

# Internship Report

 BRAC BANK

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**A Comparative Study on-  
“Profitability Analysis and Premium Banking Performance of BRAC Bank Limited”**

**Course Code: BUS400**

**Spring 2019**

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**Submission Date**

8<sup>th</sup> of May, 2019

## Letter of Transmittal

8<sup>th</sup> of May, 2019

Md Shezanur Rahman

Lecturer,

BRAC Business School

BRAC University, Mohakhali Dhaka 1212. Bangladesh

**Subject: Internship Report Submission for Spring 2019**

Sir,

I am glad to submit my Internship report for the fulfilment of the coursework. You will be glad to know I successfully finished Internship program at BRAC Bank, Division of Retail Banking, under the supervision of Mr. Clary Robin Baul, Associate Manager of Products, Deposit & NFB. It has been a great privilege to work and learn from such helpful supervisor in a cordial environment.

Working on this paper was an amazing experience as I have learnt several facts of how bank operates and handle clients.

I strongly believe, my work will meet your expectation. I shall be obliged to provide any clarification regarding the report and welcome any kind of suggestion.

Sincerely Yours

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Ashikur Rahman

ID: 14304007

BRAC Business School

## Declaration

I am Ashikur Rahman, student of Bachelor of Business Administration (BBA), major in Finance and Human Resource Management, BRAC University. As fulfillment for the requirement of the Bachelor degree, I was involved in Three Months long internship at BBL, Head Office, Anik Tower, 220/B Bir Uttam Mir Shawkat Sarak, Dhaka 1208.

I declare the report, titled- A Comparative Study on- “Profitability Analysis and Premium Banking Performance of BBL”, prepared by me with the supervision and guidance of Md. Shezanur Rahman, Lecturer of BBS.

## Acknowledgement

I express most profound gratefulness to each individual person. They furnished me with the likelihood to finish this report.

Firstly, I express my gratitude to the Allah who made each of my attempts fruitful. Next, I want to thank my parents for all their support.

I want to thank my supervisor, Md Shezanur Rahman, Lecturer of BBS for his constant and spontaneous support, efficient care. His contribution in stimulating suggestions helped me to complete this report. He advised me and guided me in making my report and was supportive and kind. I will remain thankful to him for his nice thought, cheerful direction, profitable time and persistence in finishing the report.

My genuine appreciation goes Mr. Clary Robin Baul, Associate Manager of Product, Deposit & NFB for noting every one of my requests with extraordinary consideration and persistence. Without his bearings, counsel and supportive nature, it would have been difficult to achieve the report so easily.

I am thankful to Mr. Almas Hossain who is the Associate Manager and Mr. Masud Rana, Senior Product Manager, Imran Sattar, Product Manager and Mehruba Reza for their consistent help and motivation. An exceptional much gratitude goes to my loved ones, my colleagues for their true collaboration amid the temporary position time frame.

Finally, I want to demonstrate my heart twisted earnest to Sarah Anam, Head of Product, Deposit & NFB for her consistent support. Then the entire team of Retail Banking Division, BRAC Bank Limited, who have made me feel very comfortable from the very beginning till the end. In these three months, I have a great deal of warm recollections to appreciate until the end of time. They have helped to learn work through discipline. The environment is a sure thing that I will miss. This report is the result of the cooperation of the team. A unique appreciation I provide for the representatives.

Lastly, I want to recognize the individuals who straightforwardly and by implication helped me in finishing this report.

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## Executive summary

BRAC Bank Limited began its adventure since 2001 and from that time, it was the quickest accomplished Bank in Bangladesh and driving in the business banking Industry. In my report, A Comparative Study on- “Profitability Analysis and Premium Banking Performance of BRAC Bank Limited”, I endeavored to make sense of, how much benefit BBL has earned throughout the most recent five years and furthermore the Profitability Ratios. To dissect the Profitability, I had to work with various proportions for example ROI, NPM, ROE, ROA. As it is a comparative report, I attempted to contrast BRAC Bank's gainfulness with other Competitive Banks like-United Commercial Bank, City Bank, Mutual Trust Bank and Eastern Bank Limited. To make the investigation increasingly compelling, I have dissected the profitability of the referenced quickest developing banks and attempted to indicate their performance in the focused financial industry in Bangladesh. From that point forward, I attempted to recognize the explanations for good and bad times likewise the change for specific proportion.

However, Premium Banking, otherwise called "Private Banking" is the Sector from where banks get the fresh fund and the deposit is enormously huge. I had the solid learning and establishment about this specific area as I worked for three months in BRAC Bank Head Office. So I additionally attempted to examine the Premium Banking industry while working in Retail Banking Division. In this investigation, I have likewise done the near examination on BRAC Bank's Premium Banking Sector and contrasted the investigation with other bank's Private Banking Sector. Different banks are-Standard Chartered Bank, UCBL, City Bank Limited, MTBL, Eastern Bank Limited Prime Bank and Dutch Bangla Bank Limited. Not just that, I have also investigated most recent multi year's profit from Premium Banking division and ultimately attempted to coordinate the examination with the Profitability of BBL as a whole.

This specific relative investigation will help BBL to recognize the situation of different banks, what is their performance level, what are the explanations for their gainfulness, how BRAC Bank is getting along in the course of the most recent five years, significance of premium banking for new assets and furthermore the zones where BRAC Bank can make the improvement. At last, I have done the SWOT Analysis on the referenced regions with the goal that it is simpler for anybody identify the internal- strengths, weaknesses and the external- opportunities and threats.



 **BRAC BANK**

# Chapter 1

## Introduction

“Money never declines. Money just moves”

-Dick Kovacevich.

Are there any benefits of keeping some cash in a bank? Common question that comes in our mind very often. An increasing number of individuals are starting to see that there are a few advantages of having an investment account yet there is likewise a critical number of individuals who don't accept that saving in a bank has any advantage to their business. Banks have been in presence for a long time and a piece of mankind's history. As far back as the presentation of cash in notes and coins, there has been a requirement for a spot to store them both for security just as great store of significant worth.

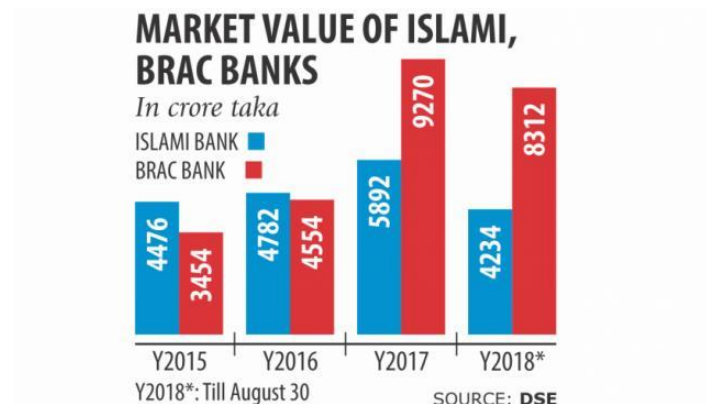
At present bank isn't just a place to protect cash. It assumes an essential job for the financial advancement of the nation. These days, banks have added new dimension to its movement to side by side with the interest of time. In Bangladesh, the financial area commands the budgetary segment and furthermore an expansive part of GDP. As of now there are fifty seven banks in our country. There are eight owned by state banks, nine foreign banks, forty private commercial banks according to website. Central bank is the essential controller and director of purview who screen every one of the banks being worked in Bangladesh. From the forty commercial banks which are private, BBL has a noble reason for providing the nation the ignored little/medium undertaking and become the main SME fund supplier in our nation and fourth position worldwide as far as loaning volume. But question comes in our mind. How banks are making profits? What features are involved in the profitability? Those questions will be solved in the upcoming explanation.

## Historical Background

BBL has been the quickest accomplished institution in early years. BRAC Bank Limited works where benefit and social duty connected to each other. BRAC Bank centers on seeking after unexplored market. The Bank's impression has developed to an expansive number now a days.

### Corporate Information:

- ✓ Establishment: 2001
- ✓ Registered Head Office: Anik Tower, 220/B Bir Uttam Mir Shawkat Sarak, Dhaka 1208.
- ✓ Company enrollment Number: C-37782(2082) of 1999
- ✓ Branches: 186
- ✓ Revenue till today: 9.26 billion BDT (US\$120 million)
- ✓ ATMs (own): 447
- ✓ Remittance Delivery Points: 1800
- ✓ Employees: 8,000+, the largest employee base
- ✓ Website address- <http://bracbank.com>
- ✓ Inauguration: Fourth July 2001
- ✓ Signing with IFC as financial specialist: Eight May 2004
- ✓ First ATM introduced date: Third April 2005
- ✓ Preferential offer issued: 31st January 2006
- ✓ Listing "DSE": 28th January 2007
- ✓ Commencement of offer exchanging DSE and CSE: 31st January 2007



## Products

BRAC Bank Limited offers different Products to their retail clients. Retail banking arrangements with the giving the bank administrations to people on a balanced premise. The products are as per the following:

### *Products*

- ✓ Loans
- ✓ Cards
- ✓ Deposit

### *Loan*

- ✓ Personal Loan (Salary/Business)
- ✓ Home Loan
- ✓ Auto Loan
- ✓ Secured Loan

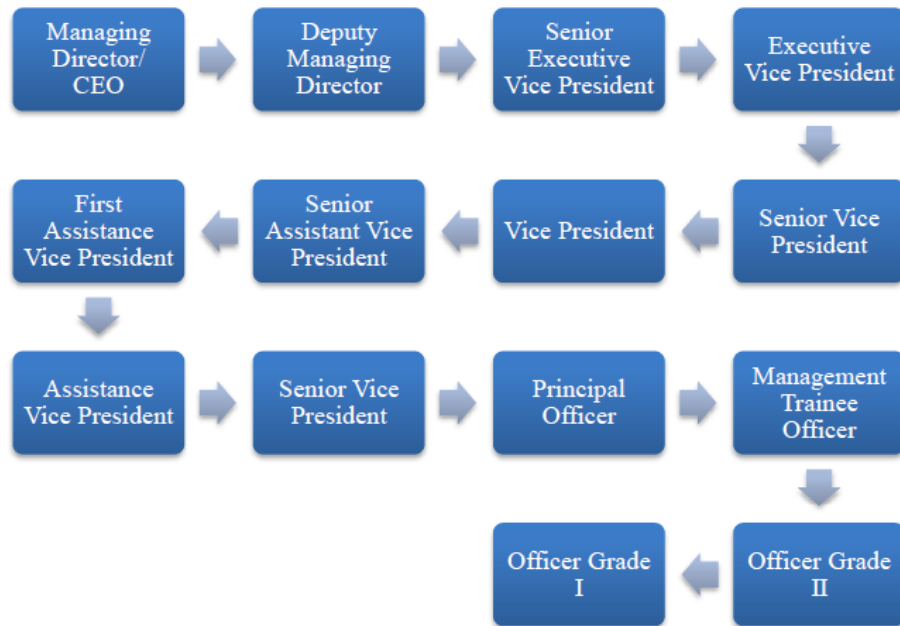
### *Cards*

- ✓ ATM Debit card
- ✓ Credit Card
- ✓ Hajj Card
- ✓ Travel Card
- ✓ Gift Card

### *Deposit*

- ✓ Current account
- ✓ Saving Account
- ✓ Salary Account
- ✓ Short term deposit Account
- ✓ Aporajita Account
- ✓ Residence Foreign Currency Account
- ✓ Non- Residence Foreign Currency Account
- ✓ Tripple Benefit Savings Account
- ✓ Fixed deposit

## Corporate Organogram



## Vision for the Future

Building productive and socially capable money related foundation concentrated on Market and Business with Growth potential also helping the shareholders to manufacture a simple solid equitable & without neediness Bangladesh.

## Corporate Mission

- ✓ Low-cost deposit Growth
- ✓ Corporate Assets to be subsidized through self-risk preparation.
- ✓ Development in Assets.
- ✓ Continuous undertaking to non-supported pay.
- ✓ Achieve collaborations between institutions
- ✓ Keep a jumper-controlled condition with no trade off on administration.

## Values

- ✓ See one is an individual property of BRAC family.
- ✓ A fair, accountable condition.
- ✓ Have assemble connection dependent on trustworthiness, prevalent administration and common advantage.
- ✓ Work for the beneficial development.
- ✓ Value and regard individuals and settle on choices dependent on legitimacy.
- ✓ Base reward on execution.
- ✓ Responsible, dependable & reputable in operational activities.

## Chapter 2

### Nature of the Job

I was a proud intern of “Retail banking division”, under “Products department”. Retail banking division is one of the prestigious Business division in BRAC Bank. I was selected for that particular position by giving written exam and two individual interviews by the human resource management of BRAC Bank limited, head office.

I was a proud intern of “Retail banking division”, under “Products department”. The duration was 3 months long. From 24<sup>th</sup> December 2018 to 25<sup>th</sup> March 2019. Retail banking gives money related administrations to the customers. The three essential capacities exists in this division. Credit, store, and another important part is managing the cash. Mostly these segments also called the business banking. To begin with, retail banking of BRAC Bank offers credit as loan. There are different accounts like- Savings account, current account, term deposit annual, fixed deposit. Along with these type of services, BRAC Bank gives different types of offers to their customers and premium banking customers get extra benefits. To talk about premium banking, it is a service for the individual clients who meet particular requirements of the bank in order to get the facilities. Guests who maintain at least average **BDT 40 lac (Current Account + Savings Account) or Term deposit annual of BDT 75 lac balance** in account, is called premium customers. I mostly worked for the premium banking sector along with some other operations.

## Specific Responsibilities of the Job

The internship program was very practical and during three months temporary job program I was assigned to different activities. But most important tasks were-

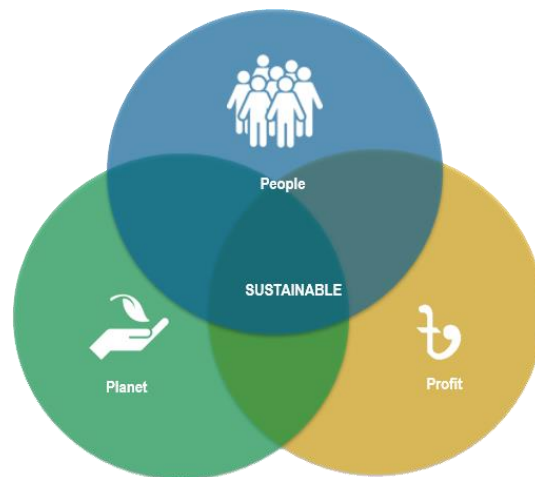
- ✓ Arranging correlative airplane terminal "Pick-Drop" and "Meet-Greet" Service for valuable customers by constantly checking their balances. The activity was confirmed through Microsoft outlook.
- ✓ Preparing "Health vouchers" with the expectation of complimentary yearly once health checkup at Apollo, Square and United Hospital for valuable clients.
- ✓ Preparing monthly birthday cake distribution list of Premium banking clients. I had to check whether they fulfil the requirements or not.
- ✓ Premium Banking upgrading according to demand from branch relationship directors. If a customer maintains BDT 40 lac then the overhaul demand is endorsed. Only then a person becomes a premium banking member.
- ✓ Receive and check through month to month bills from various specialist organizations (Four points by Sheraton, Intercontinental, hospitals etc) for the integral administrations benefited by the Premium clients.
- ✓ Maintaining different Campaign's list through Microsoft excel, for example- Spot Recognition campaign, health campaign. And also informing the managers and participants regarding the prizes and certificates.
- ✓ Volunteering in different workshops (TARA workshop, TARA award giving ceremony), seminars and campaigns (health campaign).
- ✓ Distributing different vouchers and necessary documents to 186 branches of BRAC Bank individually packing them through mail room.
- ✓ Collecting POS data of individual months and cross checking them with particular bill's list for general and premium banking clients.

These are the main responsibilities that I had to do during my internship period. Also I had to do different tasks and I enjoyed a lot. I have learnt so many practical things and was able to match my theoretical knowledge in practical field.



## Critical Observation

Retail banking division of BRAC Bank is in an ideal condition from each point. There is no degree to discover botches in procedure. Anyway there are some basic perceptions exists. For instance, retail banking division needs progressively junior representatives for crisp thoughts and correspondence reason. There are some Management Trainee officers accessible yet they are progressively included with basic leadership forms. Not just that, client grievances ought to be taken as genuine issue. Correspondence hole exists. Which can be a more noteworthy issue in future. Up-degree in innovation is additionally vital for specific essential elements. For instance: each pc has Microsoft office 2007 which is old rendition. Not just that PCs need up-degree as well.

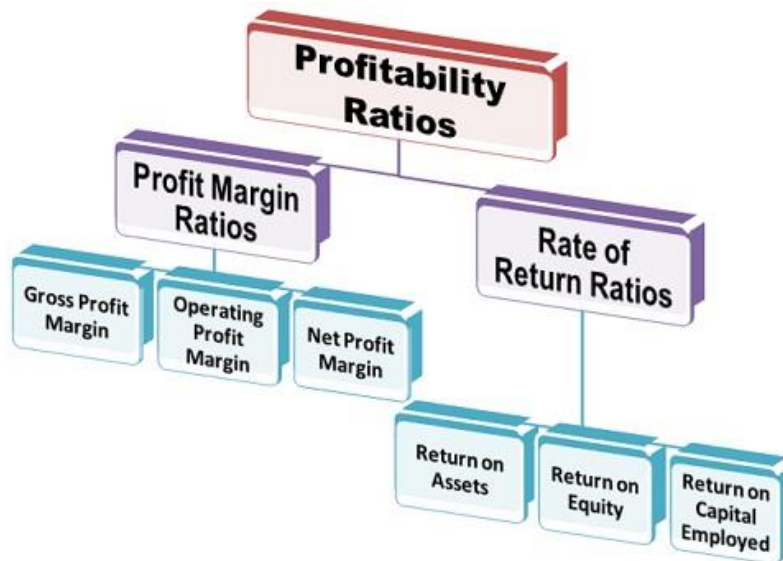


## Chapter 3

### Description of the Project “Part-1”

#### Profitability Analysis

Profitability implies the capacity of an organization to acquire a benefit. Association's profitability is the greatest worry for the two its proprietors and financial specialists, and it tends to be estimated by two ratios- margins and returns. Return on assets and return on equity are two essential proportions for estimating the proficiency of utilization of the investors' expenses. There are different types of profitability ratios available. Among them, I will highlight some important ratios and compare them with particular competitors of BRAC Bank limited.



## Problem Statement “Part-1”

BBL advances expansive support in the economical industry through the arrangement of excellent financial administrations. What was the profitability of BRAC Bank in recent five years? Was the bank successful enough to generate profit compared to other banks in Bangladesh? If so, then the reason behind this jump in Profitability.

## Objective “Part-1”

The objective of this Study is to discover, banks profitability in recent years (2013, 2014, 2015, 2016 and 2017). Also compare the profitability with other Four banks- City bank, MTBL, EBL and UCBL. As it is a comparative study so the required analysis are given and finally coming to an explanation for the Profit.

## Literature Review “Part-1”

Banks which have larger amounts of income enhancement and higher effectiveness will in general be progressively gainful while estimating productivity utilizing ROA or ROE. According to a research by Wang, R (2015) and Wang, X. (2015), they showed in the research paper “*What determines the profitability of banks? Evidence from the US*” that, measuring benefit utilizing both ROA also ROE, results in finding profitability of any firm. Banks have higher Profitability when they have higher proficiency and higher revenue.

Also in another research by Vadlamani, S. (2018) and Fang, G. (2018), showed in article “*Moody's assigns first-time Ba3 ratings to BRAC Bank*” that, BRAC Bank's current position in industry is accelerated by its high productivity and great capital dimensions. Also, its association with BRAC gives certainty that the bank is less powerless to the corporate administration issues which are waiting component of the Bangladesh banking framework. The retail deposit of BRAC Bank limited grew at 35 percent during the year of 2016, according to their research.

## Methodology “Part-1”

This study is both qualitative and quantitative. The study was done by mainly secondary research data based on the bank’s profitability variables. Data of all banks specific variables like profits, revenue, investment, asset, shareholders equity, expense, operating profit, tax etc, are obtained from BRAC bank’s annual report for the year of 2013 to 2017. But the profitability ratios were estimated by me.

Later part the “Research Project 1” was linked with the “Research Project 2”. For that segment, important analysis and data were given in later part of the project.

## Analysis of the Project “Part-1”

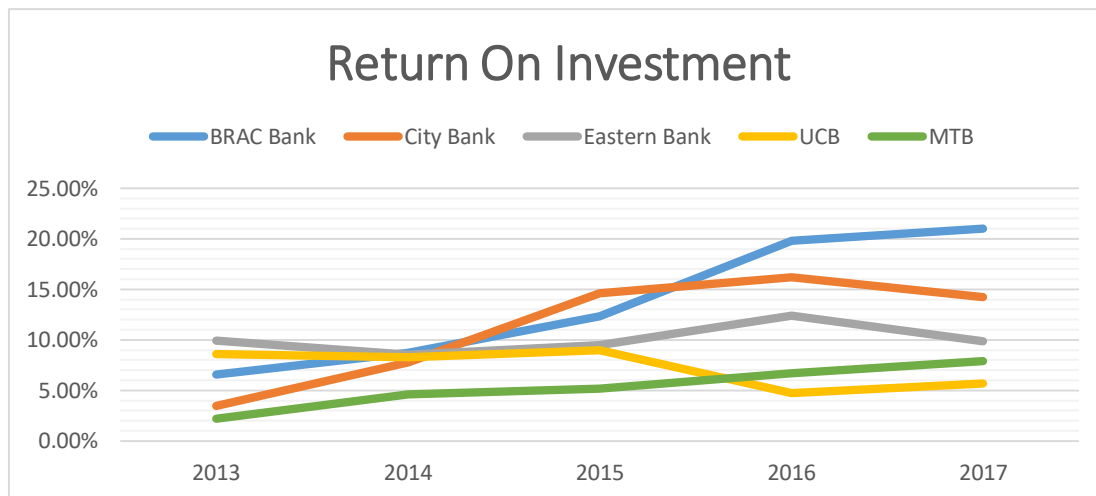
### ROI (Return on Investment)

High return on investment ratio likewise makes a firm alluring for potential financial specialists, who may be keen on giving it long haul reserves. The formula is  $ROI = \text{Net Profit} / \text{Total Investment}$ . (In percentage)

ROI (Return on Investment)					
	2013	2014	2015	2016	2017
<b>BRAC Bank Limited</b>	6.56%	8.75%	12.32%	19.83%	21.03%
<b>CITY Bank Limited</b>	3.48%	7.76%	14.63%	16.19%	14.22%
<b>EASTERN Bank Limited</b>	9.91%	8.55%	9.49%	12.38%	9.87%
<b>United Commercial Bank Limited</b>	8.61%	8.28%	8.97%	4.74%	5.67%
<b>Mutual Trust Bank Limited</b>	2.22%	4.63%	5.20%	6.67%	7.89%

## Result (ROI)

- ✓ Though-out the year from 2013 to 2017, ROI of BRAC Bank was upward biased. However, city bank, MTBL, EBL also were in good condition in ROI ratio.
- ✓ But after 2015, the ratio increase from 8.75% to 12.32%. This indicates, BRAC Bank was successful at using the investment to generate high returns at a good rate after 2015.
- ✓ On the other hand, Investors were typically against to invest in city bank and eastern bank after 2016.



## ROA (Return on Asset):

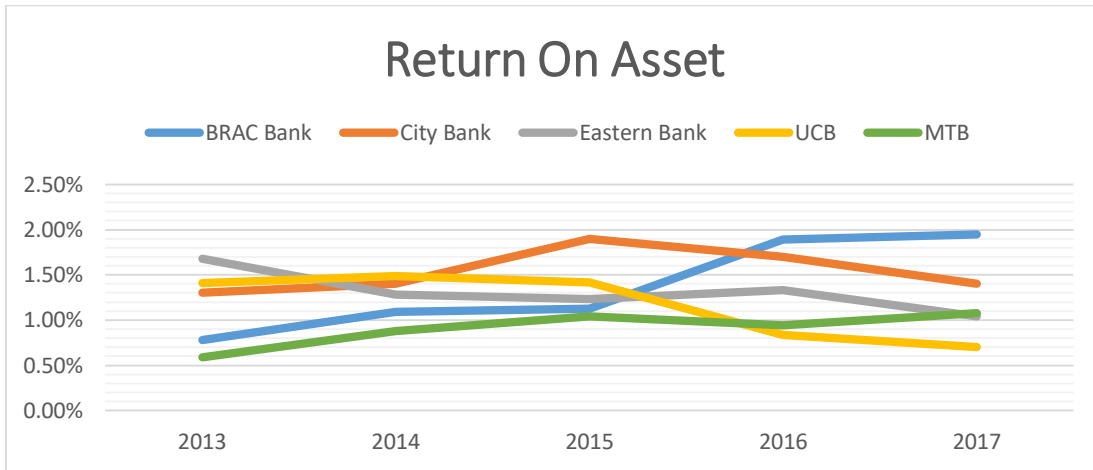
ROA provides a concerning how proficient a company is at utilizing the positive sides by generating the profit and maximize it. Determined by partitioning yearly profit by its all-out resources. Thinking about this situation, the estimation of the arrival on value proportion is desirable to be high, since that would mean proficient use of financial specialists' assets.

Return on assets is calculated by  $\text{Total earnings} / \text{Total assets}$ . (In percentage)

ROA (Return on Asset)					
	2013	2014	2015	2016	2017
<b>BRAC Bank Limited</b>	<b>0.78%</b>	<b>1.09%</b>	<b>1.13%</b>	<b>1.89%</b>	<b>1.95%</b>
<b>City Bank Limited</b>	<b>1.30%</b>	<b>1.40%</b>	<b>1.90%</b>	<b>1.70%</b>	<b>1.40%</b>
<b>Eastern Bank Limited</b>	<b>1.68%</b>	<b>1.28%</b>	<b>1.23%</b>	<b>1.33%</b>	<b>1.04%</b>
<b>United Commercial Bank Limited</b>	<b>1.41%</b>	<b>1.49%</b>	<b>1.42%</b>	<b>0.84%</b>	<b>0.70%</b>
<b>Mutual Trust Bank Limited</b>	<b>0.59%</b>	<b>0.88%</b>	<b>1.04%</b>	<b>0.94%</b>	<b>1.08%</b>

## Result (ROA)

- ✓ Before 2015, ROA of BRAC Bank was not good enough comparative to other banks. However, after 2015, there was an upward shift in ROA that tells the performance was quite good comparative to city bank, MTBL, EBL and UCBL.
- ✓ The big jump in ROA occurred due to, increase in net profit of the bank by 18%. That indicates that, BRAC Bank is earning more money on less investment. On the other hand, EBL, MTBL, city bank and UCB was moderate in a downward trend after to 2014.
- ✓ ROE of BRAC bank is higher than ROA that tells that assets exceed shareholders equity, by the debt outstanding.



## ROE (Return on Equity)

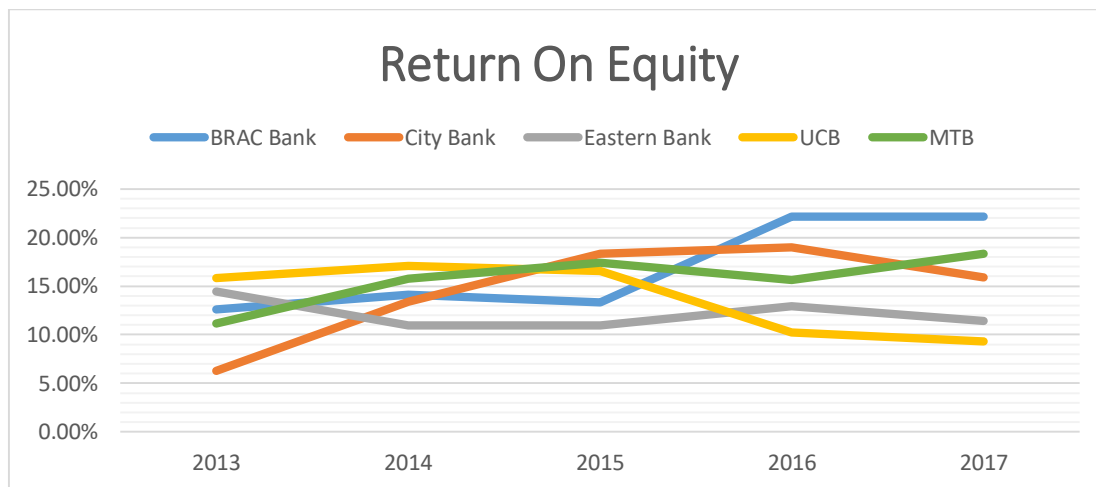
ROE is a proportion of how well an organization utilizes ventures to create profit development. By and large higher the arrival shows the better state of the owner's.

Return on equity is calculated by Total net income / Total common equity. (In percentage)

ROE (Return on Equity)					
	2013	2014	2015	2016	2017
<b>BRAC Bank Limited</b>	<b>12.60%</b>	<b>14.11%</b>	<b>13.32%</b>	<b>22.16%</b>	<b>22.14%</b>
<b>City Bank Limited</b>	<b>6.30%</b>	<b>13.40%</b>	<b>18.30%</b>	<b>19.00%</b>	<b>15.90%</b>
<b>Eastern Bank Limited</b>	<b>14.44%</b>	<b>10.93%</b>	<b>10.95%</b>	<b>12.94%</b>	<b>11.41%</b>
<b>United Commercial Bank Limited</b>	<b>15.85%</b>	<b>17.07%</b>	<b>16.54%</b>	<b>10.24%</b>	<b>9.31%</b>
<b>Mutual Trust Bank Limited</b>	<b>11.15%</b>	<b>15.74%</b>	<b>17.40%</b>	<b>15.61%</b>	<b>18.35%</b>

## Result (ROE)

- ✓ In the year of 2013 to 2015, ROE of BRAC Bank was moderate. However, after 2015, there was a dramatically upward result which is much visible.
- ✓ BRAC Bank has done quite a good job after 2015, where-as, all the bank's ROE were moderate.
- ✓ The big jump in ROE is a result of better profit margin, dramatically increase in asset turnover after 2015. On the other hand, EBL, MTBL, city bank and UCB was moderate in terms of using those leverage from 2013.



## NPM (Net Profit Margin)

Profit margin is a benefit proportion distinguishes overall gain isolated by revenue. Net revenues are calculated as percentage and measures what amount out of each taka really keeps in profit.

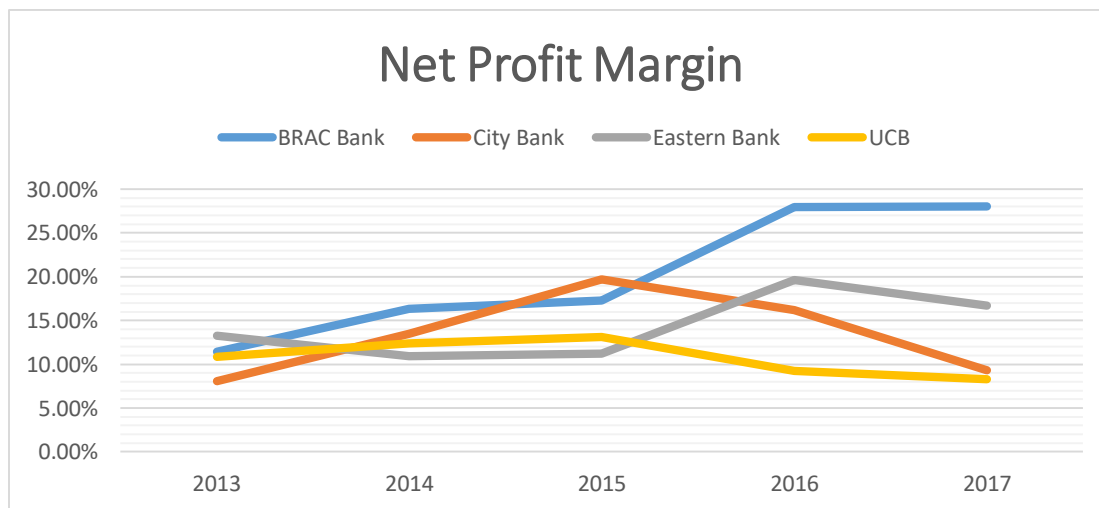
$$\text{NPM} = \text{Net earnings} / \text{Net sale's revenue. (In percentage)}$$



NPM (Net Profit Margin)					
	2013	2014	2015	2016	2017
<b>BRAC Bank Limited</b>	<b>11.45%</b>	<b>16.36%</b>	<b>17.25%</b>	<b>27.94%</b>	<b>28.06%</b>
<b>City Bank Limited</b>	<b>8.05%</b>	<b>13.45%</b>	<b>19.68%</b>	<b>16.18%</b>	<b>9.32%</b>
<b>Eastern Bank Limited</b>	<b>13.28%</b>	<b>10.96%</b>	<b>11.21%</b>	<b>19.61%</b>	<b>16.70%</b>
<b>United Commercial Bank Limited</b>	<b>10.82%</b>	<b>12.38%</b>	<b>13.14%</b>	<b>9.21%</b>	<b>8.26%</b>

## Result (NPM)

- ✓ In the year of 2013 to 2014, net profit margin of BRAC Bank was moderate, in upward trend. However, 2014 to 2015 the margin was the same. Later on, there is a dramatically upward result is visible.
- ✓ Average net profit margin of other banks were average and in this area BRAC Bank has done quite a good job after 2015, where-as, all the bank's profit margin fell down.
- ✓ That means that, BRAC Bank was able to control its overall expense and provided services in the industry to customers at a price which is higher than its executed expense. On the other hand city bank and UCB was unable to hold higher price than costs after 2015.



## Final Discussion “Part-1”

BRAC Bank limited was not in a good position before 2015 according to the graphs and Profitability ratios. However, **Selim RF Hussain** takes over as the MD and chief executive of Brac Bank in the year of 2015, and fought like an “One-man army” to increase the profit after tax by critically analyzing the weakness and threats. His decision-making process was successful enough to grab the opportunity and consolidated profit after tax by 13% in the last quarter of 2018. The bank estimated a profit of around Taka 2551000000+ during first quarter of 2018, which was Tk 232.3 crore in mid of 2017. That is why we saw dramatically change in all profitability ratios.

## Chapter 4

### Description of the Project “Part-2”

#### Premium Banking Performance

##### Overview of BRAC Bank Premium Banking

Top Retail section planned only for High Value clients. Banking administrations are drawn nearer in an increasingly customized, organized and advantaged way. Here, all financial prerequisites of the clients are met with top need. Qualification to turn into a PB member is- balance should be BDT 7.5 Million (CASA+TD) or BDT 4 Million and above (CASA).

##### Value Propositions

Deliberately chosen associations offer special benefits taking into account Healthcare, Hospitality, Travel, Entertainment and Lifestyle prerequisites:

##### Healthcare

Apollo Hospital- specialty Hospital in Bangladesh that gives healthcare services through its clinics, and offers diagnostic, Investigations, consultation/Opinion, nursing and surgical treatment with other emergency services. United Hospital is focused on gathering the necessity of a different gathering of patients. Likewise square emergency clinic in included as of late for Premium financial clients. Benefits for Premium Banking Customers is to avail yearly Master Health Checkup for free from these chosen clinics.



- ✓ Complete Hemogram and ESR
- ✓ Blood/Urine Sugar Test
- ✓ Liver Test
- ✓ Blood Grouping
- ✓ X-Ray
- ✓ Ultra-Sonography
- ✓ ECG
- ✓ Diet Counseling
- ✓ Consultation

## Hospitality and Travel

Balaka Lounge at Hazrat Shahjalal International Airport with free web administrations and accommodation giving the facility that is associated with the external world. Complimentary “Pick and Drop” Service to and from Hazrat Shahjalal global Airport, Dhaka. Titled to appreciate the benefits at the airplane terminal alongside “Meet and Greet” administration at the air terminal before flight from Dhaka.

## Lifestyle (Buy 1 Get 1 Free Offer)

- ✓ Buffet at The Westin Dhaka solely for Premium Banking Customers. Additionally from "Seasonal Tastes" restaurant. A half discount on space rental of the "Grand Ballroom" at The Westin (condition apply).
- ✓ Buffet (dinner, lunch, breakfast) at Four Points by Sheraton Hotel and Intercontinental, Bangladesh, only for Premium Banking Customers. Likewise 45% markdown on weekdays and 60 percent off on ends of the week on all suites.
- ✓ Buffet (on breakfast, lunch and supper) at "Amari Dhaka" for Premium Banking Customers with 10 percent off on nourishment just in Cascade Lounge.
- ✓ Buffet at Radisson Water Garden, Dhaka, Radisson Chittagong and Rose view Hotel, Sylhet.

## Special Events

Premium financial clients will get the facility in "Premium Gala Night", extraordinary occasions, recreations and celebration social events. Up to 12.5 percent discount on different bundles from Ikebana. Wedding occasions and related administrations, crisp flower bins, birthday at anniversary bouquets, present hampers, fruit basket, and other related Items. Up to 38 percent markdown on all precious stone adornments alongside different benefits from Al-Hassan Diamond Gallery Ltd, Dhaka. Half off on personalization (embellish/etch on Jewelry). 20 percent off on making charge of Diamond Jewelry.

## Special Moment Celebration

Premium Banking Customers will get offers And surprises from BRAC Bank on their special minutes. For instance, birthday cakes from CFC, Brews and Bites, Olive Trees ltd. on their Birthday.

## Overall Comparison on Facilities of PB services

To make the analysis more effective, I have taken other seven banks PB services and offers to compare with BRAC Bank Limited's PB service. Other banks are, City bank, SCB, EBL, MTBL, UCBL, Prime Bank and DBBL. All the banks have PB services for their high value customer where SCB has taken the lead in this segment. But BRAC bank is also in a good position when it is compared to others PB facilities as they offer top level offerings for PB clients. Not only that, they have dedicated Relationship manager for their PB clients so that the customer satisfaction level remains constant. The comparison chart is given below:-

**COMPARISON ON FACILITIES OF PREMIUM BANKING SERVICE**

BANKS	Eligibility Threshold	No. of Customers	Deposit (million)	No. of Lounge	No. of RM	Health Benefit	Airport Lounge Pick & Drop	Meet & Greet	BIG1 Offer	Credit Card
BRAC Bank Ltd.	4.0M (CASA DEPOSIT)	4,478	37,200	16	37		YES	YES		
	7.5M (TOTAL DEPOSIT)									
Standard Chartered	3.5M (CASA DEPOSIT)	17,000	39,000+	5	70	Discounted	NO	YES	Year Round	Complementary
	5.0M (TOTAL DEPOSIT)									
	0.2M (AC CREDIT SALARY)									
Eastern Bank Ltd.	7.5M (TOTAL DEPOSIT)	2,000+	20,000+	14	42	Discounted	NO	NO	Occasionally	Complementary
Mutual Trust Bank	4.0M (TOTAL DEPOSIT)	900+	6,000+	8	35	Discounted	YES	YES	Not Present	Pre-approved
City Bank Ltd.	3.5M (CASA DEPOSIT)	4,800+	24,600	7	60	Discounted	YES	NO	Occasionally	N/A
	5.0M (TOTAL DEPOSIT)									
	0.5M (AC CREDIT SALARY)									
UCBL	2.5M (CASA DEPOSIT)	1,500+	11,000+	8	36	Not Present	NO	YES	Not Present	Complementary
	4.0M (TOTAL DEPOSIT)									
Prime Bank	2.0M (CASA DEPOSIT)	996	8,080	5	9	Discounted	N/A	NO	Not Present	Pre-approved
	3.0M (TOTAL DEPOSIT)									
	0.3M (AC CREDIT SALARY)									
DBBL	2.5M (CASA DEPOSIT)	1,595	6,875	2	4	Not Present	N/A	YES	Occasionally	N/A
	5.0M (TOTAL DEPOSIT)									
	0.3M (AC CREDIT SALARY)									

## Problem Statement “Part-2”

In "Premium Banking" segment BRAC Bank Limited gives some special and extra expensive facilities. Where the Bank offers special benefits taking into account Healthcare, Hospitality, Travel, Entertainment, Lifestyle, Special Occasion etc. These administrations add some additional expense to the accounting report of the Bank. The reason for this exploration is to discover, these administrations just expanding weights or conveying a few advantages to the bank.

## Objective “Part-2”

The objective of this Study is to discover, these extra administrations just expanding weights or conveying a few advantages to the bank. Whether the Premium Banking Deposit has increased over time or not. If so, than how much it is contributing in **Profitability** of **BRAC Bank** as a whole.

## Literature Review “Part-2”

Premium Banking is also called private banking. A previous study and articles show that, this sector has always influenced the banking industry as well as the financial service firms. The capital strength of a bank or firm is related to the “High Value” client’s deposit. Author Avery, H. (2018) in his article “*Private Banking and Wealth Management Survey: Big beasts dominate*” mentioned that, “The greatest factors behind profitability of any firm or bank has been the efficiency of Relationship managers associated with the process with clients”. HSBC, for instance, positions first internationally for business banking abilities for private customers. In the article author Avery, H. (2018) also mentioned that, in North America, Goldman Sachs was the greatest regarding the private customer deposit field, from 7th to 2nd place in 2018 for private financial administrations in general. Penetrating down into private customer, Merrill Lynch Wealth Management in 2018 also came out ahead for high total assets from Private customers, driving Morgan Stanley to second.

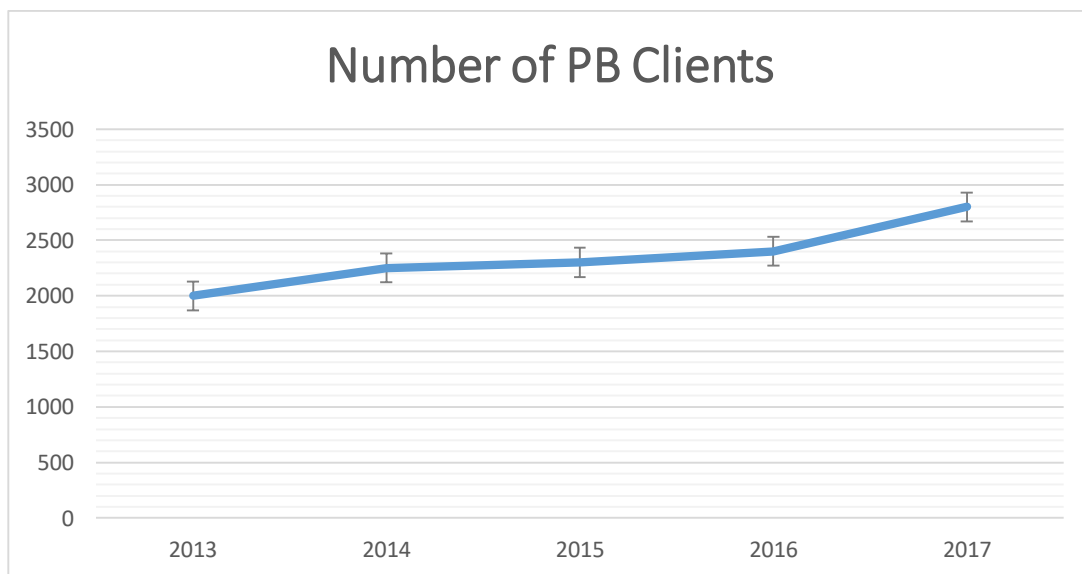
## Methodology “Part-2”

For the investigation, the information sources were to be recognized and gathered, ordered, examined and displayed in a precise way. To direct this investigation, I have gathered example information from annual reports of BRAC Bank (2013-2018) in the greater part of the cases. However, in the meantime my head supervisor Clary Robin Baul, helped me to gather information of premium banking as these information are confidential. That’s why I had to run my research depending on the secondary data that is available in the website and articles. Also some parts of this research were taken from my own analysis.

## Analysis of the Project “Part-2”

### Number of PB Clients

As information is confidential, reported numbers are in average manner. Premium banking clients are always prioritized in terms of offering services. Below chart shows the number of PB clients in selective years (2013-2017).



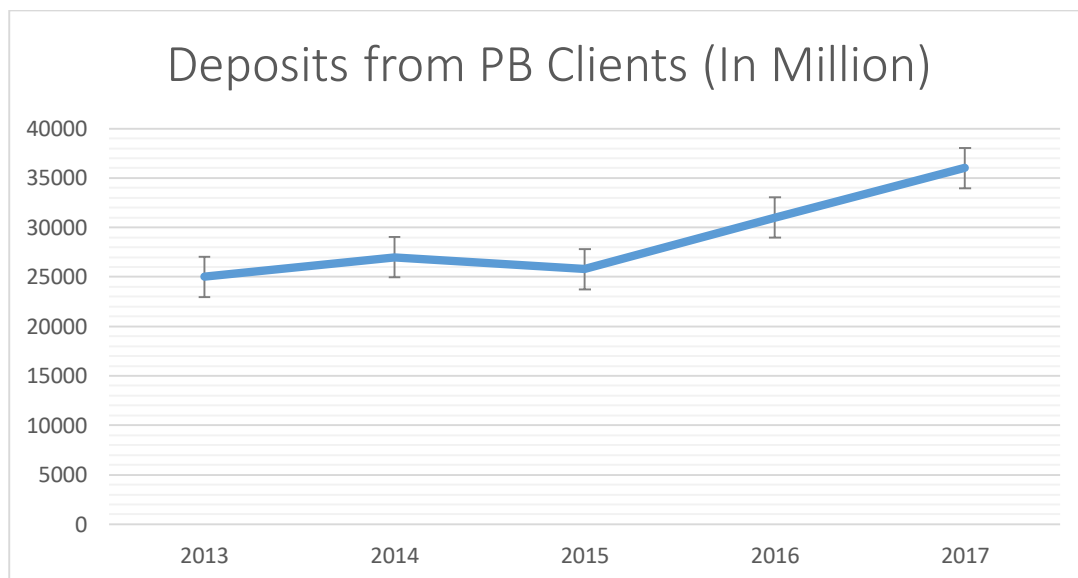


## Result (No. Of PB Clients)

- ✓ As we can see there is an increase in number of clients after 2015.
- ✓ Before 2015, the number was lower as some facilities services like Pick and Drop, Meet and Greet, Health Voucher etc. were un-introduced back in 2013.
- ✓ Also there was limited number of lounges available for PB customers.

## Deposits from PB Clients

As the information is confidential so the amount showed below is the average value of original statement. As we know, PB customers have to maintain certain criteria to avail premium banking facilities so a huge deposit comes from this segment. So the amount is bigger and the deposits of recent five years are given below.

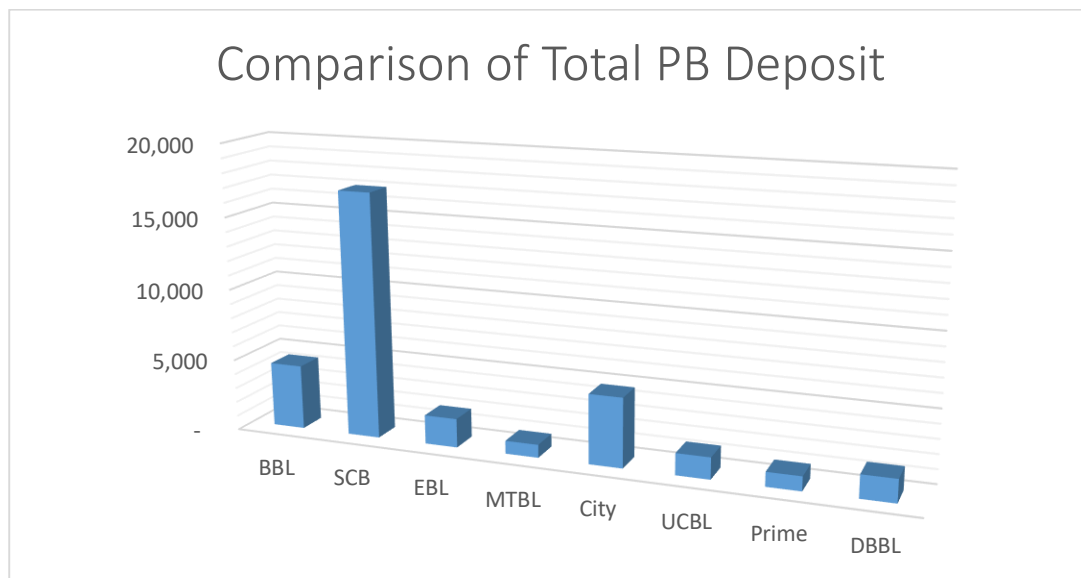


## Result (Total Deposit)

- ✓ As the number of client was lower before 2015 so the deposit was lower too.
- ✓ After 2015, the deposit increased and the line follows upward trend.
- ✓ The deposit from this segment is now 4478 million in 2018.
- ✓ There is a huge jump after 2015 in this sector.

## Comparison with Other Banks

I have also taken the total deposit from PB clients of other seven banks and the comparison chart is given below.



## Result (Comparison)

- ✓ Here we can see, SCB has done a good job in terms of PB deposits.
- ✓ BRAC Bank also in the 3<sup>rd</sup> position in terms of PB deposit where-as it's immediate Competitor City Bank Limited is in the 2<sup>nd</sup> position with few deposits more than BRAC bank in PB segment.
- ✓ This is the latest data that was collected by me with the help of my Head supervisor.

## Final Discussion “Part-2”

If we take a look at the annual report of BRAC Bank limited, then we will be able to see, net profit after tax in 2014 is 2,037 million, in 2015 is 2,340 million, in 2016 is 4,076million, in 2017 is 5,498 and in 2018 is 5,670 million. So we can say a huge percentage of deposit comes from this segment according to the statement. On the other hand, other banks like SCB, City bank limited has done quite a good job on PB deposit segment. However, according to the profitability ratio though city bank has a huge deposit from PB segment but ratios are performing lower than BRAC Bank limited. As a result, we can say BRAC bank was successful enough in term of profitability than other banks. Also, we can come to a statement that, though BRAC Bank is offering extra expense in this segment, this Sector is conveying advantages to the bank’s Profitability.

## Chapter 5

### SWOT Analysis

It isn't easy task to discover and break down the profitability regards to this system inside brief time range. SWOT investigation is a straightforward structure for creating key options from a circumstance examination. A fruitful business is established on a progression of cool headed choices, so the examine circumstances and respond is basic. SWOT examination figure out what new prompts seek after. The total elaboration of SWOT examination is following-



SWOT examination is useful to quantify and assess an expressed target inside a brief timeframe. Henceforth this methodology has been embraced in this paper.

## Strengths

- ✓ In all segments, service and products are available. For example, TARA- is for women, PB facilities available for high end Customers, GBSA is for aged people etc.
- ✓ As the products are available in segmented basis so it will be easier to identify each and every segment in order to increase productivity.
- ✓ High networking- internet banking, SMS banking, E- statement, 24 hours Call center, ATM and CDM facility. That's why people will be more attracted to BRAC Bank for their quality assurance.
- ✓ The top administration of the bank is additionally significant quality for BRAC Bank. BRAC Bank has contributed vigorously towards the development and advancement of the bank. For example after Selim RF hussain's joining, the bank turned into a new dimension.
- ✓ The sponsors have a place with unmistakable assets of the nation. The Chairman is Fazle Hasan Abed. The directs the Board of Director Along these lines, BRAC BANK LIMITED has a solid money related quality.

## Weaknesses

- ✓ High cost deposits are the biggest weakness of BRAC Bank Limited. To open a bank account customers have to have a minimum balance in account which demotivates customers to avail its service and facilities. Which badly effects of the total deposite of the bank.
- ✓ Lack of proper research also the main weakness of BRAC Bank Limited. As a result, bank usually invests in non-profitable areas, which brings over-all decrease in revenue by increasing the expense.
- ✓ Premium banking members deposit on their account which is huge amount. But the facilities they are getting is not satisfactory. For instance, communication process is time consuming.

## Opportunities

- ✓ Launching new services are the area where they can increase the overall profitability of bank. BRAC Bank has already launched some new products for instance- TARA benefit, golden benefits etc.
- ✓ Mobile banking is the area where BRAC Bank can be more profitable as everyone now a days use mobile phones and want to do transaction through phones. BRAC bank can expand is this segment. Which will increase cost but add value to the overall profitability.
- ✓ Fresh funds by campaigns can be beneficial for the profitability of bank. BRAC bank has already started to work on this area.

## Threats

- ✓ The contemporary banks for example, prime bank, City Bank and Dutch Bangla are its real adversaries. Already city bank has started “City Alo” segment that is a complete rival of TARA Brac bank. Not only that, Prime bank and different banks started campaigns to pull in rewarding customers just as big time investors. Which will result in lower profitability.
- ✓ Shanchayapatra that is also known as savings certificates, are widely available which is risk-free investment and the rates are the biggest threats for BRAC bank Limited.
- ✓ New and changing legal system will impact on Bank’s Profitability.
- ✓ People in Bangladesh are more price sensitive. As a result, they are more focused on changing their accounts where they get interest more. Now a days, FDR and DPS is very popular among the customers as they get higher rates for their investment. On the other hand it is not profitable for banks as the customers tend to take all the money after maturity period. Which can affect the bank’s profitability in future.

## Limitation

- ✓ Shortage of time is the real impediment that obstructed me to study a solid report and to make thorough report. The temporary job time frame term was for 3 months which was not sufficient to investigate the execution of every aspect of project.
- ✓ As I worked in Products Department of BBL, so I only got the chance to work with this information that is why I focused mainly on the Premium Banking sector. In the study, some information were confidential and that was the biggest obstacle to deal with. That is why I had to work on the average amount of data which were available.
- ✓ This report isn't impeccable, absence of my handy information and deficiency might be accessible in this examination.
- ✓ To quantify bank gainfulness there are others factor that additionally impacts, because of the confinement of time, private information this paper just spotlights on explicit variables.
- ✓ Lack of effective studies on the area was also a main concern as premium banking researches are not available on secondary research. That is why I had to face problem regarding this issue.
- ✓ Lack of data or of reliable data was also the biggest issue in the 2nd part of the project as it is very much specific segment.

## Recommendation

Realizing the approaches to improve benefit is essential to success. According to me, some recommendations can be made for BRAC Bank's profitability improvement-

- ✓ A financial plan is the thing that keeps costs in charge. Spending should be pursued intently so as to guarantee that accounts stay all together. BRAC Bank needs to pursue financial plan carefully and possibly go outside of it when it is gainful to bank creating more cash or keeping more cash. Financial plan likewise should be returned to quarterly, if not month to month. This will enable financial plan to stay lined up with the development.
- ✓ Premium banking sector should have more facilities toward their high value customers and the facilities should meet the customer's satisfaction level.
- ✓ Each item and administration is unquestionably not creating a benefit. At the point when this happens, management should dispose of these items and administrations and keep those which produce cash. This will enable to dispense with expenses for gainfulness. Then it will be seen that benefits increment fundamentally once the bank dispense with these feeble performing items and administrations.
- ✓ Retail unit people are the one who stand in the front line. So their experience level should be up to the mark. They should be trained in a better way so that they can perform well in front of other people. Management should see training as investment not as an expense.
- ✓ Customer experience team should be re-introduced as the team is very important to critically analyze the customer satisfaction level and for communication. This unit also plays a game changing role in improvement of profitability.
- ✓ Lastly, management should analyze the SWOT of BRAC Bank and take action to improve on their weaknesses by taking the threats seriously. Which will help to improve profitability in future.



## Conclusion

These days just giving credits and protecting cash or decoration in the vault are insufficient to be compete in the business with other organizations. Presently individuals need more and the individuals who can satisfy their other needs. For example, in banking industry right now there is a high challenge to be alive in Bangladeshi banking industry. Each bank has their very own uncommon ideas for their clients and they have a strong client base for operation. What's more, not just neighborhood banks are additionally with their tricking strategy and BRAC Bank needs to contend with nearby and outside banks both. That is the reason to contend with them, Premium Banking can be an essential segment to improve the profitability level in banking sector of Bangladesh. It can help BRAC Bank to be recognized than others.as we can see that BRAC Bank is doing quite good after 2015, so BRAC bank should maintain their position by competing with other banks as well as private financial companies like IPDC, IDLC, Lanka Bangla Finance etc.

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## Appendix

### **Term and Definition-**

BBL- BRAC Bank Limited

ROA- Return on Asset

ROE- Return on Equity

ROI- Return on Investment

NPM- Net Profit Margin

PB- Premium Banking

CA- Current Account

SA- Savings Account

TDA- Term Deposit Annual

FD- Fixed Deposit

GBSA- Golden Benefit Savings Account