

Report On

“The prospects of agent banking during COVID-19 in Bangladesh: The case of The City Bank Limited”

By

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An internship report submitted to the BRAC Business School in
partial fulfillment of the requirements for the degree of
Bachelor of Business Administration

BRAC Business School
BRAC University
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Declaration

The following declaration is made:

1. The internship report I submitted was created when I was finishing my degree at BRAC University.
2. The report does not include any previously published or written content by a third party unless it is properly credited with complete and correct referencing.
3. The report does not include any information that has been approved or submitted for any other university or other institution's degree or diploma.
4. I have acknowledged all major sources of assistance.

Student's Full Name & Signature:

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Letter of Transmittal

Saif Hossain
Assistant Professor & Director
BRAC Business School
BRAC University
66 Mohakhali, Dhaka-1212

Subject: Report submission for the prospects of agent banking during COVID-19 in Bangladesh:
The case of The City Bank Limited.

Dear Sir,

I am writing to let you know that I have finished completing my report on the prospects of agent banking during COVID-19 in Bangladesh: The case of The City Bank Limited. This report was written using the theoretical information and field experience I gained throughout my three months as an intern. I appreciate your help, recommendations, and time spent leading me through the compilation of this report with the utmost sincerity. As a result, I respectfully suggest that you accept my report, and I will be pleased to answer any questions you may have.

Sincerely yours,

Raghib Ahsan Rumi
16104043
BRAC Business School
BRAC University
Date: February 22, 2022

Acknowledgment

At first, I give thanks to Almighty Allah for providing me the physical and mental strength to submit my report sounding healthy and strong. Behind the development of this paper, there is a contribution from a few persons, including myself. I would want to show my appreciation for their dedication and support. I want to thank my academic supervisor, Saif Hossain, Assistant Professor and Director of BRAC Business School (BBS), BRAC University, for his help, advice, timely responses, and ideas, all of which helped me finish my report on time. I am also thankful to The City Bank Ltd for allowing me to intern at their firm since it gave me useful knowledge and work experience about The City Bank Ltd, which tremendously benefited me in composing my paper. In addition, I want to offer my sincere admiration to Morshed Abedin, Manager, Agent Banking Division, Nitol Niloy Centre, Road No. 113/A, Gulshan-2, Dhaka-1212. His encouragement and drive made me able to complete my internship successfully. His efforts enabled me to work in a more pleasant setting, allowing me to get more corporate experience. He was really helpful in providing me with more information regarding City Bank Limited's services and operations so that I could write a realistic and comprehensive report.

Executive Summary

This project paper prepared is based on the prospects of agent banking during COVID-19 in Bangladesh: The case of The City Bank Limited. This report is done to get an idea about how agent banking works and how it provides financial services to the customers during this pandemic. This report consists of three chapters and the first chapter is all about internship experience regarding contribution to the company, responsibilities or duties given to me as an intern, and challenges I had to deal with during my internship period. Chapter two is about the summary on The City Bank Ltd. Along with its management practices, marketing strategy, financial performances, accounting practices, and operational management. The third chapter is all about how agent banking has a bright prospect as an alternate delivery channel to provide financial services to customers in remote areas and the challenges agent banking is facing during the pandemic. It also discusses the reasons behind the rise of agent banking in pandemic along with products and services agent banking of The City Bank Ltd. has to offer to their customers. Lastly, it also discusses the present scenario of agent banking in Bangladesh.

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List of Acronyms

AMEX	American Express
AML	Anti-Money Laundering
ATM	Automated Teller Machine
BB	Bangladesh Bank
BCP	Business Continuity Plan
BOM	Branch Operation Manager
BPR	Business Process Re-Engineering
CA	Current Account
CBL	City Bank Limited
DFS	Digital Financial Services
FDR	Fixed Deposit Receipt
KYC	Know Your Customer
PIN	Personal Identification Number
POS	Point-of-Sale
PPE	Personal Protective Equipment
RTGS	Real-Time Gross Settlement
SB	Savings Account
SME	Small and Medium-Sized Enterprises
SWOT	Strength Weakness Opportunity Threat
TP	Transaction Profile

Chapter 1

Overview of Internship

1.1 Student Information:

Name: Raghیب Ahsan Rumi

ID: 16104043

Program: Bachelor of Business Administration (BBA)

Concentration: Supply Chain Management and E-Business

1.2 Internship Site:

1.2.1 Internship Details:

Period: From 10 of October 2021 to 9 of January 2022.

Company Name: The City Bank Limited.

Department/Division: Agent Banking Division.

Address: Nitol Niloy Center, House No. #7, Road No. 113/A, Gulshan-2.

1.2.2 Internship Company Supervisor's Details:

Name: Morshed Abedin

Position: Manager, Agent Banking

1.2.3 Job Scope:

Position: The City Bank hired me as an intern. I was assigned to City Bank Limited's Agent Banking Division to complete my internship duties.

Duties: My responsibilities included being adaptable and being allocated to any job or job description the bank deemed appropriate and essential at any moment. I followed The City Bank Limited's general norms and regulations. During my internship, I was not permitted to interact with any other firm, financial institution, or organization directly or indirectly without the prior written agreement of the bank's authorized person. As an intern, I was not allowed to discuss any aspects of the bank's business that I learned about during my time there.

1.3 Internship Outcomes:

1.3.1 Contribution to the company:

- In the case of missing information, such as the name of the firm or corporation where they work, I had to fill out a declaration form on behalf of the customers.
- I also had to write down the payroll and outlets on behalf of the clients if any information was lacking, such as their address or filling in their family members' names by checking at their birth certificate or NID.
- I also had to validate the KYC (Know Your Customer) Profile Form to check their fundamental details, such as their monthly income and profession, as well as to check if their monthly TP (Transaction Profile) amount was within the limit based on their profession to prevent money laundering.

1.3.2 Benefits to the student:

- Interns get the chance to participate in what they can apply for what they have learned in class which reflects real-life scenarios based on their chosen area on a day-to-day basis by gaining skills such as communication, teamwork, and computer proficiency in addition to acquiring the specialized abilities of a particular area.
- During an internship, an intern might learn a lot about his or her skills and weaknesses. Internships provide opportunities for feedback from supervisors and others in the field, as well as a unique set of learning experiences that an intern may not be able to replicate as an adult.
- Internships are a fantastic opportunity to expand my professional network. Professional contacts can assist professional contacts to perceive an intern's potential, therefore displaying curiosity, excitement, and willingness can help professional contacts realize an intern's potential.
- An intern might use this useful work experience to fill out his or her resume with honesty and specificity. Not only will be able to include the internship's duties and responsibilities in the experience area of the resume but will also be able to more clearly define an intern's goal for a permanent career.

1.3.3 Problems faced during the internship period:

- Time management is a problem for me, especially when it comes to balancing my academic work along with my personal life because I not only have to finish my assignments but also need leisure time.
- Employers take advantage of young people by assigning them to tiresome, repetitive tasks for long periods.

- Communication is one of those internship problems that can make my internship time more difficult, especially in a dynamic and professional workplace. It is difficult to ask questions in such an environment for fear of angering the officials.
- Competition with co-interns was fierce since they were extroverted and worked extremely hard, which made me feel uncomfortable because I had to work to reach my supervisor's expectations as well.

1.3.4 Recommendations:

- Look for people who inspire the interns and follow them. Inquire about what they do, read, or watch to stay up to date on topics in their industry.
- Always try to leave a company with a good note than when you arrived first on-site during the internship period. Make an impact that people will remember, and people will identify your name with it.
- Maintain contact with the employees once the internship has ended. Sponsors are interested in learning about your activities. You never know as they may have a job opening or other opportunity available.

Chapter 2

The Organization

2.1 Introduction:

The City Bank Limited (CBL) is a scheduled commercial bank that offers a wide range of services. It is owned by both domestic and international institutional investors. The bank's primary goal is to create opportunities and pursue market segments that aren't normally served by traditional banks. The City Bank is being pushed to support "best-in-class" online banking

services to its wide range of customers around the nation. The City Bank has become one of the quickest growing financial institutions in the country. The City Bank is presently seeking exceptional target-oriented, highly motivated professionals for a variety of commercial operations to keep up with the planned expansion of its distribution, network, and diverse business areas. The bank aspires to become a financially successful and socially responsible organization. It pays close attention to market and business opportunities, as well as aiding The City Bank and other stakeholders in the development of a progressive, healthy, democratic, and to make Bangladesh free from poverty in the future.

2.2 Overview of the Company:

2.2.1 Background History of the Company:

City Bank is one of the oldest privately-held commercial banks in Bangladesh. It is one of the top banks among the country's oldest commercial banks which started its journey back in 1983. The bank inaugurated its journey on 27th March 1983 as it opened its first branch in the capital city of Dhaka, B.B Avenue Branch. The bank's creation and progress were attained by the visionary entrepreneurs of around 13 local real estate individuals who bravely and devotedly faced enormous uncertainties and dangers. Directors who were sponsors began with a capital of BDT 3.4 crores, which has eventually grown to a significant amount to BDT 330.77 crores for the capital and reserves.

2.2.2 Company Overview:

The bank presently has 90 online branches, 132 branches across the country, and 10 SME service centers, including a fully-fledged Islamic Banking branch, scattered over the length and breadth of the country. The bank is rather quite engaged in the sector of unconventional delivery, in

addition to these typical distribution places. It presently has 140 ATMs, in addition to an ATM-sharing deal with a banking partner of approximately 550 ATMs, SMS Banking, Interest Banking, and many other services. A Customer Call Center has already been established. By the end of the year, the bank plans to have 200 ATMs.

2.3 Management Practices:

2.3.1 Vision:

The vision for The City Bank Ltd is mentioned below:

"Our vision is to grow into a financial supermarket with a winning mentality that delivers delightful experiences for our customers."

2.3.2 Mission:

The City Bank Limited of mission statements are:

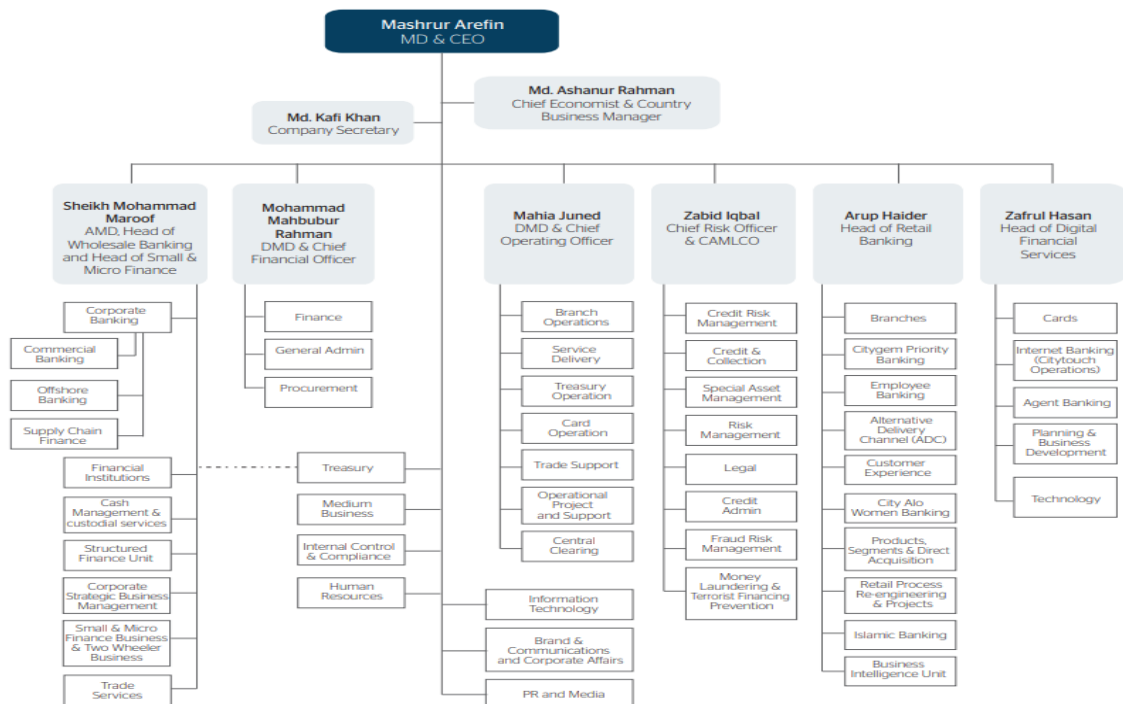
- Offer a diverse array of products and services that appeal to all types of customers.
- Making oneself the "Employer of Preference" by fostering a positive work environment for the individuals to thrive and leadership is developed.
- Regularly test methods and platforms to see how effective and efficient they are.
- As a way of assuring and increasing service quality, encourage innovation and automation.
- We must assure community respect, good governance, and compliance in all we do.

2.3.3 Values:

The way we think, work, and act is defined by our values. We feel that if our employees' anticipated behavior is clearly defined, we will be able to achieve our Vision and Mission. The following are our key values:

- We are ‘performance aimed’
- We are ‘committed and motivated’
- We are ‘responsible with honesty’
- We are ‘brave and friendly’
- We are ‘client satisfaction centric’

2.3.4 Organization’s Organogram (According to City Bank Annual Report, 2020):



2.3.5 Organization's Leadership Style:

The City Bank Limited mostly uses Relationship Oriented Leadership which is a participative style. The bank believes that every employee must understand how their activity contributes to the bank's and the extended group's short- and long-term objectives. This obligation is carried out through the performance management system. It enables it to track and monitor individual employee performance by generating metrics that link the Company's goals with the objectives of individual workers. Furthermore, the performance management system helps the company to build a culture of execution excellence in which each person is respected and has a demanding and rewarding career. City Bank seeks to give them not just a profession but also a proud identity of association by providing them with abundant opportunities to perform and grow (According to the City Bank Annual Report, 2020).

2.3.6 Recruitment Process:

The business employs all conceivable methods of recruitment to fill positions.

Internal Search: First and foremost, for the Administration Department to be considered for this promotion, each employee must meet the following requirements:

- I. To be promoted, the employee must have a particular degree
- II. He or she must be senior to the employees in his or her department
- III. The person must have served the organization for a set period. This time frame varies depending on the post. One must have spent at least four years in the same position inside the business, and six years to advance from officer level to executive level.

Employee Referrals: If the following method fails to meet the organization's needs, it turns to employee referrals. They advise their staff to recommend some qualified candidates for open

positions, test those candidates, and if they pass, provide them the opportunity to work for the company. Typically, this technique is used to hire service and staff-level employees.

Advertisement: When a company needs a big number of people at once, it will place an advertisement in the national daily. Normally, this technique is used to recruit service or junior level officers, but senior officers are occasionally recruited as well. Candidates that meet the qualifications should submit a detailed bio and a handwritten application.

2.3.7 Selection Process:

Initial Screening: First, they sort out the applications of those who have the actual credentials based on the candidate's degree, age, and experience, if required for the position, through the initial screening procedure. The admit card for the employment test is then sent to these individuals.

Employment Test: The City Bank Ltd. has a two-part hiring process: a written exam and an interview. The bank administers the written test, screens the answers, and forwards the number sheet to the bank. The bank has a standard score that applicants must meet or exceed to be summoned for an interview, which is conducted by the bank itself. The total marks from the written test and the interview are totaled after the interview. Those who place first on the final list will be given the option to work for the organization. The employee's background is checked throughout the interview process and through the bio-data that candidates submit.

Final Selection: Applicants who qualify for both the written test and the interview will be selected for the final position. At the time of hire, this personnel must fill out an appointment form. Those who are currently employed but have no prior banking experience must serve as

trainees for a minimum of two years. Those with prior experience do not necessarily require training.

2.3.8 Compensation System:

The pay scale at the bank is mostly determined by job evaluation. It means that the bank attempts to compensate based on the scale of the problem, or in other words, the job hierarchy. The City Bank Ltd. has categories of employees such as Executives, Officers, Service Workers, and Staffs, therefore when it comes to compensating the employees, the bank first establishes the class of that position. The bank decides the rank of the post within the category after classification and compensates according to the compensation scale. Aside from the standard pay scale, the bank has a particular compensation scheme in place for higher-level personnel, such as executives. The bank offers these employees not only a basic salary but also additional benefits such as housing, automobiles, and other services (According to City Bank Annual Report, 2020).

2.3.9 Training and Development:

The City Bank Limited has a well-established and well-equipped training center. Faculty members are experienced bankers who operate under the supervision of a director. The company's training program also ensures employee retention. The City Bank Limited considers staff training to be an investment rather than an expense. One of the most popular methods The City Bank Ltd. uses is the On-the-Job Training. Workplace training is a method that takes place during training in the organization. Businesses can choose from a variety of on-the-job training options, including:

Coaching: This is where a senior employee gets involved with the new employees to complete any given task. With the help of senior employees' skills and expertise, will assist the new employees to learn and execute both at the same time.

Job Rotation: Employees in the company can be assigned to different departments for different job roles or positions to gain a different set of skills for their career development.

Demonstration: Demonstration is when an employee sees an activity or a process being performed before attempting the task or process themselves.

2.3.10 Performance Appraisal System:

The practice of evaluating an employee's prior performance, mostly for reward, promotion, and self-development, is known as performance appraisal. Performance appraisal is a method of identifying, evaluating, and developing employee performance to achieve organizational objectives. One of the methods The City Bank Ltd. uses is mentioned below:

360 Degree Feedback: This is a method where managers, officers, and employees are involved in filling out the questionnaire survey for giving feedback to an employee regarding his or her performance in the job-related field through scale-rating and providing comments (The lawyers and Jurists, 2009).

2.4 Marketing Practices:

2.4.1 Target Segment:

Commercial Banking: In terms of commercial banking, The City Bank's target market is mid-sized businesses that want to grow into major corporations. Commercial banking is The City Bank's target market. Pharmaceutical, cement, food, textile, electronic and electrical, leather, and

appliance firms are among those targeted in Dhaka. Steel, auto rice mills, cement, light engineering, and leather firms are among those targeted in Chittagong and many more around Bangladesh.

Retail Banking: In terms of retail banking, Individuals from a certain demographic are targeted by the City Bank for conventional banking and financial backing for their economic wealth creation and development.

SME Banking: It is where The City Bank Ltd. focuses on small businesses and provides financial assistance to individuals who want to demonstrate their entrepreneurial abilities.

Agent Banking: The City Bank's target customer for agent banking is persons who live in underbanked areas where bank branches are not available.

Corporate Banking: The City Bank's target group for corporate banking is blue-chip enterprises with large and naive banking needs for economic development and staff growth. They also assist microfinance institutions in achieving financial inclusion, particularly in the country's enormous Agri sector.

2.4.2 Customers Mix:

- Customers who wish to buy a car, a bike, or a house can get personal loans from them. Individuals can also get a loan to establish a new business, which can be small, medium, or large. Individuals have the option of opening savings, current, or business accounts. Individuals can also use the Deposit Pension Scheme account service.
- They also provide loans to a variety of large, small, and medium-sized businesses to help them start new businesses or expand current ones.

- The City Bank also lends money to a group of people or an individual who wants to start a new business or expand an existing one.

2.4.3 Positioning Strategy:

The bank operates as a true online bank with branches, SME/Agri branches, and ATMs located throughout Bangladesh. The City Bank Ltd. Is mainly responsible for the initiatives of issuing new debit or credit cards including American Express Cards in Bangladesh. The customers also see The City Bank Ltd. as one of the longest-running commercial banks in the country, with a strong brand name in Bangladesh (According to City Bank Annual Report, 2020).

2.4.4 Products and Services:

The City Bank Limited always provides three categories of unique financial services, which are:

- General Banking
- City Foreign Exchange
- Loans and Advance

General Banking: The City Bank's account opening section, cheque book issuance, remittance section, cash section, accounts section, clearing, and bill section are all included in this portion of service. Under the heading of general banking, The City Bank provides a variety of account services. The types of account The City Bank offers to their customers under general banking are:

- Saving Account (SB)
- Current Account (CA)
- Fixed Deposit Receipt Account is also known as 'FDR'

- Deposit Scheme Account
- Short Term Deposit

City Foreign Exchange:

The city Bank's Foreign Remittance section caters to the growing demand for quick, secure, and simple money transfers to a wide range of places. As a customer-focused bank, they go to great lengths to ensure that a person's hard-earned money is safely transferred to their loved ones. The City Bank Limited recognizes the importance of the customer's time. That is why they have made the payment process easy. Clients have the choice of obtaining the remitted funds directly without having to go through their branch counter for any additional steps. That is, if a person has a City Bank account, the bank can credit the money to the customer's account or send cash to the receiver immediately.

City Bank's Card Services (According to City Bank Official Website):

American Express: Since 2010, The City Bank has offered three types of AMEX cards, including Silver, Gold, and Platinum, all of which are available in dual currency mode.

Visa card: It is a multi-currency card that can be issued in both taka and US dollars. It is issued in taka in our country and US dollars in other countries. It's also divided into two categories: Silver and Gold.

Debit Card: A consumer can only own a debit card or an ATM card if they have an account with The City Bank, which could be a savings or current account. The City Bank offers two types of debit cards to its customers: the Master card, which serves as the default card for

customers and has no other categories, and the Visa card, which is a type of debit card that allows customers to deposit and withdraw money from their bank accounts. Only the CBL ATM booth accepts Visa cards.

Special Card: For users of The City Bank, there is only one type of special card available known as the AMEX (American Express card). Customers can get a variety of discounts by utilizing this.

Loans and Advance: The company's principal purpose is to make money. A bank is typically engaged in a business involving money and credit. Banks, like other businesses, are, however, profit-driven. It makes money through investing in a variety of different ways. Loans and advances generate the majority of profits in the banking business.

Short-Term Loan: The City Bank provides short-term loans with a one-year repayment duration or less. It offers a variety of short-term borrowing options which include Cash Credit, Overdraft Facilities, etc.

Mid-Term Loan: There is a loan available with a period of up to 5 years. These loans are typically used to set up manufacturing facilities or to purchase land, buildings, or other equipment and machinery.

Credit Scheme Offers: Customers can use a consumer credit plan to purchase goods they require without having to pay the entire price upfront. The merchandise was purchased by the bank in the customer's favor. The loan must be repaid in fixed installments over a specific length of time by the customer. The vast bulk of our people is compelled to live in deplorable conditions. With their fixed monthly budget, a middle-class family cannot afford to purchase their basic utility items. In this regard, our country's banks have established a consumer credit

strategy to provide loans to low- and fixed-income people to help them improve their living conditions.

Lease Financing: The City Bank provides lease finance for the purchase of equipment or machinery for use in the industry or company. Lease financing is given to buy such as Capital Equipment, Heavy construction machinery, Lifts, Air Conditioning Units, vehicles such as luxury buses, minibusses, taxicabs, cars, pickup trucks, and trucks, among others, medical tools, generators, computers, and other devices, building an apartment, etc.

Long-Term Loan: The City Bank Ltd. provides a loan that has an agreement of 5 or more years with a 10-year repayment duration or less.

House Building Loan: This amount is allocated to land development, civil engineering, and building renovation. Escalators, air conditioning, generators, electrical equipment, furniture and fixtures, and other items are sometimes allowed to be purchased.

Industrial Loan: This is offered to strengthen Bangladesh's financial sector, as well as the country's economic situation, by delivering productive and financial products in the market.

Installment Loan: A process of borrowing a specified sum of money from a bank and repaying it in installments within a set period. This loan is provided by The City Bank Ltd. to sole businesses, manufacturers, and traders as part of the working capital to purchase products and services.

2.4.5 Branding Position:

The City Bank Ltd. is regarded as one out of many of Bangladesh's premier commercial banks in terms of banking services. It hosted various seminal and workshop events to help customers,

employees, and suppliers understand the brand. It is the most well-known commercial bank in Bangladesh. As a brand, The City Bank Limited has earned a reputation as a reliable provider of world-class financial services (According to the City Bank Annual Report, 2020).

2.4.6 Promotional Strategies: The City Bank use television commercials to communicate with their clients about their new offering, expanded services, and new innovative services. The City Bank utilizes its Facebook page to inform its customers about new service offerings, promotions, and innovations. They can also learn about favorable and negative feedback regarding their services from their customers via their Facebook profiles. City Bank now also offers banking services via WhatsApp to give innovative and convenient digital solutions to our customers (According to the City Bank Annual Report, 2020).

2.5 Financial Performance and Accounting Practices:

2.5.1 Performance of The City Bank Limited:

The following ratios mentioned below in the table are taken from the City Bank annual report of the year 2020 based on historical performance and horizontal analysis.

Particulars	2020	2019	2018
Current Ratio (Times)	0.9	0.8	0.9
Return on Average Equity (ROE)	14.8%	9.9%	8.2%
Return on Average Asset (ROA)	1.1%	0.7%	0.7%

Net Profit after Tax (BDT Mn)	4012	2472	2018
Price Earnings Ratio (Times)	6.3	8.7	14.5
Debt to Equity Ratio (Times)	12.3	13	12.3

Analyze of Ratios: Current ratio of 0.9 in 2020 indicates that the company's current assets are not adequate to cover up the payments due based on its current liabilities. Return on Average Equity in 2020 is 14.8% which is a lot higher compared to 2019 and 2018 which is good as the company is generating more income from its equity. Return on Average Asset in 2020 is 1.1% which is slightly higher compared to 2019 and 2018 which are both 0.7% and it shows how well the company is efficiently using its assets for the company's earnings. Net Profit after Tax is significantly higher in 2020 which is BDT 4012 Mn compared to previous years which is healthy. The Price Earnings Ratio in 2020 is 6.3 compared to 2019 and 2018 which are 8.7 and 14.5 which is very good as the lower the price-earnings ratio, the better for the company and the investors. The Debt-to-Equity Ratio in 2020 is 12.3 times which is lower compared to 2019 but still significantly higher as it is generally considered risky and more difficult to borrow money.

Accounting Practices: These financial statements were generated on an accrual basis of accounting using the historical cost principle and the going concern concept except for the financial instruments which are measured at fair value. In terms of the depreciation method, the fixed assets are depreciated based on the straight-line method in income statements throughout the anticipated useful lifetimes. Depreciation on fixed assets purchased is charged from the

month of purchase, whereas depreciation on fixed assets sold is charged up to the month previous to the sale.

2.6 Operations:

Operations of the bank are to meet the demands of consumers, internal teams, and regulators while maintaining cost-efficiency is a delicate balancing act that necessitates a continuous assessment, streamlining, and investment in operational procedures, all while assuring the most efficient use of resources. According to the City Bank annual report 2020, some of the City Bank's operational activities are given below:

Card Operations: The COVID19 pandemic has pushed digital adoption, and City Bank's cards have become the go-to platform for making safe, secure, and convenient payments. City Bank is the country's only approved AMEX acquirer and issuer. In addition, the bank is one out of few commercial banks in Bangladesh to issue cards using its own card management system and to process card transactions through a variety of terminals in conjunction with AMEX, VISA, CUP, and Mastercard. Card Operations serves as the business's back office, ensuring that processes and customer service are of the highest quality.

Treasury Operations: The Treasury Ops team at City Bank provides back-office assistance to the Treasury wing to help it fulfill its business goals. The team is made up of 7 members with a lot of expertise. By ISO 9001: 2015 standards, some of its main hygiene procedures include the automation of data sources to generate reports and the completion of continuous self-risk assessments with a risk reduction plan to manage any operational hazards. The Ops team will focus on facilitating increased trading of Government securities to corporates and extending

support in reaching out to more customers to ensure Treasury's long-term income contribution to the bank.

Operations Project and Support: The Operations Project & Support Division of City Bank serves as a consolidated processing hub for the bank's various wings' transactions. The team handles large-scale transactions using automated and digitalized technologies, as well as coordinating the main Operations team's many process re-engineering projects. The following are the unit's significant accomplishments and highlights:

- 1) BPR (business process re-engineering) projects were implemented.
- 2) Saved money by reducing the size of the permanent Business Continuity Plan (BCP) drill center and conducting the drill from home (WFH)
- 3) Made several bKash wallet account payments in bulk.

Branch operations: Branch Operation Managers (BOM) is in charge of ensuring compliance at the branch level, with the authority to:

- 1) Impose non-cash transactions, including financial and non-financial
- 2) Comprehensive reporting regulation and internal reporting, auditing, and monitoring of anti-money laundering (AML) activity

The BOM unit serves as a shadow risk manager and anti-money laundering compliance officer for a branch. BOM's rigorous screening approach has allowed them to make a substantial contribution to improving operating efficiencies, lowering expenses, and gaining better control over credit risks.

2.7 Porter's 5 Forces Analysis

At City bank, the basic idea behind Porter's 5 Forces model is to understand the industry's degree of competitiveness to acquire a competitive edge by staying ahead of the competition. Porter's Five Forces Analysis has had a significant impact on the development of corporate strategy. Applied to a review of the strategy, City Bank was able to effectively analyze the competitive environment using a framework that can aggregate many different elements into one simple model (According to The City Bank Annual Report, 2020).

The threat of New Entrants (High): With FinTech and Digital First companies intended as potential newcomers, there is a very high chance that the company might face even more fintech companies to provide financial services by using technologies such as blockchain and cryptocurrency, making it much easier to the mass audience.

The threat of Substitutes (Low): Banks are a well-established and vital service for economic development, and as a result, they are almost non-existent.

Bargaining Power of Buyers (High): Individual customers, especially large groups of customers with low levels of deposit income, have more bargaining power because the bank simply cannot bear to lose a lot of money if it loses a lot of depositors.

Bargaining Power of Suppliers (High): Individual depositors have very little bargaining power. However, major corporate customers with high – net-worth income and a huge group of depositors, on the other hand, usually have a lot of negotiating leverage. As a result, these significant clients have a variety of alternatives and possibilities when it comes to transferring funds to different bank accounts.

Competition Among Existing Rivals in the Industry (High): With a high number of banks and financial institutions such as HSBC and many more banks are competing for a small part of the market, mostly in metro or metropolitan areas, there is room for regional growth.

2.8 SWOT Analysis (According to The City Bank Annual Report, 2019):

Strengths:

- Customers of all social, economic, and age groups have a positive perception of the brand.
- Customers' access to our banking platform is bolstered by a large geographic network.
- Corporate, retail, and SME banking services are all covered by a broad and deep product portfolio.
- A balance sheet that is well-capitalized and regulatory compliance.
- A management team with a lot of experience.
- The operational model is flexible and adaptable.

Weaknesses:

- Negative demand and market shocks make you vulnerable.
- Increasing NPLs necessitates bigger provisions, which hurts profitability.
- Due to the predicted bad economic cycle, the recovery of SME-M businesses may be delayed.
- Regulatory requirements could hurt the bank's working environment, both internally and externally in the marketplace.

Opportunities:

- Strong cross-divisional collaboration prospects are delivering increased cross-sales and a larger portion of the client wallet.
- Fixed expenses can be reduced by using a shared infrastructure approach.
- Focus on digital banking to ensure a future place in the sector.
- The expansion of the Agent banking network is expanding the opportunities for grassroots financial inclusion and deposit mobilization.
- The focus on Islamic banking will aid in aligning with the needs of sensitive customers.

Threats:

- Challenging economic and regulatory conditions, the latter in particular due to the public health crisis.
- NPLs are likely to rise, affecting provisioning and earnings.
- FinTech companies are causing disruption.

Chapter 3

Prospects of Agent Banking During COVID-19 in Bangladesh

3.1 Introduction:

Agent Banking refers to financial services provided by the bank to the customers in remote regions where bank branches do not exist by hiring agents through a contractual agreement. Bangladesh Bank (BB) was the first to deploy it in Bangladesh back in 2013. The main goal is to give financial services to the underserved people of the population, particularly people from

those remote areas. Agent banking is a method that allows banks to collaborate with third-party organizations to handle the more time-consuming operations such as customer support and collections. These agents operate as the bank's agents to make things easy for both sides. If a person requires a bank account, the agent is available to assist him or her. The agents at the customer's local branch have been trained to assist the consumer with all of their banking needs. They can open checking and savings accounts for customers, apply for loans and credit cards, make deposits, handle withdrawals, transfer money between accounts, and answer basic banking queries.

3.1.1 Background/Literature Review:

Where geographical access is restricted, agent banking is one of the world's most widely used financial services. That is why, throughout Latin America and Africa, agent banking is a huge success. Other affluent countries, such as the United Kingdom and Australia, are slowly implementing agent banking since it lowers the bank's operating costs. The majority of banking or financial services can be given through agent banking with the help of agents, allowing people in even the most remote parts of a country to benefit from proper financial structures (Siddiquie, 2014).

The high expenses associated with traditional banking procedures are one of many important key hurdles to offering banking services to underprivileged people through bank branches and alternative distribution options based on a bank. Financial service providers spend far too much money to provide services to underprivileged customers with a little balance and conduct few transactions for such accounts to be profitable. Furthermore, customers are less inclined to use and transact with service providers of financial services where bank branches are not available near them. The introduction of new delivery methods, on the other hand, appears to be a means

to dramatically modify the poor's banking economics. Banks, telecommunications firms, and other network operators can provide saving services that are widely feasible by lowering fixed expenses and user encouragement to utilize the service far more often, resulting in additional revenue streams (Veniard, 2010).

3.1.2 Objectives:

The current study focuses on Bangladesh's agent banking prospects. The study's particular objectives are given below:

- To understand the prospects and challenges of agent banking during the pandemic.
- To know the strategies for the growth of agent banking during COVID 19.
- To understand the present scenario of agent banking.

3.1.3 Significance:

The purpose of this research is to have an understanding of City Bank Limited's agent banking possibilities, which are stated here. This report focuses on the entirety of my internship, which will offer a comprehensive understanding of City Bank Limited's internal operations and working environment.

3.2 Methodology:

For the objectives mentioned above, data from primary and secondary sources were used in the investigation. Interviews with bank managers or on-site supervisors of the division, as well as conversations with bank officials, provided primary data for objectives 1 and 2. For objective 3, journals, newspapers, agent banking manuals, and websites of related organizations were the main sources of secondary data.

3.3 Findings and the Analysis:

3.3.1 Agent Banking and its Potential Prospects:

Agent banking has another name called “Digital Financial Services” (DFS) has made a significant impact when it comes down to contributing to the rural economy, especially remote regions in recent years, and it is growing in popularity as the rural towns across the country is facing problem as the banking industry is in confusion over how to deal with non-performing loans. The reason for this service's success is that it provides a secure alternative delivery channel for financial services to the country's disadvantaged people, bringing timely and cost-effective banking services to their doorsteps. People are receiving remittances from abroad, and they may now pay their utility bills without interruption through this route. Some young people are discovering new job options in the field of agents. Due to the availability of mobile phones and the internet in rural regions, agent banking has become more convenient. For its appeal among people, especially in distant locations, banks in the country are now focused on agent banking. According to banking professionals, agent banking provides a wide range of services. Among the services available are inward remittance, transfer of money, deposits, and utility bill payment, to name a few. City Bank’s agent banking comprises providing all types of banking services during the pandemic, except client cheque encashment and solely foreign currency dealing. Several banks, on the other hand, have recently begun to include POS devices in their agent banking services, allowing customers to withdraw funds instead of using cheques. The biometric digital fingerprint of agent banking is the most important element of security, and it is essential for money withdrawal. Account users with an agent banking account can easily accept the ATM/VISA card for use in ATM booths at suitable places., as well as for making various payments for goods and services where POS is accessible (Rahaman, 2020). With agent

banking's aid, City Bank can comfortably get the customer's account open by contracting with the third-party agents, who will provide financial services to customers in rural and distant places on behalf of the City Bank, and in return, the agents will get a commission on the number of accounts they have opened for the customers. Therefore, the customers of those remote areas do not need to reach out to banks during this COVID-19 situation for inward or outward remittances as they can easily get it done by only visiting their nearby agent outlets and the agent will do it for them. As a result, agent banking is doing very well because of such initiative even during this pandemic and helping it grow further because it is easy to use and understand also.

3.3.2 Challenges of Agent Banking during COVID-19:

Agents from the City Bank's agent banking division are key when it comes to providing access to financial services to low-income individuals and small to mid-sized companies. Even though agents are not permanent employees of financial services, they are the primary means of reaching out to underserved customers, particularly in rural areas where bank branches are scarce. However, agents are human beings, and their work lives, like those of their clients, have been impacted by COVID-19. As agents were subjected to long periods of lockdown as a result of COVID-19's fast spread-out., their work schedules have been reduced to better serve clients. Here are some of the challenges agents or the City Bank's agent banking is facing during the pandemic:

- Reducing face-to-face financial service distribution, putting those without internet connection or technology at a disadvantage. Many people working in rural places were unable to access the service due to lockdown restrictions, and some financial service provider branches were forced to close.

- New travel bans have been placed which created problems as many women who worked as cross-border dealers faced difficulties as a result of this. Many of these women struggled to adapt to the new technology-driven environment for completing e-commerce transactions, such as making online orders and sending electronic payments to overseas suppliers. Farmers' entry to marketplaces for their agricultural commodities was also hampered owing to travel restrictions that prohibited them from accessing their typical city marketplaces.
- The government opted to adopt digital payments because COVID-19 may have passed from one person's hand to another while exchanging cash. They elected to enforce lockdown, which resulted in reduced commissions for agents and the closure of several agent outlets throughout their region, making it impossible to offer financial services in a region with very little liquidity.
- As the COVID-19 pandemic progressed, the World Health Organization advised nations to prohibit cash transactions because of the virus's propensity to spread. Agents, on the other hand, have been required to physically handle banknotes with little to no training or access to personal protective equipment (PPE).
- The COVID-19 virus also could transmit through a variety of devices, including biometrics and point-of-sale (POS) machines, putting agents in great danger.

3.3.3 Agent Banking and Its Reason Behind the Growth:

In Bangladesh, agent banking has been a driving force towards financial inclusion. Unbanked people are obtaining financial services through agent locations around the country, allowing them to engage in official financial operations that benefit the economy of the country, particularly in rural areas. Due to its rapid growth and expansion since its launch in 2013, this

service is significantly appealing to the financial sector. The increased expansion of customers' accounts in rural areas demonstrates that agent banking is giving financial services to a substantial portion of the society who had previously been denied access.

Due to the tremendous growth in the number of new accounts opened in rural areas, subscribers to rural agent banking exceed the number of those to traditional banking or those in metropolitan cities. In rural areas, the number of bank accounts is increased by 145% between September 2019 and September 2020, compared to just 60% in metropolitan areas (According to the Bangladesh Bank Quarterly Report April-June,2020). The major benefit came from the government initiative to help those needy people. The government initiated a stimulus package totaling BDT 1.0 trillion to combat the economic recession due to COVID-19, thus this stimulus package was launched to help migratory workers, jobless youngsters, and rural residents (The Financial Express, 2020).

During this pandemic, The City Bank Ltd. is a commercial bank that seeks for locally recognized and accepted persons to serve as an agent from among these qualifying companies. The local population's familiarity with the chosen agents aids in convincing them to open bank accounts. The customers also have the privilege of loan repayment through the agent outlets as these outlets offer a diverse variety of services as an example of cash withdrawal, cash deposits, bill payments, fund transfer, providing remittance money, and many more. As a result, the customers have no worries even if they fail to reach out to bank branches for taking financial services as they can easily avail such services from their nearest agent outlets. Popularity and a positive reputation of the concerned institutions also help to attract the targeted populations to financial services.

Another reason for the City Bank's success in agent banking during this pandemic is that on most occasions, the rural people often find it difficult to reach out to the bank branches as they are not fond of going to banks or receiving financial services from banks because the banks are not available in such faraway places. An agent banking outlet, on the other hand, is placed in a prospective customer's familiar area. These features make the outlet area pleasant for the customer, letting him or her feel at ease when visiting and doing financial activities. Representatives or employees of the agency may go door-to-door to deliver services to consumers at their convenience.

The City Bank and other commercial banks' agent banking outlets are operated with IT techs such as biometric point-of-sale (POS) devices, barcode scanners for the transactions of bill payment, and also Personal Identification Number (PIN). Identity cards, numbers, and codes would be required in most financial transactions. The majority of people in rural regions do not keep all of these records. Users of agent banking, on the other hand, may conduct transactions using only their fingerprint or mobile number and the mentioned devices. As a result, it is much easier for clients to obtain financial services from their local agent stores since less documentation is necessary as more paperwork means the spread of the COVID-19 virus very quickly from one person to another. That is why the system is straightforward to use and comprehend as it has no paperwork and is fully digitalized when it comes down to paying or receiving money through agent outlets.

3.3.4 Present Scenario of Agent Banking:

Rural people's interest in banking services during the Covid-19 outbreak nearly increased the number of agent banking accounts last year compared to 2019. Despite a drop in income during the coronavirus outbreak, these people have acquired a habit of saving. Significantly, women's interest in financial services has risen dramatically in rural areas. This condition is contributing to the emergence of female entrepreneurs in rural regions (According to the Bangladesh Bank Report, 2020). The disbursement of loans through agent banking has expanded dramatically in recent years, by the rise in deposits. The loan was given in two-thirds to rural communities. The unpaid loan amount was Tk1,235 crore at the end of December last year. The remainder of the loans were distributed in metropolitan areas. Male borrowers account for the majority of the loans, with female borrowers accounting for only 9%. The Bangladesh Bank is continuously urging other banks to promote cottage, micro, small and medium enterprise, and women entrepreneurship loans through agent banking in rural regions, even though women's borrowing is still low (Hossain, 2021).

City Bank Ltd, one out of many first-generation commercial banks that are privately owned, struggled to build its business in the first half of the year owing to lending rate-limiting amid the chaos caused by Covid-19. When the new interest rate law put a 9.0% restriction on loans on April 1, City Bank's interest revenue declined 2.8% (BDT 360 million) to BDT 12.48 billion, despite significant loan growth of 18.4% (BDT 45.48 billion) from December last year. Interest expenditures on deposits, on the other hand, increased by 10.8% (BDT 81.7 crore) over the same time last year, owing to increased deposit volume (BDT2,822 crore from Dec'19), despite the bank's cost of deposit staying unchanged at 5.5%. In June, the bank's half-yearly income fell by BDT 57.8 crore (6.2%), while operational expenditures rose by BDT 46 crore (8.9%) over the

same time last year, owing mostly to higher wage costs. Between January and June, the bank's total assets increased by 12.5% to BDT 40,146 crore. To BDT 2,507 crore, total equity increased by 2.2%. Loans increased by 18.3%, with SME and commercial loans increasing by 12%. However, City Bank's default loan ratio fell to 4.5% in June this year from 5.8% in December last year, owing to regulatory adjustments. The number of SME outlets at City Bank increased to 116 in June this year, and agent banking outlets will be utilized to roll out small company goods and services, as well as SME loans, which grew by 21.7% in the first half.

As a consequence, the bank's consolidated profit after tax for the first half of 2020 was BDT 1,06.8 crore, down BDT 78 crore from the last year. In the same period, return on assets fell from 1.1% to 0.6%, return on equity fell from 14.5% to 8.6%, and earnings per share fell from 3.6 takas to 2.1 takas. Nonetheless, external, regulatory, and economic issues, rather than internal inefficiency, are to blame for the bank's declining profitability throughout this period. The bank's remarkable increase in balance sheet items at this time, despite the Coronavirus outbreak severely affecting all businesses, is proof of this (Arefin, 2020).

3.3.5 Findings:

- One of the biggest aspects of agent banking is that it saves a lot of time for the customers as they do not need to reach out to bank branches that are not in their region to receive the financial services but instead, they can get the same financial services through agent outlets which are available at their door-steps. Therefore, customers do not need to travel long distances to receive such benefits as they can easily receive such benefits from their nearest agent outlets.

- Most of the agents need to face safety protocols while providing financial services to the customers to provide such services by using personal protective equipment (PPE) such as surgical masks, protective clothes, and gloves along with hand sanitizer to protect themselves and their customers from spreading COVID-19 thus safety guidelines are needed from the company part so that such challenges can be tackled with precaution.
- As bank branches were closed during the start of the pandemic and Real-Time Gross Settlement (RTGS) was down for a period, ensuring cash replenishment and rebalancing was a priority. To keep their businesses running, several agents have borrowed money from friends and family.
- Loan disbursement is still low despite being ahead of disbursing loans to SMEs in the industry. When it comes to providing loans to SMEs, banks are very much negligent. One of the key reasons behind this is the fact that banks want to provide long-term loans to major companies instead of small to medium-sized companies as they may not be reliable in terms of repaying the loan in full or do not have enough property to hold as mortgage.

3.4 Recommendations:

- Microfinance financing can be introduced by banks to fill that gap for providing it to SMEs. Agents will have an easier time recovering personal small loans because they are well-known in the community.
- Banks are now considering online training to the agents due to less cost-effectiveness so that they can properly adopt the guidelines during the pandemic and educate the people who do not take the financial services from the agent outlets due to less reliability of the technology in customers' minds.

- Agents need to sanitize their hands and need to keep all the technological devices clean once touched by each individual and that way can prevent COVID-19 from spreading out.
- Allow agents to cooperate with more than one bank without being exclusive according to clause 15.1 of the Prudential Guidelines, which will aid in recouping money lost due to the epidemic.

3.5 Conclusion:

City Bank's agent banking service is a banking service that can help rural people become more financially advanced by treating them like all other bank customers and providing them with the same services as a bank. Agent banking is a one-of-a-kind business that may supply rural residents with critical transaction services. Even though it is a new service in this nation, customers are signing up for it and doing a large number of transactions with the aid of agent banking. People in the rural regions are pleased with the efforts of these different but innovative financial services, which are indeed valuable to them since they can save money and transfer funds from one area to another effortlessly by opening an account with the help of the agents.

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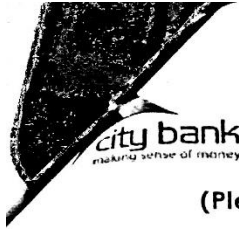
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Appendix A.



INTERN'S MONTHLY PROGRESS REPORT (Form-4)

(Please submit this form to HR after Completion of Internship)

Name of Internee:	Raghib Ahsan Rumi
Intern City Bank ID	2021039
Department/Branch:	Nitol Niloy Centre, 7 Rd No 113/A, Dhaka -1212

Summary of Tasks/Assignments Performed in Week/Month:

1. Month Solved SD Findings, Problem file and received file
searching, Wrote down declaration form and verified KYC form from payrolls and outlets. Also learned how to open an account for the individuals from the outlets.
2. Month Solved SD Findings, Problem file and received file
searching, wrote down declaration form and verified KYC form from payrolls and outlets.
3. Month Problem file and received file searching, verified customers
basic information for account opening by doing data entry in MS Excel.

Any Other Point/Observation:

1. No suggestion
2. No suggestion

Rumi 5/01/2022
Signature of the Intern with Date

Morshed Abedin . 05.01.2022
Signature of the Supervisor with Date

Morshed Abedin
Manager
Agent Monitoring Division
Agent Banking Division
The City Bank Limited

Human Resource Division
House# CEN (C)-11 (4th Floor), Avenue# 136, Gulshan-2, Dhaka-1212

Interview Questions:

- 1) What are the challenges City Bank's agent banking is facing during the pandemic?

- 2) What are the strategies taken for the growth of agent banking during the pandemic?

- 3) What is the present scenario of City Bank's agent banking compared to the industry?