

## Executive Summary

Standard Chartered Bank started its business in Bangladesh in 1948, opening its first branch in the port city of Chittagong. The bank increasingly invested in people, technology and premises as its business grew in relation to the country's thriving economy. At present the bank has 18 offices. In Bangladesh, Standard Chartered offers 24-hour service through its ATM network, Phone banking and e banking. Its aim is to offer world-class service on a 24-hour basis. SCB works in team and follows the goal setting theory. In that the employees set their own goal and the goal is pursued by them throughout the year. Cares for the local cultures and set their strategies best suited for the respective area. They bank tries to establish long-term relationship with the customers. Bank usually accepts deposits, makes loans, pays checks, and performs related services for the public.

A loan entails the redistribution of financial assets over time, between the lender and the borrower. Broadly the loans could be segregated into two types depending upon the collateralization- secured & unsecured loans. Secured loans are loans that are secured against the borrower's assets such as mortgage and auto loan. Unsecured loans are monetary loans that are not secured against the borrower's assets such as credit cards and personal loans. There are separate analysts for all these product types. I was specifically recruited for unsecured loans.

A credit card is a payment card issued to users as a system of payment. It allows the cardholder to pay for goods and services based on the holder's promise to pay for them. The issuer of the card creates a revolving account and grants a line of credit to the consumer (or the user) from which the user can borrow money for payment to a merchant or as a cash advance to the user.

Personal loan is a loan that establishes consumer credit that is granted for personal use; usually unsecured and based on the borrower's integrity and ability to pay. Whether an individual is planning a vacation, redecorating home or supporting child through college, a personal loan gives the extra funds needed. One can even use it as a standby line of credit for unforeseen expenses. Whichever option one chooses, s/he will be able to stay in control of his/her finances and make the most of life's opportunities and experiences. Personal loans are very flexible and are provided to meet individual's assorted needs like: Purchase of miscellaneous household appliances, Purchase of personal computers, Purchase of refrigerator, Purchase of audio-video equipment, Purchase of furniture, Hospitalization or other emergency medical needs, House

renovation, Purchase of office equipment / accessories, Office renovation, Marriages in family, Advance rent payment and Overseas trips.

As target market, Standard Chartered Bank (SCB) tries to cater a wide range of customers from different sectors. Customers having a minimum income of BDT 15000 and age between 21- 65 can apply for personal loans between BDT 60K and 1000K. Credit cards are issued to customers with variable limit starting from 10k to 500k.

Maximum unsecured exposure (MUE) between 8X-20X of net income and Debt Burden Ratio (DBR) 30%-60% is allowed. Loan repayment tenor is flexible and Standard Chartered Bank offers competitive interest rates. Documents like bank statements, TIN certificate, trade license, NID, guarantor details, CPV & CIB report, and other loan offer letters are required when assessing a file for granting a loan.

Although this report deals in particular with the back office function of a loan but it still worth mentioning a little on the other side of the coin, i.e. the sales function of the bank. Standard Chartered Bank has an aggressive marketing policy. The Direct Sales Executives (DSEs) and product marketing officers (PMO's) appointed by sales managers are a very useful source of bringing in customers for loan. Standard Chartered Bank uses a push strategy for this purpose. The other source of application receiving is the Personal Financial Consultants (PFCs) who sit in different branches and advice customers who step into the bank.

Data analysis over six months reveals that the major source of applications was the sales force (DSEs). It was obvious since most of the take away salary of the DSE's depends on the sales they generate as their fixed salary is a minimum. It is seen that almost in every month 33% of the personal loan and 40 % of the credit card applications are approved. Applicant type wise, major applicants of SCB loan and credit card are salaried and the percentage of salaried applicant is more than 70%. Salaried segment has a significantly higher approval rate then self-employed segment. Salaried segment has a much better portfolio with SCB compared to the self-employed in terms of loan repayment. Purpose wise, major portion of the loan is for house/ office renovation both in terms of volume and number.

Delinquency measure of the bank is a vital part of the portfolio analysis. Customers missing one Equal Monthly Installments (EMI) on due date and repaying it within 30DPD (Due Payment

Date) are not considered delinquent but those exceeding 30DPD are termed as irregular/delinquent accounts. The analysis reveals that period end outstanding have been increasing at a very unsatisfactory rate.

The development and expansion of personal consumer credit is regarded as a very important medium of achieving economic and social growth in both developed and developing countries. The role of personal consumer credit in generating investment, savings, profit, employment opportunities, export, regional industrialization and improvements of people's living standards as well as national development is very important. Personal consumer credit should be established on a greater scale across the country in order to facilitate one to make most of life's opportunities and experiences.

The credit card has a lower impact on growth but is still a convenient product nonetheless. SCB credit cards are of four different types (credit limit is given in brackets), namely silver card (10k-70k), gold card (75k-145k), platinum card (150-450 k) and signature card (500k). The signature card is the premium credit of not only SCB but in the Bangladeshi market in general. Only a selected exclusive class is eligible for such cards. The benefits given to the card holder is second to none.