



INTERNSHIP
REPORT on
Retail Banking of IFIC
Bank Limited.



Inspiring Excellence

Submitted To:

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Letter of Transmittal

December 2015

S.M. Arifuzzaman

Asst. Professor

BRAC Business School

BRAC University

Subject: Submission of the Internship Report

Dear Sir,

I am here by submitting my report on "Retail Banking of BRAC Bank Limited ". While preparing this report, I worked as an intern at BRAC Bank Ltd. Under the supervision of Ashim Kumar Saha, Head of Retail Asset, Retail Banking Division, IFIC Bank Limited. I feel most privileged to be associated with an experienced, efficient and professional team in one of the most reputed banks of Bangladesh. I have tried my best to make this report as informative, practical, reliable and relevant as possible. In preparation of this report, I have reviewed few books, journals, articles from the internet, IFIC academy and have conducted interviews. I strongly believe that this report will satisfy your requirements and expectations.

Sincerely,

Siad Bari Khan

ID: 11304016

ACKNOWLEDGEMENT

This internship has been a very good experience in the way that it has given me the chance to understand the real world outside the classroom. I've learnt a lot about the office environment interpersonal skills and self-confidence have improved significantly.

Firstly, I express my deep sense of gratitude to my honorable advisor Sir S.M. Arifuzzaman for his endeavor in his approach and outstanding supervision by which it has been possible for me to make a good combination of theoretical and practical knowledge in preparing this report.

I also express my deep sense of respect for Sir Ashim Kumar Saha and Sir Depankar Das who have taught me the practicalities of Retail Banking at IFIC Bank Limited. I am also grateful to all the employees of the Retail Banking Division, Head Office as well as Mr. Rashedul Alam, FAVP and Head, HR Development and Talent Management and Fahim Ahmed, Senior Officer, Human Resource management Division at IFIC Bank Limited For their cooperation, support and direction in getting the necessary information.

Executive Summary

This Report shows the working background on the Retail Banking Division at IFIC Bank Limited as internship report for BBA Program. IFIC Bank Limited expects to set principles as the Market pioneer in Bangladesh. It will show that a privately possessed establishment can give effective, agreeable and Modern full administration counts on a beneficial premise. The principle target of the study is to get learning about the operations of Retail Banking Division of IFIC Bank Limited furthermore to pick up the functional experience of corporate life and view the use of hypothetical information, in actuality. In addition to discover the issues which the association is confronting to encourage its every day operations and to discover the answers for further build up the Retail Banking Sector of IFIC Bank Limited. This report has examined about the IFIC Bank Limited's Mission, vision, and its hierarchical structure. Moreover it presents how IFIC Bank Limited has used the interest rates of its deposit products to capture the market and attract clients from its competitors. It also explains how the loans are processed to serve its clients. Furthermore the monitoring of the Head Office is a key factor in increasing efficiency and performance. Moreover, the growth of the Retail Banking sector is an integral part in reaching a greater segment of the clients in Bangladesh that are willing to receive banking services. Although, IFIC Bank does have a few obstacles which impacts heavily on its growth. One of them is the availability of skilled workforce (Direct Sales Team) in the market who has the essential presentation skills, communication skills, negotiation skills and the experience to portray a positive image of the Bank and achieve the set target and are willing to work long hours in the field.

From the analysis and observation, some recommendations have been formulated in order to smooth operation of Retail Banking Division that is skilled manpower in the line of Retail Banking Operation must be accomplished through remuneration and job satisfaction. Latest development in the business should be introduced accordingly. Other than that, the performance of the Bank is quite outstanding with its limited resources.

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Objective of the report

To investigate the relationship between theories and practicalities of the Retail Banking Division at IFIC Bank Limited. The main focus here was to understand the operations and procedures of Retail Banking.

There were other objectives. They are as follows:

- Providing an overview of the Banking Sector in Bangladesh.
- Providing an overview of IFIC Bank Limited and its Retail Banking Sector.
- Analyzing the deficiencies of the Retail Banking Division.
- Generating solutions that will help the Bank in overcoming the deficiencies.

Scope of the report

My main concern was to learn from the operations of the Retail Banking Division. Therefore I allocated my whole time and effort in the Retail Banking Division. The scope of the report are as follows:

- Asset and Liability operation of IFIC Bank Limited.
- Comparison of the various deposit schemes.
- Deposit and Credit policies of IFIC Bank Limited.

Methodology

Study design

The study is analytical in nature. It was conducted using both quantitative and qualitative instruments. Depth Interviews as well as assessment of different historical data were used to analyze the performance of IFIC Bank Limited.

Data collection

In order to make the report more meaningful and presentable, two sources of data and information have been used. They are:

Primary sources

- Practical work experience (desk work).
- Face to face with employees.
- Direct observations

Secondary sources

- Annual reports of IFIC Bank Limited.
- Deposit and Credit policy manuals of IFIC Bank Limited.
- Circulars issued by head office and Bangladesh Bank.
- Websites.

Limitations of the report

I came across the following limitations while preparing the report:

- The main limitation was the availability of literature and data as in many cases the documents could not be disclosed to maintain secrecy of the Bank's procedures.
- A key limitation was the duration of my intern program as only three months are not sufficient to understand the overall operations of the Retail Banking Division.
- The employees of the Bank were busy with work and interviewing them within office hours were difficult.

Banking Sector in Bangladesh:

Banking sector has a vital role to play in the economic activities and development of any country. This sector is much more important in a developing country like Bangladesh. The whole scenario of the economy of a country can be ascertained by examining the condition of the banking sector. In Bangladesh, the banking sector dominates the financial sector and macroeconomic management largely depends on the performance of the banking sector. Banking sector grew primarily in the public sector with main emphasis on restructuring of the financial system and development needs of the war-torn economy with gradual liberalization in subsequent years. It was increasingly felt that banks should be allowed in the private sector for giving a fillip to development process on the basis of private initiative. In the 80's for the first time a number of banks in the private sector were allowed. Subsequently in the mid 90's some more banks in private sector also commenced operations. Finally, in 1999, 3rd generation of private sector banks was given permission to operate. As a result while up to 80's public sector banks dominated financial sector, banks in the private sector were given increased responsibility with the passage of time.

After the independence, banking industry in Bangladesh started its journey with 6 Nationalized commercialized banks, 2 State owned Specialized banks and 3 Foreign Banks. In the 1980's banking industry achieved significant expansion with the entrance of private banks. Now, banks in Bangladesh are primarily of two types:

- **Scheduled Banks:** The banks which get license to operate under Bank Company Act, 1991 (Amended upto 2013) are termed as Scheduled Banks.
- **Non-Scheduled Banks:** The banks which are established for special and definite objective and operate under the acts that are enacted for meeting up those objectives, are termed as Non-Scheduled Banks. These banks cannot perform all functions of scheduled banks.

There are **56 scheduled banks** in Bangladesh who operate under full control and supervision of Bangladesh Bank which is empowered to do so through Bangladesh Bank Order, 1972 and Bank Company Act, 1991. Scheduled Banks are classified into following types:

- State Owned Commercial Banks (SOCBs): There are **6 SOCBs** which are fully or majorly owned by the Government of Bangladesh.
- Specialized Banks (SDBs): **2 specialized banks** are now operating which were established for specific objectives like agricultural or industrial development. These banks are also fully or majorly owned by the Government of Bangladesh.
- Private Commercial Banks (PCBs): There are **39 private commercial banks** which are majorly owned by the private entities. PCBs can be categorized into two groups:
- Conventional PCBs: **31 conventional PCBs** are now operating in the industry. They perform the banking functions in conventional fashion i.e interest based operations.
- Islami Shariah based PCBs: There are **8 Islami Shariah based PCBs** in Bangladesh and they execute banking activities according to Islami Shariah based principles i.e. Profit-Loss Sharing (PLS) mode.
- Foreign Commercial Banks (FCBs): **9 FCBs** are operating in Bangladesh as the branches of the banks which are incorporated in abroad.

There are now **4 non-scheduled banks** in Bangladesh which are:

- Ansar VDP Unnayan Bank,
- Karmashangosthan Bank,
- ProbashiKollyan Bank,
- Jubilee Bank

Banking in Bangladesh - Wikipedia, the free encyclopedia. 2015. *Banking in Bangladesh - Wikipedia, the free encyclopedia*. [ONLINE] Available at: https://en.wikipedia.org/wiki/Banking_in_Bangladesh. [Accessed 22 December 2015].

Chapter 1

Introduction

IFIC Profile

International Finance Investment and Commerce Bank Limited (IFIC Bank) is banking company incorporated in the People's Republic of Bangladesh with limited liability. It was set up at the instance of the Government in 1976 as a joint venture between the Government of Bangladesh and sponsors in the private sector with the objective of working as a finance company within the country and setting up joint venture banks/financial institutions abroad. In 1983 when the Government allowed banks in the private sector, IFIC was converted into a full-fledged commercial bank. The Government of the People's Republic of Bangladesh now holds 32.75% of the share capital of the Bank. Directors and Sponsors having vast experience in the field of trade and commerce own 11.31% of the share capital and the rest is held by the general public.

Bank's Mission

Our Mission is to provide service to our clients with the help of a skilled and dedicated workforce whose creative talents, innovative actions and competitive edge make our position unique in giving quality service to all institutions and individuals that we care for.

We are committed to the welfare and economic prosperity of the people and the community, for we derive from them our inspiration and drive for onward progress to prosperity.

We want to be the leader among banks in Bangladesh and make our indelible mark as an active partner in regional banking operating beyond the national boundary.

In an intensely competitive and complex financial and business environment, we particularly focus on growth and profitability of all concerned.

Bank's Vision

At IFIC, we want to be the preferred financial service provider through innovative, sustainable and inclusive growth and deliver the best in class value to all stakeholders.

IFIC Bank Limited. 2015. *IFIC Bank Limited*. [ONLINE] Available at: <http://www.ificbank.com.bd/>. [Accessed 23 December 2015].

Milestones in the development of IFIC BANK

1976 - Established as an Investment & Finance Company under arrangement of joint venture with the Govt. of Bangladesh.

1980 - Commenced operation in Foreign Exchange Business in a limited scale.

1982 - Obtained permission from the Govt. to operate as a commercial Bank, Set up its first overseas joint venture (Bank of Maldives Limited) in the Republic of Maldives (IFIC's share in Bank of Maldives limited was subsequently sold to Maldives Govt. in 1992)

1983 - Commenced operation as a full-fledged commercial bank in Bangladesh.

1985 - Set up a joint venture Exchange Company in the Sultanate of Oman, titled Oman Bangladesh Exchange Company (Subsequently renamed as Oman International Exchange, LLC)

1987 - Set up its first overseas branch in Pakistan at Karachi

1993 - Set up its second overseas branch in Pakistan at Lahore

1994 - Set up its first joint venture in Nepal for banking operation, titled Nepal Bangladesh Bank Ltd.

1999 - Set up its second joint venture in Nepal for lease financing, titled Nepal Bangladesh Finance & Leasing Co. Ltd. (Which was merged with NBBL in 2007)

2003 - Set up a new Bank in Pakistan, NDLC-IFIC Bank Ltd. (Subsequently renamed as NIB Bank Ltd.) and the Overseas Branches of IFIC and a local leasing company, NDLC were amalgamated with and into it.

2005 - Acquired MISYS solution for real time online banking application - Core Risk Management implemented

2007 - Launched VISA branded Credit Card (completed full range of Cards i.e. Debit, Credit & Prepaid by 2010)

2010 - Set up Offshore Banking Unit (OBU)

2011 - Established a fully owned subsidiary exchange company named IFIC Money Transfer (UK) Ltd.

2012 - Inauguration of 100th Branch at Tejgaon-Gulshan Link Road in Dhaka

IFIC Bank Limited. 2015. *IFIC Bank Limited*. [ONLINE] Available at: <http://www.ificbank.com.bd/>. [Accessed 23 December 2015].

Joint Ventures Abroad

Oman International Exchange LLC, Oman:

Oman International Exchange LLC (OIE), a joint venture between IFIC Bank Limited and Oman Nationals, was established in 1985 to facilitate remittance by Bangladeshi wage earners in Oman. IFIC Bank holds 25% shares and the balance 75% is held by the Omani sponsors. The exchange company has a network of 12 branches covering all the major cities/towns of Oman. By now the company has established direct remittance service with 8 countries viz. Bangladesh, India, Indonesia, Nepal, Pakistan, Philippines, Qatar, Sri Lanka, U.A.E. The affairs and business of the company is run and managed by the Bank under a Management Contract. Nepal Bangladesh Bank Ltd. Nepal:

Nepal Bangladesh Bank Ltd. (NB Bank), a joint venture commercial bank between IFIC Bank Ltd. and Nepali nationals, started operation with effect from June 6, 1994, in Nepal with 50% equity from IFIC Bank Ltd. The Bank has so far opened 17 (seventeen) branches at different important locations in Nepal. IFIC Bank presently holds 37.46% shares in NB Bank.

NIB Bank Ltd. Pakistan:

IFIC Bank established two branches in Pakistan, one at Karachi and the other at Lahore. Karachi Branch was opened on 26 April 1987, while the Lahore Branch was opened on 23 December 1993. Since late 1990s, the State Bank of Pakistan (SBP) revised the Minimum Capital Requirement (MCR) for banks in Pakistan time and again. To meet the MCR, a new bank has been incorporated in Pakistan in 2003 titled NDLC-IFIC Bank Ltd. (subsequently renamed as NIB Bank Ltd.) Thereafter, Pakistan branches and a local leasing company, NDLC were amalgamated with the NIB. Consequently, our Pakistan Branches ceased to exist effective from 3 October 2003 with the commencement of operation of the new bank. IFIC Bank's share capital in the bank reduced significantly from original 20% pursuant to enhancement of share capital of the bank.

Bank of Maldives, Maldives:

IFIC is the first among the banks in the private sector to have operations aboard. In 1982, the Bank set up a joint venture bank in Maldives known as "Bank of Maldives Limited" (BML) at the request of the Government of the Republic of Maldives. This is the only national bank in the country having wide branch network. IFIC Bank managed the affairs of BML from 1982 to 1992. IFIC Bank sold its shares in 1992 to the Government of the Republic of Maldives and handed over the Management of BML to Maldives Government.

IFIC Bank Limited. 2015. *IFIC Bank Limited*. [ONLINE] Available at: <http://www.ificbank.com.bd/>. [Accessed 23 December 2015].

Nepal Bangladesh Finance & Leasing Ltd.:

Commenced operation on April 18, 1999 in Nepal with 30% equity from IFIC Bank, the joint venture finance company was merged with NB Bank on September 18, 2007 as per decision of the shareholders.

IFIC Bank Limited. 2015. *IFIC Bank Limited*. [ONLINE] Available at: <http://www.ificbank.com.bd/>. [Accessed 23 December 2015].

Financial performance of IFIC Bank Limited in 2015

Particulars	30 september 2015	31December 2014
<u>Property and Assets</u>		
Cash	13,867,767,540	10,402,677,369
Balance with other banks and financial institutions	6,703,145,293	12,049,563,141
Money at call and on short notice	-	1,450,000,000
Investments	31,056,951,999	24,030,515,229
Loans and Advances	114,269,642,395	104,419,397,669
Fixed assets including premises, furniture and fixtures	3,152,242,217	2,946,853,254
Other assets	4,397,285,380	3,371,653,934
Non-banking assets	373,474,800	373,474,800
Total assets	173,820,509,623	159,044,135,397
<u>LIABILITIES AND CAPITAL</u>		
Borrowing from other banks, financial institutions and agents	5,852,912,548	5,924,591,258
Deposit and other accounts	142,199,992,381	129,863,053,203
Other liabilities	12,886,806,643	11,359,482,025
Total liabilities	160,939,711,572	147,147,126,486
Total shareholders' equity	12,880,798,051	11,897,008,910
Total liabilities and shareholders' equity	173,820,509,623	159,044,135,397

IFIC Bank Limited. 2015. *IFIC Bank Limited*. [ONLINE] Available at: <http://www.ificbank.com.bd/>. [Accessed 23 December 2015].

Chapter 2

Products and services

Retail Banking

Retail Banking is mass- banking facility for individual customers to avail banking services directly from our wide branch network all over the country. We provide one-stop financial services to all individual customers through our innovative products & services to cater their need. With a view to provide faster and more convenient centralized online banking services, most of our branches have been brought under the real time online banking system.

Objectives

- To ensure economies of scale, by which fixed cost will remain same and variable cost will reduce. Profits will increase as sales increases
- To implement new service concept by introducing relationship banking
- Increase share of wallet 'profitable relationship' by cross selling of multiple products.

Asset Products

IFIC Easy Loan

Our Easy Loan is to serve your any personal financial needs. The loan is absolutely hassle free & paid against financial securities.

Eligibility

Adult person having an account with us then easily apply for the IFIC Easy Loan.

Loan Size

Maximum 95% of the face value of FDR.

Maximum 100% * of the MIS amount.

Maximum 100% of the principal amount of PSS.

Maximum 90% of ICB Unit Certificate.

Repayment Tenure

12 to 36 months.

Shortest possible processing & least formalities

Consumer Durable Loan

IFIC creates an opportunity to satisfy customers' desire to purchase consumer durables like - computer, television, refrigerator, washing machine, air conditioner, music systems, motor cycle and a lot of other things by Consumer Durable Loan.

IFIC Bank is providing maximum 1.00 lac taka to be repayable in by 12 to 36 monthly installments.

Consumer Durable Loan Repayment Schedule

Loan Amount	Interest Rate	Monthly installment		
		36 months	24 months	12 months
Maximum Tk. 100,000/-	@ 16.50%	Tk. 3,542/-	Tk. 4,922/-	Tk. 9,099/-

IFIC Bank Limited. 2015. *IFIC Bank Limited*. [ONLINE] Available at: <http://www.ificbank.com.bd/>. [Accessed 23 December 2015].

Parua (Education Loan)

IFIC Bank offers Education Loan that can make a student's dream come true. IFIC Bank firmly believes that expense for education is an investment for future. Only education can fulfill the dreams of an individual as well as a nation.

IFIC Bank is providing maximum Tk. 8.00 lac to be repayable in 12 to 48 monthly Installments.

Parua (Education Loan) Repayment Schedule

Loan Amount	Interest Rate	Monthly installment			
		48 months	36 months	24 months	12 months
Tk. 100,000/- or multiple	@ 16.50%	Tk. 2,861/-	Tk. 3,542/-	Tk. 4,922/-	Tk. 9,099/-

IFIC Home Loan

Home is an address, a shelter for entire life, and this is what one leaves behind for the family. A house is the single biggest investment that you will make in your lifetime. To own a home from savings takes a long time and full payment at a time is difficult too. Don't wait your entire life saving. Trust us, take a Home loan from IFIC and realize your dreams now.

"IFIC Home Loan" is an attractive home & mortgage based loan facility for all credit worthy individual of Bangladesh who wish to buy new or used apartment/flat, mortgage their existing house/flat/apartment or construct/ renovate/ extend their existing flat/house etc.

Product Features

Loan amount Tk 5 Lac – Tk 1.2 Crore

Tenure: Maximum 25 years

Interest rate: Starts from 11.75%

No processing fee for loan takeover and additional refinancing

1% processing fee for fresh loan

Faster delivery for loan processing

Any Purpose Loan

If you're looking for a personal loan to meet any financial requirement that's easy to get, your search ends with us. IFIC Any Purpose Loan caters to various needs of salaried people. With minimum formalities you can get a loan for an amount upto Tk.3.00 lac to be repayable at 12 to 36 monthly installment. The loans are easy & absolutely hassle free.

Any Purpose Loan Repayment Schedule

Loan Amount	Interest Rate	Monthly installment		
		36 months	24 months	12 months
Tk. 100,000/-	@16.50%	Tk. 3,542/-	Tk. 4,922/-	Tk. 9,099/-

IFIC Marriage Loan

The single most important day of your life, a new family in style. Money is only an object for such an important event and shouldn't be a barrier to its perfection. If you need extra funds to ensure your special day is one to remember than come into on IFIC Bank branch and trust us to help you realize your dreams.

IFIC Bank is providing maximum Tk. 3.00 lac to be repayable in 12 to 36 monthly installment.

Marriage Loan Repayment Schedule

Loan Amount	Interest Rate	Monthly installment		
		36 months	24 months	12 months
Maximum Tk. 100,000/-	@16.50%	Tk. 3,542/-	Tk. 4,922/-	Tk. 9,099/-

IFIC Bank Limited. 2015. *IFIC Bank Limited*. [ONLINE] Available at: <http://www.ificbank.com.bd/>. [Accessed 23 December 2015].

CNG Conversion Loan

Due to price hike of fuel, CNG conversion has become the necessity of time. IFIC Bank understands the needs and offers you the best suitable loan for CNG conversion of your vehicle.

IFIC Bank is providing maximum Tk. 1.00 lac to be repayable in 12 to 36 monthly installment.

CNG Conversion Loan Repayment Schedule

Loan Amount	Interest Rate	Monthly installment		
		36 months	24 months	12 months
Maximum Tk. 100,000/-	@16.50%	Tk. 3,542/-	Tk. 4,922/-	Tk. 9,099/-

IFIC Medical Loan

IFIC Bank lets you to focus on Medicare of your family and yourself - taking away the worry of finance. IFIC Medical Loan caters hospitalization or other emergency medical needs to salaried people. The loans are easy & absolutely hassle free.

IFIC Bank is providing maximum Tk. 3.00 lac to be repayable in 12 to 36 monthly instalment.

Medical Loan Repayment Schedule

Loan Amount	Interest Rate	Monthly installment		
		36 months	24 months	12 months
Maximum Tk. 100,000/-	@16.50%	Tk. 3,542/-	Tk. 4,922/-	Tk. 9,099/-

IFIC Bank Limited. 2015. *IFIC Bank Limited*. [ONLINE] Available at: <http://www.ificbank.com.bd/>. [Accessed 23 December 2015].

IFIC Holiday Loan

When you plan to visit overseas with family or friend for taking a break from routine, enjoying nature, making a holiday - all these can happen through IFIC Holiday Loan. **IFIC Holiday Loans** are easy & absolutely hassle free.

IFIC Bank is providing maximum Tk. 3.00 lac to be repayable in 12 to 36 monthly installment.

IFIC Holiday Loan Repayment Schedule

Loan Amount	Interest Rate	Monthly installment		
		36 months	24 months	12 months
Maximum Tk. 100,000/-	@16.50%	Tk. 3,542/-	Tk. 4,922/-	Tk. 9,099/-

IFIC Peshajeebi Loan (Loan for Professional Loan)

Whether you are a Doctor/ Engineer/ IT professional/ Management Consultant or any other professional, sometimes you just need that little bit extra money for whatever reason? Don't make yourself worry about it. Come to us at IFIC Bank and trust that we'll help you to realize your dreams.

IFIC Bank is providing Maximum Tk. 10.00 lac to repayable in 12 to 48 monthly instalment.

Quick Processing & Least Formalities.

IFIC Peshajee Loan Repayment Schedule

Loan Amount	Interest Rate	Monthly installment			
		48 months	36 months	24 months	12 months
Tk. 100,000/- or multiple	@16.50%	Tk. 2,861/-	Tk. 3,542/-	Tk. 4,922/-	Tk. 9,099/-

IFIC Auto Loan

Owning a car means freedom of convenience for moving out, affords punctuality, shelter from rain and heat during traveling and above all guarantees the much needed safety. Owning a car is a dream of many people. To materialize your dream, now we have Auto Loan with more flexible, affordable and convenient package option.

IFIC Bank is providing maximum Tk. 20 lac to be repayable in 12 to 60 monthly installments.

Auto Loan Repayment Schedule

Loan Amount	Interest Rate	Monthly installment (TK.)				
		60 months	48 months	36 months	24 months	12 months
Tk.1,00,000/- or Multiple	15.50% p.a.	2,407/-	2,810/-	3,493/-	4,874/-	9,051/-
Tk.20,00,000/- maximum	15.50% p.a.	48,140/-	56,200/-	69,860/-	97,480/-	1,81,020/-

IFIC Bank Limited. 2015. *IFIC Bank Limited*. [ONLINE] Available at: <http://www.ificbank.com.bd/>. [Accessed 23 December 2015].

Liability Products

Liability products and its importance:

- Will ensure long term sustainable growth.
- Ensure higher profitability for the bank.
- Will reduce dependency on high cost deposit
- Increase low cost deposit
- Increase low cost deposit and individual client will diversify the risk at a tolerable level
- Risk of middle class income group
- Upward lifestyle trend by increasing personal financial requirement
- Increase brand visibility
- Huge possibility to acquire huge untapped market for retail business.

IFIC Bank is pleased to offer the following Retail Banking products and financial benefits to its clients.

Exclusive features that IFIC Bank are offering for salary account holder under Employee Banking Package:

A. Salary Account Features (Savings Account):

- Zero account opening balance
- Attractive interest rate up to 5%. Daily basis interest and interest will be credited monthly.
- Free of charge - access at Q-Cash ATM
- No account maintenance fee.
- ATM card charges: Free for 1st year & 2nd year charge is negotiable.
- Cheque book is free for 1st 20 leaves and BDT 4.00 per leaf for onward issue.
- Free SMS Banking
- Free internet Banking

IFIC Bank Limited's Deposit Products & Features:

01. Super Savings plus (SSP) Accounts:

- Insurance coverage up to Tk. 500,000.00 (Five Lac) in case of accidental death and Tk. 50,000.00 (Fifty Thousand) for normal death. (If the average balances of the account remain on or above BDT 5000). Insurance premium will be gone by the bank.
- Interest rate is ranging from 4.50% to 6% p.a. according to SSP account Balance which will be calculated on daily balance and will be paid at the end of month.

02. Sanchita-Female Saving Accounts:

- Most attractive package for female account holders only.
- The rate of interest is 6%
- Interest Payable on monthly basis on balance

03. Duronto- Student Saving Account:

- A dedicated saving account for students which can be opened in the name of students jointly with their guardians. The account will be operated by the Guardians, and being the account holder, the student will get a debit card. Card withdrawal limit will be maximum Tk. 5,000.00 per month and each debit card transaction will be purported to the guardian's mobile through SMS.
- No Account Maintenance Fee.
- Cheque book charge is BDT 4.00 per cheque leaf.
- Debit Card fee 200Tk. Interest rate is 6% p.a. which will be calculated on daily balance and will be paid at the month end.

Here IFIC Bank will provide free Education Insurance up to Tk. 1.00 lac if the student maintains a DPS (500/-)with IFIC Bank. No insurance premium has to be paid by the account holder.

04. School Saving Plan- A+ (Fixed Term):

A Deposit plan for school going students, where guardian will deposit a fixed installment on monthly basis for the period of 05/07 years and its maturity value will be as follows.

Initial Deposit	Monthly Installment	Amount payable after 5 years	Amount payable after 7 years
2,000	500	39,583	59,037
4,000	1,000	79,166	118,074
6,000	1,500	118,748	177,111
8,000	2,000	158,331	236,148
10,000	2,500	197,914	295,185
12,000	3,000	237,497	354,222
15,000	5,000	388,518	581,886

05. Monthly Income Scheme (MIS):

We have a dedicated product in the market for any Company or individual where they can made deposit for 1/2/3 years in their name, depositor will get monthly interest on deposited amount with rate of interest @8.50% p.a. (current carded rate)

06. Pension Savings Scheme (PSS):

- Exclusive savings scheme
- Flexible tenor of 3 & 5 years
- Flexible monthly installment of Tk. 500, Tk. 1000, Tk. 2000, Tk.5000 and etc.
- Up to 95% loan facility against deposited balance
- Attractive Interest Rate.
- No Tax deduction on interest income.

Maturity value as under:

Monthly Installment	Total received after 3 years	Interest gain after 3 years	Total received after 5 years	Interest gain after 5 years
500	20,322	2,322	36,725	6,725
1,000	40,644	4,644	73,449	13,449
2,000	81,289	9,289	146,898	26,898
3,000	121,933	13,933	220,347	40,347
5,000	203,222	23,222	367,245	67,245
10,000	406,444	46,444	734,491	134,491
15,000	609,667	69,667	1,101,736	201,736
20,000	812,889	92,889	1,468,981	268,981
25,000	1,016,111	116,111	1,836,227	336,227
50,000	2,032,222	232,222	3,672,453	672,453

07. Freedom- Flexi DPS:

- Easy installment basis scheme account
- Attractive interest rate
- Duration from 1 years to maximum 10 years
- No Maintenance Fee or Charge
- Credit facility after 1 year & maximum 90% of principal amount

Maturity value table as under:

Instalment Size (Tk)	Maturity Value (Tk)				
	1 Years	2 Years	3 Years	4 Years	5 Years
500	6,266	13,047	20,383	28,315	36,886
1,000	12,531	26,095	40,767	56,630	73,773
1,500	18,797	39,142	61,150	84,945	110,659
2,000	25,063	52,189	81,533	113,260	147,545
3,000	37,594	78,284	122,300	169,889	221,318
5,000	62,657	130,474	203,833	283,149	368,864
10,000	125,314	260,947	407,666	566,298	737,727
15,000	187,971	391,421	611,500	849,466	1,106,591
20,000	250,628	521,894	815,333	1,132,595	1,475,454
25,000	313,286	652,368	1,019,166	1,415,744	1,844,318
50,000	626,571	1,304,735	2,038,332	2,831,488	3,688,635

Instalment Size (Tk)	Maturity Value (Tk)				
	6 Years	7 Years	8 Years	9 Years	10 Years
500	46,145	56,143	66,934	78,579	91,139
1,000	92,291	112,286	133,869	157,157	182,278
1,500	138,436	168,429	200,803	235,736	273,417
2,000	184,581	224,572	267,738	314,315	364,556
3,000	276,872	336,858	401,607	471,472	546,834
5,000	461,453	561,430	669,345	785,786	911,390
10,000	922,906	1,122,861	1,338,689	1,571,573	1,822,780
15,000	1,384,360	1,684,291	2,008,034	2,357,359	2,734,171
20,000	1,845,813	2,245,722	2,677,379	3,143,145	3,645,561
25,000	2,307,266	2,807,152	3,346,724	3,928,932.00	4,556,951
50,000	4,614,532	5,614,304	6,693,447	7,857,863	9,113,902

08. Double Return Deposit Scheme (DRDS):

- Tenure 8 years.
- Minimum deposit of Tk. 25,000.00.
- Amount payable after maturity is subject to deduction of tax and Excise duty
- Loan facility up to 90%

09. Fixed Deposit Account:

- Flexible tenor of 1 month, 3 months, 6 months & 1 year.
- Attractive Interest rate up to 7.50% (Variable)
- Up to 95% loan facility against FDR.

10. Millionaire Dream Plan (MDP):

Monthly Installment payment & amount payable after Maturity of Millionaire Dream Plan in as:

Tenor	Monthly Installment	Amountpayable after Maturity
4 years	17,750	1,000,326
5 years	13,650	1,000,781
7 years	8,990	1,000,475
10 years	5,560	1,000,168

Chapter 3

Processes

Home Loan Disbursement Process

Client requests for home loan. Branch collects all the necessary documents and sends it to RRM (Retail Risk Management). As per bank requirements, the necessary documents include:

1. 2 copies passport size photographs of intending borrower and guarantor
2. Letter of introduction (where required)
3. Bank Statements (for the last 6 months)
4. Personal net worth statement
5. Salary Certificate/Trade License
6. T.I Number
7. Original Deed
8. BIA Deed
9. CS, AS, RS & Hal Parch
10. Mutation with DCR
11. Updated rent receipt
12. Site Map/Municipal Tax receipt
13. Non-Encumbrance Certificate
14. Approved plan from the competent authority
15. Estimated cost of construction/purchase (where required)
16. Money Receipt of payment of equity portion in case of flat purchase
17. CIB report on the borrower as required

RRM verifies the client's needs and assesses whether the client is capable of keeping the commitment. If the client's documents are accurate and show that the client will be able to repay the bank, RRM sanctions (approves) the loan request. Next the sanction advice is created which states how the loan is to be disbursed (e.g. a client's requirements might be that he/she needs the money in 2 disbursements). The client's file is sent back to the branch with the sanction advice. The Branch then acquires the NOC (no objection certificate) and sends the file to the lawyer for making the mortgage agreement (the bank must hold some assets, depending on the amount of loan, of the client as collateral. The mortgage agreement is then signed by the client along with the necessary documents. As soon as the mortgage has been completed, the file is sent to CAD (Credit Administration Department) for verification. This verification includes checking whether all the documents provided by the client are accurate and original. Once the verification process is complete, the file is sent back to the branch with approval for disbursements (we call this activation). The branch can then disburse the money to the client according to the sanction advice.

After disbursement the client is required to pay the bank installments every month. The Bank may grant the client a grace period of maximum 6 months, depending on the clients' repayment capabilities, which means that the client will start paying installments after 6 months from date of disbursement. If the client fails to pay the installments, the installments sum up as overdue and additional interest is charged on that overdue.

My role at IFIC Bank Limited

I was given a number of responsibilities at IFIC Bank for the period of my internship. The responsibilities were of three types:

1. Daily Responsibilities
2. Weekly Responsibilities
3. Other Responsibilities

Daily Responsibilities

I had to prepare 2 reports on a daily basis:

Home Loan Overdue Report

Here I downloaded the number of overdues that occurred according to each branch from the bank's server (Mysis). I listed the name of clients, their specified overdue amount, the number of installments overdue and the classification (e.g. SMA, SS, DF, BL) of their accounts. The documents that were downloaded were in word format and therefore I had to convert them to Microsoft Excel format through the text to column setting in Excel. Moreover I used VLookup in Excel to get the previous status of overdue reports.

After I made the report, I had to follow-up on all the branch via phone call asking them about the present condition of their overdue clients (client that failed to adjust their installments within the specified time) and wrote the current status of each overdue client. This is the trickiest part as I had to constantly convince all the branch to put pressure on the client so that they would adjust their overdues as soon as possible. Here I had to communicate in way so that the employees working in the branch would not have a negative attitude towards the Head Office and would become more proactive in collecting installments. Afterwards I would write the status (e.g. the borrower verbally committed that the entire overdue will be adjusted within 30.09.2015. He is having problems clearing overdue. The account was supposed to be classified as SM but did not because of partial payment. Party has promised to clear a portion of overdue by 16/10/15. Expected clearance of 1.5 Lakh). After I have followed up on all the branches and completed the status report, I would submit the report to the department head for further analysis. The learning here is that constant monitoring keeps all the branch performing at their best.

Home Loan Campaign Total Disbursement Report

The Home Loan campaign ran through the whole of my internship period and I was assigned to make status reports on total disbursements made according to each branch to assess their performance. Here I listed the names of each clients, the amount of loan sanctioned, the amount of loan disbursed and then current position of the file (e.g. whether it is being ready for mortgage or is in credit administration for verification to understand at which estimated date it will be disbursed). The main objective of this report was to find the total amount of disbursements at the end of the day and the status of the files to check which branch is making greater disbursements and which is performing poorly. In order to make the report I had to call up all the branches and push them to make further disbursements to stay ahead in the campaign. Similarly like the previous report the communication was a key factor as to portray a positive image of the Head Office to the branches.

Moreover, in this report I also enlisted the Employee IDs of each employee who worked on getting the loan disbursed in order to calculate the amount of prize money to be given to them. Here, three officers were involved.

Reference Officer: The officer who sources the loan (brings in the client).

Liaison Officer: The Officer who communicates with the client and prepares the documents.

Loan Processing Officer: The Officer who analyses and signs the documents to be sent for approval (usually the credit analyst of the branch).

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Weekly Responsibilities

Review Declined Files

Each declined had the following documents

1. Sanction Advice
2. Loan Documentation Checklist (LDCL)
3. The IFIC Loan Form
4. 2 copies passport size photographs of intending borrower and guarantor
5. Letter of introduction (where required)
6. Bank Statements (for the last 6 months)
7. Personal net worth statement
8. Salary Certificate/Trade License
9. T.I Number
10. Original Deed
11. BIA Deed
12. CS, AS, RS & Hal Parch
13. Mutation with DCR
14. Updated rent receipt
15. Site Map/Municipal Tax receipt
16. Non-Encumbrance Certificate
17. Approved plan from the competent authority
18. Estimated cost of construction/purchase (where required)
19. Money Receipt of payment of equity portion in case of flat purchase
20. CIB report on the borrower as required

Here I analyze all the documents and find which files can be send for review by adjusting few basic documents. Some basic guidelines were provided to me while checking. These guidelines were:

- Every document provided by the client has to meet the Product Program Guidelines (a set of guidelines that is absolutely required by the bank to approve a loan)
- A client with a bad credit history cannot be considered as a lead. This means that a person who has taken loan before from another bank or financial institution could not repay installments on time and therefore cannot be given a loan.
- A client who has made an error in submitting a document can be reviewed.
- A client who has wrongly estimated his worth and capabilities of repaying debt can be reviewed.

Therefore my task was to figure out which client had made an error in submitting a document or who has made an error in estimation by reviewing the declined files. Here, I first analyze the sanction advice and LDCL where it is mentioned why the client had been rejected. I will mention two of many reasons how the client will acquire loan that has already been rejected. They are as follows:

Suppose the client was rejected because of not having sufficient income to adjust his installments. Therefore my task is to review his salary sheet and other sources of income. Next I have to call the officer who has sourced the client to figure out whether the client has any other source of income which he failed to mention through his bank statement and personal net worth statement. By perusing the client further the source officer notifies me about other sources of income the client might supposedly have. Next I calculate the client's actual income and if it is more than the required amount of balance to adjust his installments, I send the files to be reviewed by my department head and then to be approved. Although there is a condition that the client must submit the legal certificates of all of his income in order to acquire the loan.

Again suppose the client has made a plan deviation. This means that the plan submitted by the client deviated from the actual plan found while inspection. So, I find out by what margin the plan deviated and if the percentage is low the file can be reviewed and sent for approval. For example the client has submitted the area to be 1400 sq. feet but the actual area was later found to be 1550 sq. feet. Here the plan deviated by 9.67%. Therefore I would send the file to be reviewed by the head of the department.

Other Responsibilities

- I had many tasks which were not part of my regular activities and were handed to me in very short notice.
- I had to organize an interviews which was conducted by the Retail Banking Division for promoting contractual officers to permanent positions. Here, I notified all the officers about the time and place of interview via e-mail and phone calls. Moreover when the interview began, I coordinated with the interviewers and the interviewees to facilitate the interview process,
- Training programs would be held frequently (e.g. retail banking, anti-money laundering, etc). Here I would inform all the participants of the time and place of the training session via e-mail and phone calls.
- I had to collect the e-tin numbers of the employees for approval of their salary.

Chapter 4

Findings

Credit Risk

The general qualitative disclosure requirement with respect to credit risk, including: Definition of past due and impaired (for accounting purposes);

As per relevant Bangladesh Bank guidelines, the Bank defines the past due and impaired loans and advances for strengthening the credit discipline and mitigating the credit risk of the Bank. The impaired loans and advances are defined on the basis of:

- (i) Objective / Quantitative Criteria
- (ii) Qualitative judgment.

For this purposes, all loans and advances are grouped into four (4) categories namely-

- (a) Continuous Loan
- (b) Demand Loan
- (c) Fixed Term Loan and
- (d) Short-term Agricultural & Micro Credit.

Definition of past due/overdue:

(i) Any Continuous Loan if not repaid/renewed within the fixed expiry date for repayment or after the demand by the bank will be treated as past due/ overdue from the following day of the expiry date;

(ii) Any Demand Loan if not repaid within the fixed expiry date for repayment or after the demand by the bank will be treated as past due/overdue from the following day of the expiry date;

(iii) In case of any installment(s) or part of installment(s) of a Fixed Term Loan is not repaid within the fixed expiry date, the amount of unpaid installment(s) will be treated as past due/overdue from the following day of the expiry date.

(iv) The Short-term Agricultural and Micro-Credit if not repaid within the fixed expiry date for repayment will be considered past due/overdue after six months of the expiry date. However, a continuous loan, demand loan or a term loan which will remain overdue for a period of 02 (two) months or more, will be put into the “Special Mention Account (SMA)”, the prior status of becoming the loan into impaired/classified/nonperforming.

Definition of impaired / classified /non-performing loans and advances are as follows:

Continuous loan are classified are as follows:

Substandard-If it is past due /overdue for 3 (three) months or beyond but less than 6 (six) months;

Doubtful-If it is past due / overdue for 6 (six) months or beyond but less than 9 (nine) months;

Bad/loss-If is past due / overdue for 9 (nine) months or beyond

Demand loans are classified are as follows:

Substandard-If it remains past due / overdue for 3 (three) months or beyond but not over 6 (six) months from the date of expiry or claim by the Bank or from the date of creation of forced loan;

Doubtful-If it remains past due / overdue for 6 (six) months or beyond but not over 9 (nine) months from the date of expiry or claim by the Bank or from the date of creation of forced loan;

Bad/loss-If it remains past due / overdue for 9 (nine) months or beyond from the date of expiry or claim by the Bank or from the date of creation of forced loan.

Fixed Term Loans are classified are as follows:

In case of any installment(s) or part of installment(s) of a Fixed Term Loan is not repaid within the due date, the amount of unpaid installment(s) will be termed as ‘past due or overdue installment’.

In case of Fixed Term Loans:

Substandard-If the amount of past due installment is equal to or more than the amount of installment(s) due within 03 (three) months, the entire loan will be classified as ‘Sub-standard’.

Doubtful-If the amount of past due installment is equal to or more than the amount of installment(s) due within 06 (six) months, the entire loan will be classified as ‘Doubtful’.

Bad/loss-If the amount of ‘past due installment is equal to or more than the amount of installment(s) due within 09 (nine) months, the entire loan will be classified as ‘Bad/Loss’.

In case of any installment (s) or part of installment (s) of a Fixed Term Loan amounting up-to Taka 10 lacs is not repaid within the due date, the classification is as under:

Substandard-If the amount of past due installment is equal to or more than the amount of installment (s) due within 6 (six) months, the entire loan will be classified as ‘Sub- standard’;

Doubtful-If the amount of past due installment is equal to or more than the amount of installment (s) due within 9 (nine) months, the entire loan will be classified as ‘Doubtful’;

Bad/loss-If the amount of past due installment is equal to or more than the amount of installment (s) due within 12 (twelve) months, the entire loan will be classified as ‘Bad/Loss’;

The Short-term Agricultural and Micro-Credit

The Short-term Agricultural and Micro-Credit will be considered irregular if not repaid within the due date as stipulated in the loan agreement. If the said irregular status continues, the credit will be classified as 'Substandard' after a period of 12 months, as 'Doubtful' after a period of 36 months and as 'Bad/Loss' after a period of 60 months from the stipulated due date as per the loan agreement.

The Bank is following the general and specific provision for loans and advances/investments on the basis of Bangladesh Bank guidelines issued from time to time.

Challenge

Recruitment of the Direct Sales Team

The biggest challenge of the Retail Banking Division was recruiting the Direct Sales Team (DST). Here, motivation plays a vital role in the recruitment. Since the employees are all recruited contractually, they have zero job security and a very low probability of a permanent position in the future. Although they do get the opportunity to work for the bank, but the salary does not always meet the amount of field work and stress that is invested. Therefore their motivation and incentive to work for the bank is very low. If we look at this for the bank's perspective, the alternatives are limited as it must recruit more than a hundred employees just as DST to approach the clients. Therefore, making a massive investment on the DST just to approach the client would not be profitable. On the other hand, the job of the DST is a key factor in portraying the bank's image to the client. Since the DST is the initial point of contact their attitude must reflect the positive attitude of the bank. Since the incentives provided by the bank to the DST are not sufficient to motivate them to work hard, this positive attitude might be hampered. However there are still people who have the courage and the capability to handle the stress. They still believe that hard work will be beneficial to the advancement of their career and are willing to approach the clients with a very calm and friendly attitude, but they are low in numbers and very hard to find. Furthermore, only the attitude will not be sufficient for recruitment. They must be educated and be able to convey all the offers to the client. Therefore to recruit the DST with all the aforementioned skillset is the biggest challenge of the Retail Banking Division.

Recommendations

To provide a permanent position in the Bank for the DST

A policy can be created to offer a permanent position to those employees who have more than 3 years of contract with IFIC Bank Limited. This way the DST will have an incentive to work hard on the hopes of a secured future. Moreover recruitment time will be saved because a large number of qualified candidates will appear in hopes to acquire a permanent position and as a result the search costs will also reduce. Furthermore, the bank will be at a win-win position as only the best in the DST with more than 3 years of experience will be at its disposal.

To improve the communication system

The head office communicates with the branches via phone calls which is time consuming because the head office has to call 125 branches on a daily basis which takes the whole day just to communicate. If the employees placed in branches are trained to prioritize communication through mail, the response time is greatly reduced and also the documentation is kept in the process.

Organize the filing

The loan files are organized according to the sanction date and all the branches are mixed up. When required to review it is difficult to find the files. If the files are organized according to branch and sanction date, it will be easier to search and will save valuable time that is spent inefficiently. An employee can just look at the folder of the specific branch and find the file according to the date.

Conclusion

A Bank is an organization that is as always perceived as one that is only concerned about making profits. That is just one side of the story. A bank is an organization that creates thousands of jobs, adds to the economic development of the country, adds to the nation's GDP, helps people save money and gives the opportunity to create a future, build a house, build a company and achieve a greater standard of life. A bank should be perceived as stairway to happiness and working as an intern at IFIC Bank Limited has taught me just that. With an excellent working environment, it is a place that I can call home.

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