypotheses are:

$$H_0 : \mu \leq 2$$

$$H_1 : \mu > 2$$

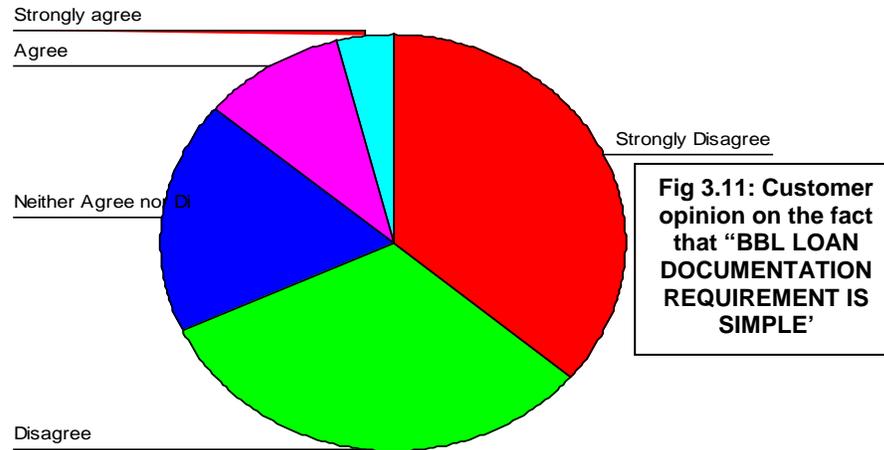
Hypothesized Mean for loan processing within expected time	2.00
Z-Score	3.83
Z α -Critical (at 0.05 level of significance for right tailed test)	1.645
Result	Z > Z α

We see for this right tailed test that $Z > Z$ -critical, and so we reject the null hypothesis in favor of the alternative hypothesis. Thus it is seen that **SL Customers are dissatisfied, but not highly dissatisfied with the loan application documentation requirements and procedures of BBL.**

ii) *Responses by Quick Loan customers:*

The SPSS output is as follows:

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	18	36.0	36.0	36.0
Disagree	16	32.0	32.0	68.0
Neither Agree nor Disagree	9	18.0	18.0	86.0
Agree	5	10.0	10.0	96.0
Strongly agree	2	4.0	4.0	100.0
Total	50	100.0	100.0	



	N	Minimum	Maximum	Mean	Std. Deviation
GOODDOCS	50	1	5	2.14	1.143
Valid N (listwise)	50				

Hypothesized Mean	3.00
Z-Score	-5.32
Z _∞ -Critical (at 0.05 level of significance for left tailed test)	-1.645
Result	Z < Z _∞

From the above analysis by SPSS, we see that the Z score is well beyond the acceptance limit of Z-critical of -1.645. Thus we reject the null hypothesis in favor of the alternative hypothesis. Thus it is seen that the **QL customers are dissatisfied on the documentation procedures and requirements of BBL's Quick Loans.**

In order to see whether customers are highly dissatisfied, it is assumed that if $\mu \leq 2$, customers are highly dissatisfied. This will be a right tailed test. Our null and alternative hypotheses are:

$$H_0 : \mu \leq 2$$

$$H_1 : \mu > 2$$

Hypothesized Mean for loan processing within expected time	2.00
Z-Score	0.87
Z _∞ -Critical (at 0.05 level of significance for right tailed test)	1.645
Result	Z < Z _∞

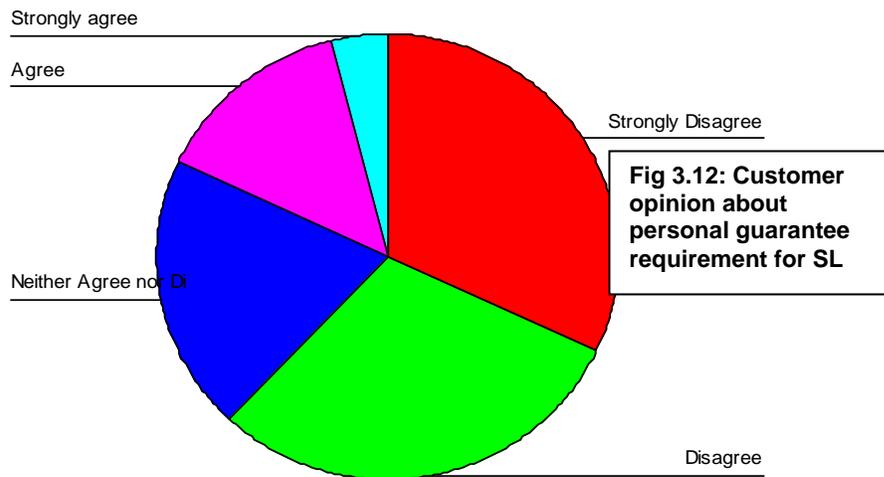
We see for this right tailed test that $Z < Z\text{-critical}$, and so we cannot reject the null hypothesis in favor of the alternative hypothesis. Thus it is seen that **QL Customers are highly dissatisfied with the loan application documentation requirements and procedures of BBL.**

Hypothesis 7) Customers feel that the requirement of a personal guarantee for Salary Loans is reasonable

This hypothesis is applicable only for the Salary loan customers of BBL. An important requirement for the approval of any Salary loan is a personal guarantor. Since Salary Loan is a fully unsecured product of BBL, the loan is issued against the personal guarantee only.

SPSS analysis of the sample responses shows the following:

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	16	32.0	32.0	32.0
Disagree	15	30.0	30.0	62.0
Neither Agree nor Disagree	10	20.0	20.0	82.0
Agree	7	14.0	14.0	96.0
Strongly agree	2	4.0	4.0	100.0
Total	50	100.0	100.0	



	N	Minimum	Maximum	Mean	Std. Deviation
GRTEEOK	50	1	5	2.28	1.179
Valid N (list wise)	50				

Hypothesized Mean	3.00
Z-Score	-4.31
Z _∞ -Critical (at 0.05 level of significance for left tailed test)	-1.645
Result	Z < Z _∞

We see that Z score is far less than Z-critical, and thus we are bound to reject the null hypothesis in favor of the alternative hypothesis. Thus **SL customers are dissatisfied on the Personal guarantee requirement.**

In order to see whether customers are highly dissatisfied, it is assumed that if $\mu \leq 2$, customers are highly dissatisfied. This will be a right tailed test. Our null and alternative hypotheses are:

$$H_0 : \mu \leq 2$$

$$H_1 : \mu > 2$$

Hypothesized Mean for loan processing within expected time	2.00
Z-Score	1.68
Z _∞ -Critical (at 0.05 level of significance for right tailed test)	1.645
Result	Z > Z _∞

We see for this right tailed test that Z > Z-critical, and so we reject the null hypothesis in favor of the alternative hypothesis. Thus it is seen that **SL Customers are dissatisfied, but not highly dissatisfied with the loan application documentation requirements and procedures of BBL**

Summary of findings through hypothesis testing:

The findings along with the comments are given on the table below:

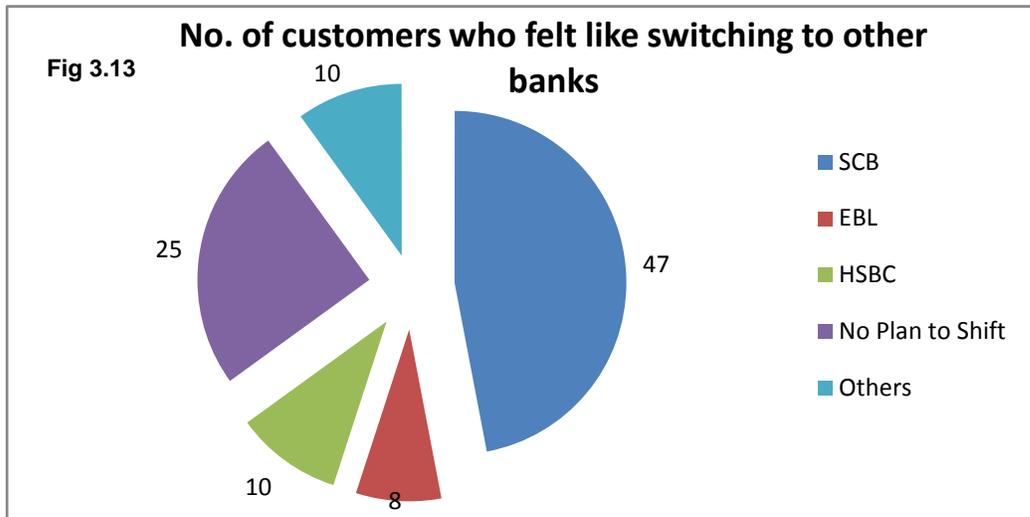
Factor		Satis.	Highly Satis.	Dissat.	Highly Dissat.	Comments
Getting the loan within the expected time	SL					SL customers are mainly salaried. Income assessment for salaried people is simpler than others. Thus loan approval takes less time. This is why most SL customers are satisfied with respect to loan delivery time.
	QL					QL customers are mainly businessmen, whose income assessment is more complex than salaried people. Also there is a matter of a security like FD to be opened. As a result the overall processing time of a Quick loan takes longer time than Salary Loans; Thus this dissatisfaction.
Getting the amount of loan customers expect	SL					SL customers are mainly salaried. Their monthly salary, expenses, and other factors are judged to calculate a Debt-Burden Ratio. The loan tenor, interest rate, and the DB ratio put a limit on the amount of loan a customer is eligible for.
	QL					QL is based on partial security. The amount of security given controls the amount of loan applicable. Of course the DB ration comes into play, but in case of 100% secured Quick loans, there is no bar on the maximum amount of loan a customer can get.
BSSOs' attitude and politeness	SL					The highest level of satisfaction occurred in terms of the BSSOs' attitude, politeness, honesty, and expertise in product presentation. Both the SL and QL customers were highly satisfied on the BSSOs. This shows that the BSSOs are very well trained, and possess the necessary people skills to interact with the customers in such a way that they are influenced to take a loan form BBL.
	QL					
BSSOs' honesty, thoroughness, and sincerity	SL					
	QL					
	SL					Both SL and Quick customers are dissatisfied on

BBL's interest rates	QL					the interest rates charged at BBL. Though at present, BBL offers the best rates among the Local Banks in Bangladesh, customers always complain that the rates are too high. The interest rates at BBL are controlled by Fund transfer pricing and on Bangladesh Bank regulations. Recently Bangladesh Bank has instructed all the banks to raise the interest rates, and the cost of funds has also gone up in recent times.
BBL's loan documentation procedure	SL					The loan documentation procedures at BBL for both SL and QL are a bit too cumbersome. In contrast to BBL's prime competitor, HSBC, BBL is bound by strict rules and regulations by the BRAC Group in terms of very careful judgment of eligibility for a loan. The steps in the approval and disbursement also consist of several parts. Focus is presently being placed on simplifying the process flow, and certain changes are being proposed in the Product Development Document. The aim is to increase the satisfaction level of customers while maintaining careful assessment of loan eligibility in such a way that the credit risk doesn't rise.
	QL					
The requirement of a personal guarantee for Salary Loans	SL					This is an important requirement by BBL, in order to ensure the recovery of loans. In case any customer defaults, the guarantor has the responsibility to pay off the loan. But many customers find difficulty in obtaining a personal guarantor according to BBL's specifications. HSBC does not require personal guarantee, and for this reason BBL loses some SL customers to HSBC purely for this reason.

4.9 Testing the other specific objectives:

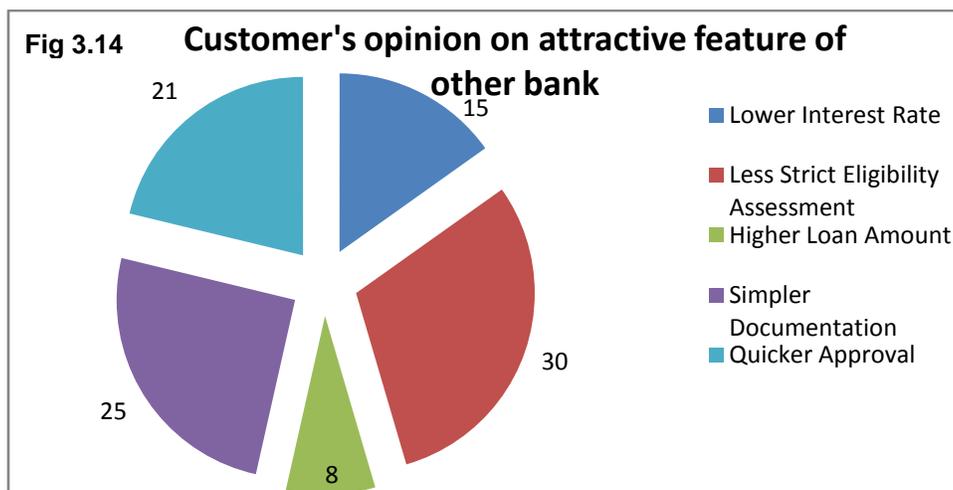
“To identify the competing bank that, at some point in time, influenced the customer to think about shifting”.

All the 100 customers in the sample, SL and QL combined, were asked to identify which competing bank they felt like switching to, while they applied for the loan at BBL. The customer responses are as follows:



“To identify what feature of the competitors’ product made the customer feel like shifting to the competitor Bank”

The findings are summarized in the graph:



“To see if inclusion of some necessary product or documentation feature that is currently absent, or improvement of some existing facility can act to increase customer satisfaction.”

When the customers were asked to rate certain factors that they said would increase their satisfaction levels, they came up with the results summarized below:

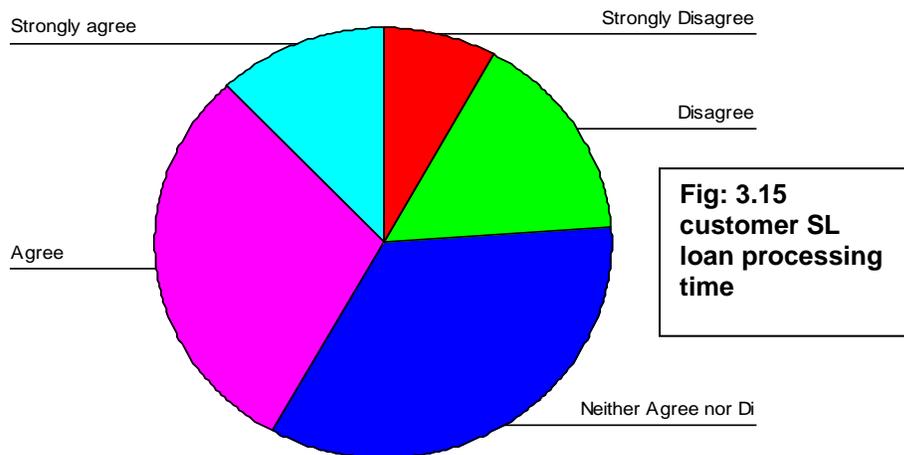
Factor: “The loan processing and delivery time should be reduced”

SL customer responses:

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Least important	4	8.0	8.0	8.0
	Less important	8	16.0	16.0	24.0
	moderate	17	34.0	34.0	58.0
	important	15	30.0	30.0	88.0
	Very important	6	12.0	12.0	100.0
	Total	50	100.0	100.0	

We see that 34% of the SL respondents were indifferent about whether the loan delivery time should be reduced. This may be because they are aware of the complexity of all the assessment criteria and calculations while a loan is being processed.

N	Valid	50
	Missing	0
Mean		3.22
Median		3.00
Mode		3
Std. Deviation		1.112



However, 30% of the respondents said it was important for the loan to be quickly processed. This is because in many cases the customers avail the loan for some urgent need, and delay in such cases causes serious problem for the customer. Only a few respondents felt that loan processing should take its time, because they perceived that hasty processing might cause errors.

QL customer responses:

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	2	4.0	4.0	4.0
	Neither Agree nor Disagree	13	26.0	26.0	30.0
	Agree	18	36.0	36.0	66.0
	Strongly agree	17	34.0	34.0	100.0
	Total	50	100.0	100.0	

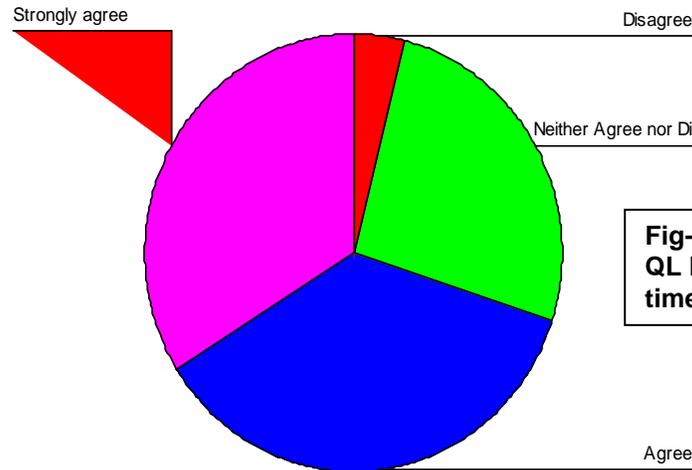


Fig-3.16 customer QL loan processing time

The majority, 36% of Quick Loan customers responded that it is important that the loan processing delay time be reduced. 34% of the respondents heavily emphasized on the factor. This is because Quick Loan is mainly targeted to business persons, and income assessment for businessmen is a bit more complex than that of salaried customers. Also because of the fact that Quick Loan is partially secured, the overall processing, including security selection, takes a longer time. Thus many customers do face a problem due to this delay.

Factor: “Maximum amount of loan offered should be increased”

SL customer responses:

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	8	16.0	16.0	16.0
	Neither Agree nor Disagree	23	46.0	46.0	62.0
	Agree	10	20.0	20.0	82.0
	Strongly agree	9	18.0	18.0	100.0
	Total	50	100.0	100.0	

The maximum amount of loan provided to customers is entirely dependent on the customers' monthly income and expenses including installments on any other loan. There is nothing much that can be done about this, because increasing the maximum amount of the loan will increase the risk of Credit Loss of BBL. However, a total of 38% of the respondents do agree that the amount should be increased.

QL Customer Responses:

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	2	4.0	4.0	4.0
	Neither Agree nor Disagree	28	56.0	56.0	60.0
	Agree	16	32.0	32.0	92.0
	Strongly agree	4	8.0	8.0	100.0
	Total	50	100.0	100.0	

Among the QL Customers also, we can see that a total of 40% of the customers suggested that the maximum loan amount that a certain customer is eligible for, should be increased. This is due to tenor and burden calculations, sometimes they do not get the amount of loan they need for certain purposes.

 **Factor: “Maximum tenor of the loans should be increased”**

SL customer responses:

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Neither Agree nor Disagree	4	8.0	8.0	8.0
	Agree	16	32.0	32.0	40.0
	Strongly agree	30	60.0	60.0	100.0
	Total	50	100.0	100.0	

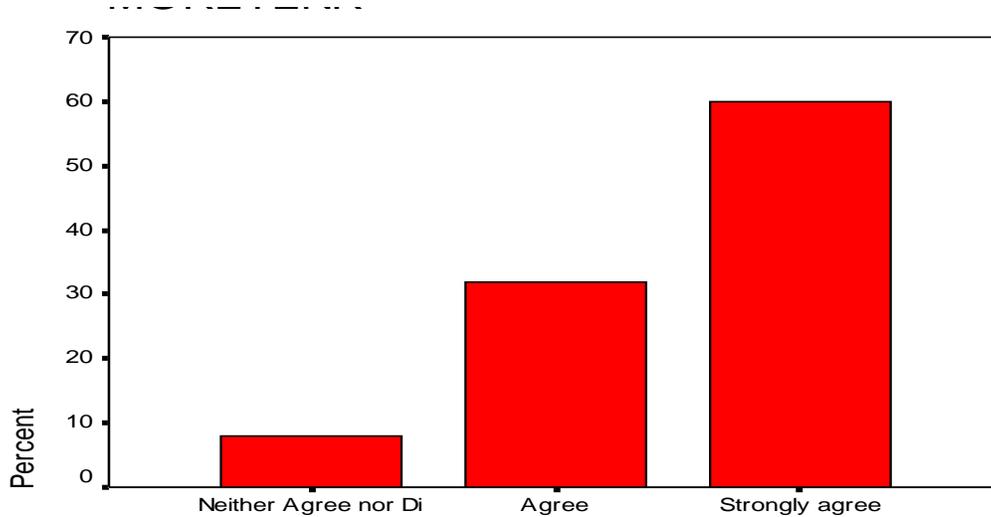


Fig- 3.17 SL Tenor should be increase

Most of the SL Customers (92%) agreed that the maximum tenor be increased. This is because of the fact that lower tenor leads to higher installment amounts, and this ultimately puts a bar on the amount of loan approved per customer according to the monthly income.

QL Customer responses:

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Neither Agree nor Disagree	16	32.0	32.0	32.0
	Agree	20	40.0	40.0	72.0
	Strongly agree	14	28.0	28.0	100.0
	Total	50	100.0	100.0	

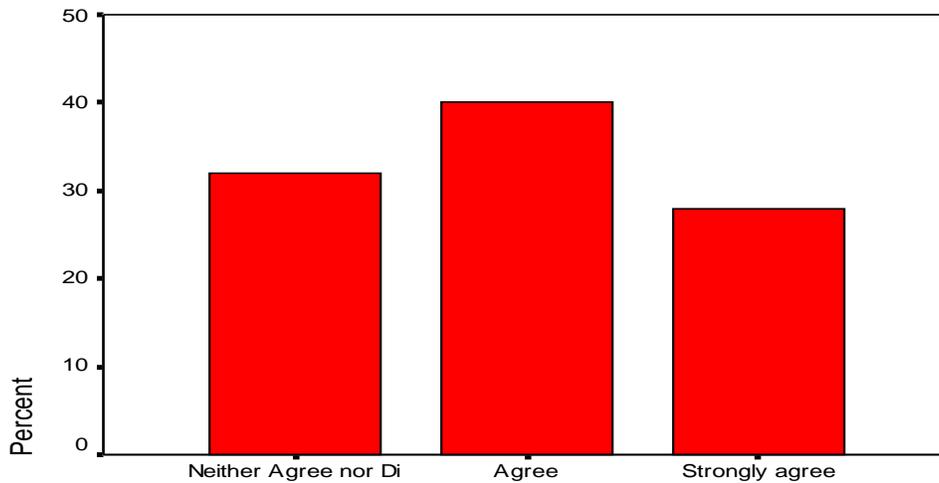


Fig- 3.18 QL Tenor should be increase

A total of 68% agreed that the tenor should be increased, in order to reduce the monthly repayment burden on the customers.

Factor: “The personal guarantor requirement be cancelled” (Applicable for Salary loan customers only)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	2	4.0	4.0	4.0
	Neither Agree nor Disagree	9	18.0	18.0	22.0
	Agree	22	44.0	44.0	66.0
	Strongly agree	17	34.0	34.0	100.0
	Total	50	100.0	100.0	

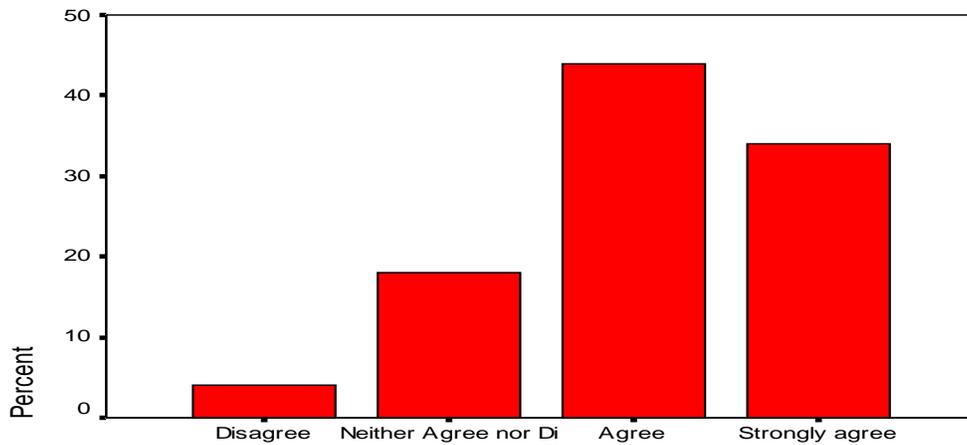


Fig- 3.19 personal guarantor requirement cancel

A total of 78% of the customers responded that the personal guarantee requirement be eliminated. BBL’s prime competitor HSBC does not require any personal guarantee. They only require references. Customers often face a problem of finding an eligible guarantor, who has to be a very qualified person.

Summary of factors that will increase customer satisfaction:

Statistics--SL

		No Guarantor	Less approval time	More loan amount	Higher tenor of loan
N	Valid	50	50	50	50
	Missing	0	0	0	0
Mean		4.08	3.22	3.40	4.52
Median		4.00	3.00	3.00	5.00
Mode		4	3	3	5
Std. Deviation		.829	1.112	.969	.646

Statistics--QL

		Less approval time	More loan amount	Higher tenor of loan	No Guarantor
N	Valid	50	50	50	0
	Missing	0	0	0	50
Mean		4.00	3.44	3.96	
Median		4.00	3.00	4.00	
Mode		4	3	4	
Std. Deviation		.881	.705	.781	

From the above tables, we can see that most SL customers emphasized on increasing the maximum tenor of the loan. Next emphasis was on elimination of the guarantor requirement.

Responses of the QL customers show that they placed maximum emphasis on reducing the processing time of the loans. Next emphasis was placed on increasing the tenor of the loan.

4.10 Results and Discussion

BBL proved that the locally owned institution can provide efficient, friendly and Modern full-service banking on a profitable basis. The major finding of this research is that customers of both Salary Loans and Quick Loans have certain complains about certain aspects of product features as well as the delivery procedures. Most of the customers of SL and QL combined, responded that the loan processing system of BBL has become too cumbersome. They often complain that other competing banks approve and disburse the loan in a much shorter period of time. Some says documentation requirement is too complex in BBL. Product features like Tenor, interest rates, etc be revised. This is because with limited income, most customers cannot afford to take higher loan amounts, as high interest rates coupled with lower tenor increases the monthly installments. One thing definitely significance is that all customers were highly satisfied at the attitude and product presentation and selling skills of the BSSOs of BBL Unsecured Loans. This is a very good sign that the BSSOs are very carefully trained. Since selling requires huge amounts of interpersonal skills, the responses of the customers show that BBL BSSOs are competitive in terms of persuading the customers. This is also reflected by a great achievement of BBL's Unsecured Loan.

5 CONCLUSIONS AND RECOMMENDATION

5.1 Conclusion

BBL is still regarded as a very reliable bank and the growing number of its customers indicates its increasing acceptance among clients. Since BBL has been able to rapidly increase the total number of loan-holders, it now should focus on the level of customer satisfaction. This is extremely important if BBL wants to prevent loss of customers to numerous competing banks.

The major finding of this research is that customers of both Salary Loans and Quick Loans have certain complaints about certain aspects of product features as well as the delivery procedures. Most of the customers of SL and QL combined, responded that the loan processing system of BBL has become too cumbersome. They often complain that other competing banks approve and disburse the loan in a much shorter period of time. Many also say that the documentation requirement is too complex in BBL. Of course, certain procedures cannot be changed due to strict guidelines by the Bangladesh bank, but BBL should look into the matter without delay.

Another major expectation by the customers is that certain product features like Tenor, interest rates, etc be revised. This is because with limited income, most customers cannot afford to take higher loan amounts, because high interest rates coupled with lower tenor increases the monthly installments to such levels that it becomes unaffordable for most customers.

One thing definitely worth mentioning is that all customers were highly satisfied at the attitude and product presentation and selling skills of the BSSOs of BBL Unsecured Loans. This is a very good sign that the BSSOs are very carefully trained. Since selling requires huge amounts of interpersonal skills, the responses of the customers show that BBL BSSOs have a competitive in terms of persuading the customers. This is also reflected by a great achievement by BBL Unsecured Loan.

It is very true that the most of the customers do not hesitate to term BBL as a better than other bank. But it should be considered that the customers have very few choices of banks with which they can actually compare the service of BBL. The nationalized banks of Bangladesh already

have earned a bad reputation in serving customers. Again among the foreign private banks like HSBC are some banks that have widened operations like BBL. Other private banks have limited operation in limited locations. The local banks have recently focused their attention to customer service, satisfaction and also credit card service. Moreover there are a good number of private banks that are coming into the competition soon, with loan packages similar to those of BBL, at competitive rates. Thus, in order to retain its leadership in terms of customer satisfaction, BBL should analyze the dissatisfaction levels, and take measures to combat these.

5.2 Recommendations:

Considering the results of the customer satisfaction survey, the following have been recommended:

- ◆ BBL can revise the PDD (Product Development Document) of the Salary and Quick loan, to modify product features if necessary
- ◆ BBL should try to incorporate the customer responses into making necessary changes in terms of loan tenor
- ◆ BBL should keep interest rates competitive at all times
- ◆ BBL should revise the overall loan processing system and try to make it more efficient
- ◆ BBL should continually motivate and train the BSSOs to sell skillfully, to maintain or improve their current level of performance, because BSSOs are the main strength of BBL unsecured Loans in reaching a very wide group of customers.

APPENDIX

Questionnaire:

I am a student of BRAC University doing my internship with BRAC Bank Limited. My research Title is “Customer Satisfaction of Unsecured Loan customers of BRAC Bank Ltd”. To fulfill the research objective, that is to find out the satisfaction level of the customers which is why we ask our customers for their opinions.

We would appreciate it if you would take a few minutes and complete this questionnaire on branch service. Your response will be kept in strict confidence.

General Subject Information

Occupation..... Name.....
Loan Type Age.....

[Put a tick (√) mark on the options you think suit your thoughts the best.]

1) Customers get the loan within the expected time:

Strongly Agree	Agree	Neither Agree\ Disagree	Disagree	Strongly Disagree
5	4	3	2	1

2) Customers get the amount of loan they expected:

Strongly Agree	Agree	Neither Agree\ Disagree	Disagree	Strongly Disagree
5	4	3	2	1

3) Customers are pleased at the BSSOs' attitude and politeness:

Strongly Agree	Agree	Neither Agree\ Disagree	Disagree	Strongly Disagree
5	4	3	2	1

4) Customers feel the BSSOs' are honest and clear about product presentation:

Strongly Agree	Agree	Neither Agree\ Disagree	Disagree	Strongly Disagree
5	4	3	2	1

5) Customers feel that BBL offers reasonable interest rates:

Strongly Agree	Agree	Neither Agree\ Disagree	Disagree	Strongly Disagree
5	4	3	2	1

6) Customers think that BBL's loan documentation procedure is simple:

Strongly Agree	Agree	Neither Agree\ Disagree	Disagree	Strongly Disagree
5	4	3	2	1

7) Customers feel that the necessity of a personal guarantee for Loans is reasonable:

Strongly Agree	Agree	Neither Agree\ Disagree	Disagree	Strongly Disagree
5	4	3	2	1

Other specific objectives

8) Which competing bank influenced the customer to think about shifting?

SCB	EBL	HSBC	NO Plan to Shift	Others
1	2	3	4	5

9) What feature of the competitors' product made the customer feel like shifting to the competitor Bank?

Lower Interest Rate	Less Strict Eligibility Assessment	Higher Loan Amount	Simpler Documentation	Quicker Approval
1	2	3	4	5

10) Customers feel the loan processing and delivery time should be reduced:

Strongly Agree	Agree	Neither Agree\ Disagree	Disagree	Strongly Disagree
5	4	3	2	1

11) Customers think that the maximum amount of loan offered should be increased:

Strongly Agree	Agree	Neither Agree\ Disagree	Disagree	Strongly Disagree
5	4	3	2	1

12) Customers think that the maximum tenor of the loans should be increased:

Strongly Agree	Agree	Neither Agree\ Disagree	Disagree	Strongly Disagree
5	4	3	2	1

13) Customers feel the personal guarantor requirement be cancelled:

Strongly Agree	Agree	Neither Agree\ Disagree	Disagree	Strongly Disagree
5	4	3	2	1

REFERENCE

Textbooks

- ❖ Murray R. Speigal & Larry J. Stephens, Theory and Problems of statistics, 3rd edition, McGraw hill, 1999
- ❖ Peter S. (2010), Bank Management & Financial Services, 7th Edition, McGraw Hill International, New York, NY
- ❖ Malhotra, K. (2004), *Marketing Research an Applied Orientation*, 4th edition, Pearson. Education.

Journals

- ❖ Books, Publications and Journals of BRAC Bank limited
- ❖ Prospectus of BRAC Bank Ltd.
- ❖ Bangladesh Bank related websites

Websites

- ❖ <http://www.bracbank.com/?drgn=1> (Date: 31-08-2012)
- ❖ http://www.bracbank.com/company_profile.php (Date: 31-08-2012)
- ❖ http://en.wikipedia.org/wiki/BRAC_Bank (Date: 27-08-2012)
- ❖ http://www.bracbank.com/retail_banking.php (Date: 28-08-2012)
- ❖ <http://www.bangladesh-bank.org/> (Date: 29-08-2012)