

**Report On
The Scope for Bank Asia Limited in the future of MFS in
Bangladesh.**

By

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**An internship report submitted to the Brac Business School in partial fulfillment of the
requirements for the degree of
Bachelors' of Business Administration.**

**Brac Business School
Brac University
November 2021**

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Declaration

It is hereby declared that

1. The internship report submitted is my own original work while completing degree at BRAC University.
2. The report does not contain material previously published or written by a third party, except where this is appropriately cited through full and accurate referencing.
3. The report does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.
4. I have acknowledged all main sources of help.

Student's Full Name & Signature:

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Letter of Transmittal

Mr Saif Hossain

Assistant Professor & Director (BBA Program),

BRAC Business School

BRAC University

66 Mohakhali, Dhaka-1212

Subject: Submission of the internship report.

Dear Sir,

This is my pleasure to submit my Internship Report on ' The Scope for Bank Asia Limited in the future of MFS in Bangladesh ', which I was assigned by your direction.

To prepare this report, I collected all the relevant information from both primary and secondary sources where I have done the public survey, taken internal informal interviews from the employees from Bank Asia Limited, Gulshan branch, and also gave my personal observations as inputs and incorporated my report with my formal theoretical and practical knowledge.

Here, I am submitting this report in order to evaluate my internship. I thank you from the core of my heart for your guidance and support throughout this process. I trust that the report will meet the desires. Finally I would be glad to answer any queries regarding this report if needed.

Sincerely yours,

Syed Mohiminul Kabir

ID- 15104044

BRAC Business School

BRAC University

Date: 22nd November, 2021

Non-Disclosure Agreement

Not Applicable.

Acknowledgement

First of all, I would to thank the almighty to provide me the strengths and ability for completing the Internship Report. Then to my family who supported me immensely throughout this period. This might not be possible without their unconditional help.

My special gratitude and thank to my internship supervisor Mr. Saif Hossain, Assistant Professor & Program Director (BBA), BRAC Business School, BRAC University. Without his guidance, support, and patience I could not able to complete this report.

Then, I am very grateful to my company supervisor Mohammad Zahangir Alam, Assistant Vice President & Manager Operations, Bank Asia Limited, Gulshan branch, he has provided me with all the necessary information for the report and also guided me during my internship period. I would like to thank the Head of Branch (HOB) Mr. Dr. Md. Zahid Hossain, SEVP Along with that, I also want to thank the other professionals there those who worked as colleagues with me and they provided me with some important information about the insight of Bank Asia Limited, Gulshan branch. Without, their support, suggestions and encouragement this Internship Report might not be carried in the right direction.

Lastly, I would like to thank the general banking (GB) department of Bank Asia Limited, Gulshan branch a lot who shared their valuable time and experiences for encouraging me to do my assigned job properly. Specially, then GB in-charge, Ms. Afsana Zebin SEO, who made my internship easier to carry on, her knowledge and positive vibes helped me to do better during my internship period.

Executive Summary

Being established in 1999, Bank Asia Limited has proven itself as one of the most successful private banks in Bangladesh. They have been providing customers with banking services with proper priority. In this era of globalization, there has been one opportunity that is knocking at BA's door, enter into MFS the industry and be benefitted in the long run. So, in this report, the scope for BA has been discussed if they start MFS. This internship report is based on the 29th June 2021 to 28th September 2021 period as compulsory for completing BBA from BRAC Business School.

Here, this report covers the (i) Management practices, (ii) Marketing practices, (iii) Financial Performance and Accounting Practices, (iv) Operations Management and Information System Practices, (v) Industry and Competitive Analysis along with the company profile, mission, vision, objectives and core competencies/values of the organization. This report also shows the scope, limitations, significance, and methodology of collecting and analyzing information regarding BA and MFS in an integrated way.

This report also projects what I had to perform during my internship period and the challenges I faced.

This report sheds light on how MFS is emerging in Bangladesh and how BA can obtain its position in the MFS industry and also the recommendations that have been prescribed for them in order to achieve the desired objectives that have been discussed in this report. Lastly, in order to conclude, the organization, BA is on a high, with commendable performance, and, they have a huge potential which they can access and become even more successful if they can penetrate themselves in the Bangladeshi MFS industry. Moreover, it has the findings that reflect the gaps between the objectives and the strategies taken in order to achieve those objectives.

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List of Acronyms

ICAB The Institute of Chartered Accountants of Bangladesh

CD	Certificate of Deposit
FDR	Fixed Deposit Regular
MB PLUS	Monthly Benefit plus
DB PLUS	Double Benefit plus
TB PLUS	Triple Benefit plus
BA	Bank Asia
GB	General Banking
DPS	Deposit Pension Scheme
M	Million
BDT	Bangladeshi Taka
KYC	Know Your Customer
MFS	Mobile Financial Services
TIN	Tax Identification Number
BEFTN	Bangladesh Electronic Funds Transfer Network
DSE	Dhaka Stock Exchange
CSE	Chittagong Stock Exchange
SND	Special Notice Deposit
SME	Small Medium Enterprises
HOB	Head of Branch

PMD The People Management Division

KPI Key Performance Index

Chapter 1

Overview of internship

1.1 Student Information

I am Syed Mohiminul Kabir, ID#15104044, am a student of Bachelors' of Business Studies program majoring with Accounting and Human Resource Management. Here, while completing the courses designated for my BBA program, has enhanced me both knowledge wise and practical experience wise.

1.2 Internship Information

1.2.1 Period, Company Name, Department/Division, Address

My internship period lasted from 29th June, 2021 to 28th September, 2021. I did my internship at Bank Asia Limited, Gulshan branch, where I mostly worked under GB department, and I was assigned to provide assistance to the respective officers in terms of delivering customer service. I worked in Gulshan branch, and the address is, Bay's Galleria, 57, Gulshan Avenue (CWS-419) Gulshan-1, Dhaka-1212, Bangladesh.

1.2.2 Internship Company Supervisor's Information: Name and Position

The name of my Internship supervisor is Mohammad Zahangir Alam and he is currently working as Assistant Vice President & Manager Operations, Bank Asia Limited, Gulshan branch.

1.2.3 Job Scope – Job Description/Duties/Responsibilities

As an intern in Bank Asia Limited, Gulshan branch, it gave me a very much real work life scenario. I got quite a good amount of experience there as I was directly a part of providing customer service. And as I was a part of GB, I also perform other duties designated to me as well. In addition to that, my senior colleagues guided me throughout in order to perform my responsibilities properly. Here, I learned about different kinds of accounts such as, ‘savings, current, DPS, FDR’ etc. Moreover, as I had to be present there just like the other employees, by 10 am, and if there is any meeting on that respective day, then we had to be there by 9 am, and returned mostly after 6 pm. As a result I had to experience the real life time constraints of the office goers.

- Providing customers with relevant information in order to open any certain kind of accounts. I usually used to say that they (the one who wants to open an account) would require 2 copies of passport size photographs, 1 copy of passport size photograph for nominee. They would also need to provide the copy of NID/passport/TIN (or E-TIN) certificate and also copy of any govt. provided utility bill of their present address.
- I also used to help customers to fill up their forms and collecting signatures.
- I used to update the account opening form of customers.
- I used to provide customers with product related relevant information.
- I also used to correct the incomplete forms which had been detected by internal audit. Some forms were having shortage of paper, and, my responsibility was to collect information and complete the forms.
- I used keep tracks of cheque books, do the entries on the register serially and accordingly. I also used to do balancing of ATM cards.

- I used to help delivering cheque books and ATM cards as well.

1.3 Internship Outcomes

1.3.1 Student's contribution to the company

As I was a part of GB, during my internship my main responsibilities were (i) filling up customers' accounts opening form, (ii) updating KYCs, (iii) provide guidance to customers in terms of opening Savings, Current accounts, FDR, DPS, (iv) checking if customers have provided all documents properly and up to dated or not, (v) listing and entering cheque books and VISA debit cards, (vi) delivering cheque books and ATM cards and collecting authorized signatures, and finally, (vii) listening to customers queries and send them to respective authorities along with proving customers information regarding products and services of Bank Asia Limited. My main specializations was dealing with various types of customers. This is how I contributed throughout my internship period.

1.3.2 Benefits to the student

- Good honorarium
- Good working environment.
- Knowledge about real life professional experiences.
- Partial knowledge about how a bank works.
- Knowledge about how GB works.
- Procedures and functions of various accounts opening.

1.3.3 Problems/Difficulties faced during the internship period

- Initially it took me few days to grasp my responsibilities.
- While taking informal information from the existing employees, many information I could not acquire primarily because of the company code of conducts and NDAs.

- While updating forms, several customers used to give limited information, which I had to collect by calling them and also extract some from their given documents.
- Sometimes I had to deal with some rude customers as well.

1.3.4 Recommendations to the company on future internships

Bank Asia Limited uses “I-Stellar” software for their banking operations. But unfortunately, they do not give access to interns. I hope interns in future would get an opportunity to work with software in future in order to get a better understanding regarding how banking works.

Chapter2

Organization Part

2.1 Introduction

Bank Asia Limited started its journey by establishing and registered as a private sector commercial Bank in 1999. Bank Asia Limited was established as a private commercial bank on 28 September 1999. It expanded through the purchase of Bangladesh operations of Bank of Nova Scotia of Canada in 2001 and Muslim Commercial Bank Limited of Pakistan in 2002.¹ Bank Asia has been given award to be the first Bangladeshi Bank with GRI certification for its “Sustainability Reporting” and also awarded with Third Prize in Corporate Governance Disclosures and achieved “Certificate of Merit Under Integrated Reporting Category” in the 17th ICAB National Award for BPAR-2016. Bank Asia having operation for over two decades with a continuous story of successes. It has been among the market leaders with a significant Net profit after tax which is over 2035M BDT as of annual report 2020.²

Bank Asia limited is one of the 61 scheduled banks and one of the 33 conventional banks in Bangladesh, which is continuously working on sustainable development of the country as well as the organization itself. Throughout this report, there will be light shedding on the aspects of how this organization is performing, maintaining its core values and objectives along with protecting the interests of its stakeholders and how implementing something new such as MFS can benefit them in the future as well.

¹ https://en.wikipedia.org/wiki/Bank_Asia_Limited

² https://www.bankasia-bd.com/assets/reports/annual/Annual_Report_2020.pdf

2.2 Overview of the Company

With the dream of becoming a fast driven, customer service oriented bank, Bank Asia Limited started its journey all the way back in 1999 when they obtained '**Certificate of incorporation and Certificate of Commencement of business.**' (Annual Report, 2020). They got their banking license in the same year. In 2001 they expanded themselves by owning the Bangladesh operations of '**Nova Scotia of Canada.**' Their expansion continued when in 2002 they also acquired '**Bangladesh operation of Muslim Commercial Bank (MCB) of Pakistan**' as well (Annual Report, 2020). In the course of time, in 2003, they started online banking, in 2004 they were listed in DSE & CSE. In 2008 they started Islamic banking operations. Their endeavor continues when they moved overseas and started operation of BA Exchange Company (UK) Ltd. In London in 2011. In 2015 their second international venture, BA Express USA Inc. started its journey in NY, USA.³ (Annual Report, 2020).

Bank Asia Limited has been a significant promoter of financial inclusion in Bangladesh, bringing banking services to the country's most distant locations through the pioneering of "Agent Banking" services in Bangladesh in 2014. With over 3500 outlets and over 3 million users in Bangladesh's rural areas, it's been a wonderful narrative of financial inclusion since then. With the goal of creating a poverty-free Bangladesh, Bank Asia hopes to create a bank account for every competent individual in the country, regardless of socioeconomic status, by expanding the Agent Banking Network to include a financial kiosk in every hamlet. By modernizing conventional banking with the use of contemporary technology, they also want to build Bangladesh's first ever Digital Bank for the next generation.

³ https://www.bankasia-bd.com/assets/reports/annual/Annual_Report_2020.pdf

Currently as of 31st December, 2020, the company is enjoying a flourish in its financial terms. Moreover, BA is currently focused on sustainable development goal. They have also taken necessary measures for that.

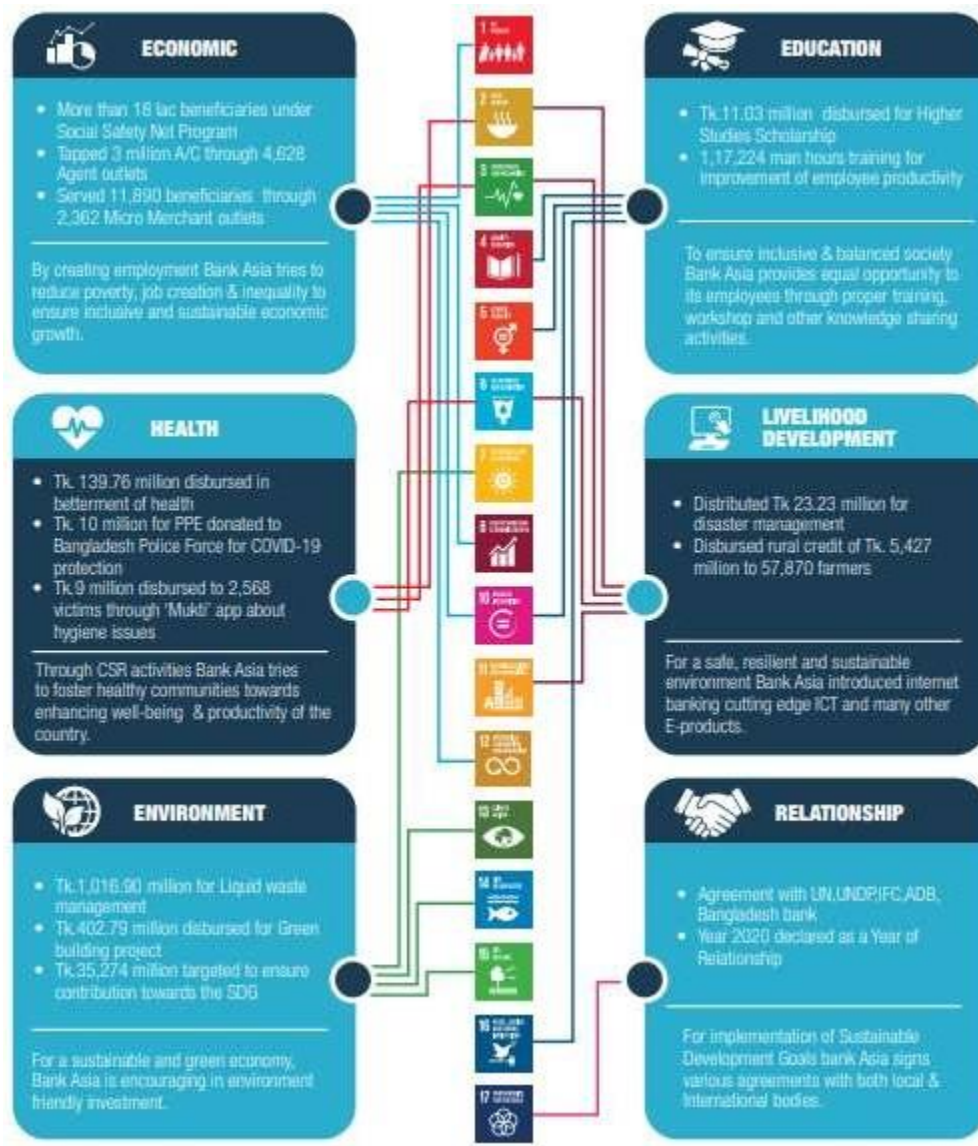


Fig 1: Sustainable development goals & impacts as of Annual Report, 2020 ⁴

⁴ https://www.bankasia-bd.com/assets/reports/annual/Annual_Report_2020.pdf

In addition to that, according to the company website, currently BA has 129 active branches and 195 ATM booths as well.⁵

2.2.1 Slogan

According to the company policy, Bank Asia has the slogan, “For a better tomorrow.”

2.2.2 Vision

As of the company’s stature, Bank Asia's objective is for Bangladesh to be poverty-free in a generation within the new millennium, mirroring the national ambition. Our objective is to create a society where human dignity and human rights, as well as poverty reduction, are prioritized. (Annual Report, 2020).

2.2.3 Mission

As of the Annual report, 2020, Bank Asia has the following missions.

- Assisting in the delivery of high-quality service to our clients while also contributing to the growth and expansion of our country's economy.
- To uphold high ethical standards and provide complete satisfaction to our clients, shareholders, and staff.

⁵ <https://www.bankasia-bd.com/locator/atms> & <https://www.bankasia-bd.com/locator/branches>

- The objective of become the most sought-after bank in the country, with a devoted team of experts providing technology-driven creative services.

2.2.4 Core Values

As of the Annual report, 2020, Bank Asia has the following core values.

- Prioritize the interests and happiness of customers by offering tailored banking products and services.
- Adding value to stakeholders by achieving excellence in banking operations.
- Ensure a high standard of ethics and openness in all transactions.
- Adhere to all regulatory criteria in order to be a compliant institution.
- Make a substantial contribution to the welfare of society.
- Maintain a greater level of enthusiasm and a respectful working environment for our people's capital while maintaining a healthy work-life balance.
- Committed to environmental protection and going green.

2.2.5 Goals

As of Annual Report, 2020, Bank Asia has the following goals.

- Long-Term Growth: Synergies between new knowledge and human capital for long-term economic expansion.
- Capital Stewardship: The preservation and expansion of many types of capital, such as intellectual, natural, financial, organizational, and social capital, all of which contribute to the production of long-term value.

- Accelerating Financial Inclusion: Use technology such as ATMs, mobile phones, smart cards, and renewable energy generating projects to accelerate progress toward financial inclusion, particularly in rural regions.
- Differentiating Value Added Services: Strong emphasis on exceptionally cost-effective and environmentally friendly services such as online banking, electronic cash transfers, automated cheque clearing, e-bank statements, SMS alerts, and so on.
- Going Green: Quantifying internal facilities and energy use in order to promote a paperless office and improve energy efficiency. Green banking projects will receive more attention.
- Business Leader: Add a new dimension to syndication and structured finance. Exporting will help you grow. A well-balanced portfolio.

2.2.6 Code of Conducts

As of Annual Report, 2020, Bank Asia has the following code of conducts.

- Employees must be honest and dedicated to the Bank and its goals.
- Employees must maintain confidentiality in all Banks' and other situations that might give unlawful access to private information to other parties.
- Employees must adhere to the Bank's security policies and procedures while accessing electronic resources and documents.
- All information and contact with the media, the public, and the financial markets must be accurate and dependable, and must adhere to strict professional and ethical principles and laws.

- Customers should be treated with understanding, respect, and compassion. Employees must always strive to meet the needs of customers in the best possible way, while adhering to corporate ethics guidelines that apply to business.
- Employees shall not engage in or be a part of any activity that restricts Bank Asia's open and fair competition in violation of applicable regulations and rules.
- Employees shall never offer or accept illegal or inappropriate gifts or other remuneration so as to realize business or personal advantages.
- Employee's engagement in external duties must not affect his/her working relationship with Bank Asia or inherit conflict with Bank Asia's business interest.
- Should an employee become conscious of an infringement of Bank Asia's rules and guidelines, he/she should blow whistle raising the difficulty to the road management or to People Management Division (PMD).

2.2.7 Key Personnel & Corporate Organogram

Mr. A. Rouf Chowdhury	Chairman
Mr. Mohd. Safwan Choudhury	Vice Chairman
Mr. Romo Rouf Chowdhury	Vice Chairman
Mr. Rume A Hossain	Director and Chairman of the Executive Committee
Ms. Hosnara Sinha	Director
Ms. Naheed Akhter Sinha	Director
Ms. Romana Rouf Chowdhury	Director

Major General Mohammad Matiur Rahman (retd.)	Director
Ms. Farhana Haq	Director
Mr. Dilwar H Choudhury	Independent Director and Chairman of the Audit Committee
Mr. Ashraful Haq Chowdhury	Independent Director
Mr. Md. Abul Quasem	Independent Director
Mr. M. A. Baqui Khalily	Independent Director and Chairman of the Risk Management Committee
Mr. Helal Ahmed Chowdhury	Independent Director
Mr. Enam Chowdhury	Director
Ms. Tania Nusrat Zaman	Director
Mr. Md. Arfan Ali	President and Managing Director
Mr. Mohammad Borhanuddin	Deputy Managing Director
Mr. Md. Sazzad Hossain	Deputy Managing Director
Mr. Mohammad Ziaul Hasan Molla	Deputy Managing Director
Mr. Shafiuzzaman	Deputy Managing Director
Mr. S. M. Iqbal Hossain	Deputy Managing Director
Mr. Adil Chowdhury	Deputy Managing Director
Mr. Sarder Akhter Hamed	Deputy Managing Director
Mr. Alamgir Hossain	Deputy Managing Director
Mr. Md. Zia Arfin	Head of International Division
Mr. Arequl Arefeen	Head of Treasury Division
Mr. Tahmidur Rashid	Head of Credit Risk Division

Mr. Hossain Ahmad	Chief Information Officer
Mr. Mohammed Rashidul Kabir Rajib	Chief Risk Officer
Mr. Mohammad Ibrahim Khalil	Chief Financial Officer
Mr. M. Esamul Arephin	Head of People Management Division
Mr. Mohammad Aatur Rahman	Member Secretary

Table 2.2.7: Key personnel of Bank Asia Limited

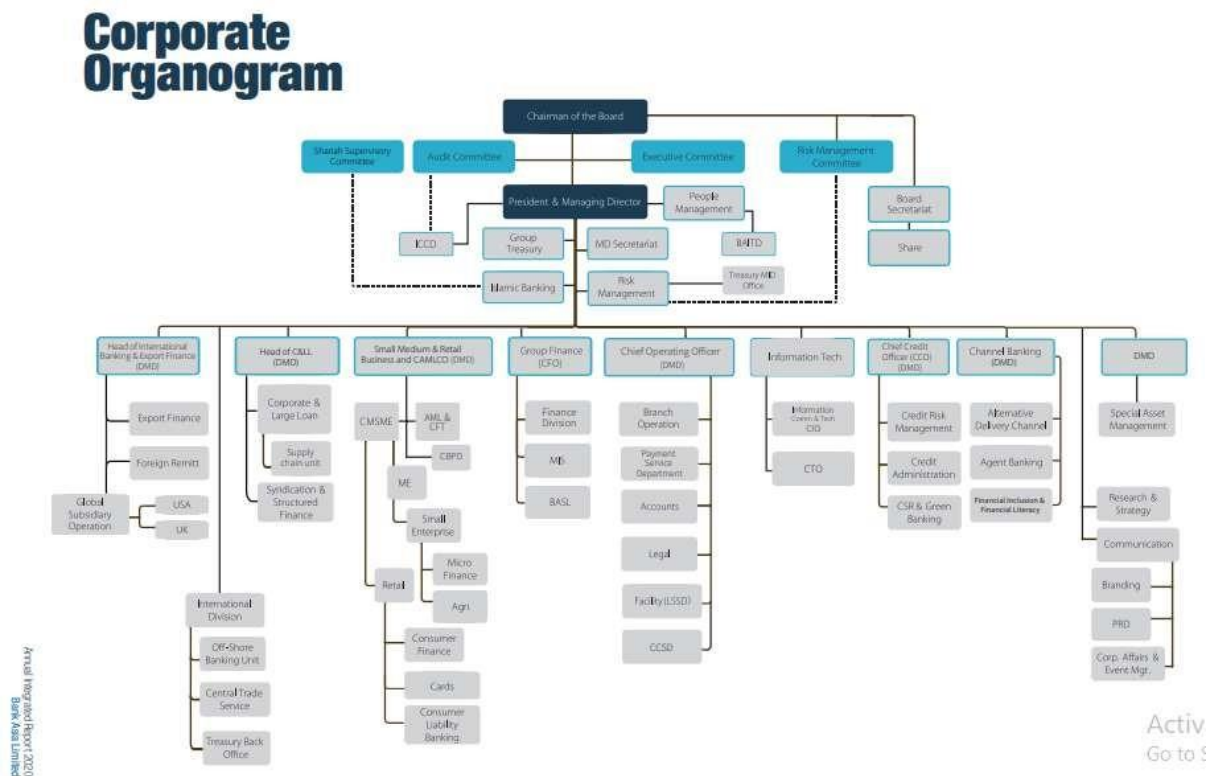


Fig 2: Corporate organogram of Bank Asia Limited as of Annual Report, 2020.

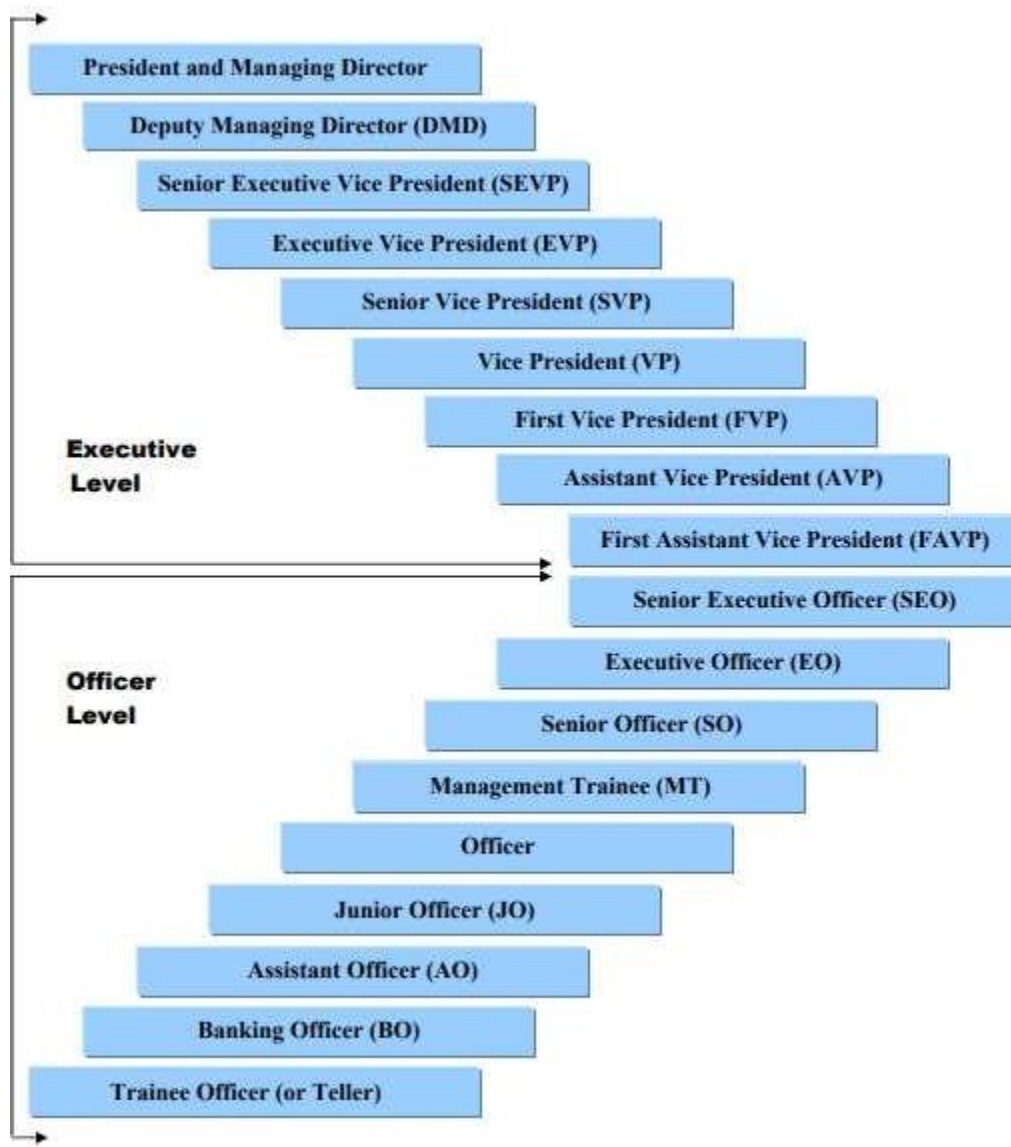


Fig 3: Hierarchy of BA Limited

2.2.8 Products and Services (Selective)

As of Annual Report, 2021, Bank Asia offers following products and services (selective).

- Retail banking products.
 - ⇒ Deposits
 - Current A/C

- Savings A/C
- Star Savings A/C
- SND A/C
- DPS
- FDR
- MB+
- DB+
- TB+
- Anchol (womwn)
- Nirvabona (senior Citizen)
- Bhromon

Apart from retail banking, Bank Asia Limited also provides (i) Islamic banking products, (ii) SME banking products, (iii) Corporate banking products, (iv) Off-shore banking unit (OBU) products. (v) Agent banking, (vi) Treasury products and (vii) Capital market services. The banking service can be stated as more of a, “Sell loan, Bring deposit” which is being wrapped around several banking products and services.

2.3 Management Practices

2.3.1 Leadership Style

While doing internship on Bank Asia, Gulshan Branch, I have noticed that the leadership style has been varied from scenario to scenario and obtaining different goal to goal. Mostly, the HOB preferred to give directions in the weekly meetings, and later those were delegated by the Manager operation to the designated employees. Mostly, HOB distributed the works among the employees of the branch, and also Manager Operations sometimes divided the broad

objective into smaller ones and delegate the works accordingly. I have also seen that, sometimes the employees got to play a bit role in terms of how they would perform the tasks that has been designated to them. But when we talk overall, Bank Asia Limited gives priority to its employees and practice leadership program with the blend of a little bit of autocratic if needed, significantly democratic & participative and a little bit of laissez faire according to the demand of the situation.

2.3.2 The human resource planning process of the organization: Recruitment and Selection process

The People Management Division (PMD) deals with human resource management of Bank Asia Limited. They work as the bridge between the employer and the employees. They ensure the integrity, togetherness along with the diversity in the human resource. They incorporate the corporate strategies along with the sustainable employee relationship in order to reach organizational goals which enables Bank Asia Limited to become **‘preferred employer of the choice.’**

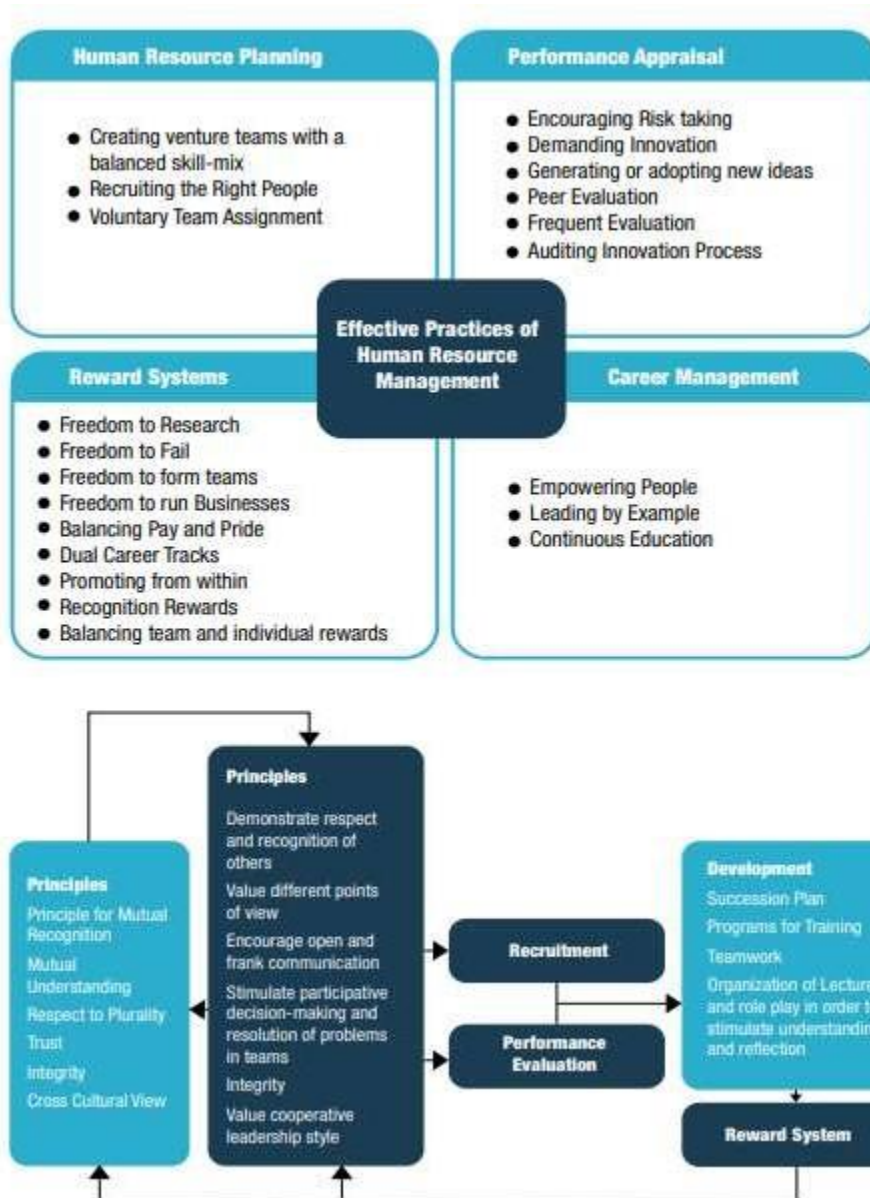


Fig 4: Effective practices of human resource management in BA Limited as of Annual Report, 2020.

The key functions of PMD includes (i) Planning & sourcing, (ii) Compensation & benefits, (iii) Employee relations and compliance, (iv) HR operations and (v) Organization development. PMD works in an employee oriented manner.



Fig 5: Functions of PMD in BA Limited as of Annual Report, 2020.

In 2020, 154 employees were recruited to BA Limited.

The recruitment and selection process includes the following (Aziz et al., 2014),

- There can be two types of recruitment; both internally and externally.
- During external recruitment (except for MTOs which is selected through written examination:
 - BA Limited gives the advertisement in the newspaper, where the job description are stated.
 - They mainly focused on skill based workforce and recruitment.
 - Then they collect the CVs.
 - After that screening starts. Basically at first through software, which has built-in criteria to sort out from multiple CVs to the desired ones.
 - Then the selected CVs are screened by the head of Human resource department.
 - Primary interview of selected candidates.
 - Interview of candidates those who are selected from primary interview.
 - Final Interview.

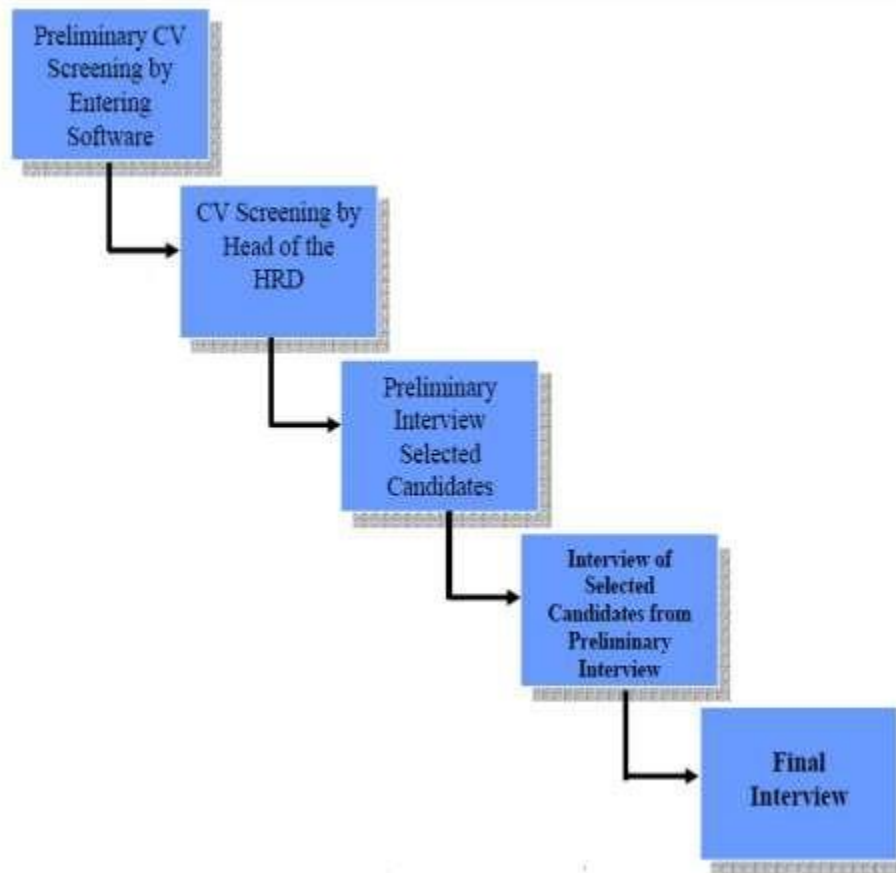


Fig 6: The recruitment and selection process (Aziz et al., 2014).

2.3.3 The compensation and performance appraisal system

Depicting their standards and policies in the annual report, 2020, Bank Asia places a strong emphasis on fair performance appraisal and recognition in order to help its workers advance in their careers. Unbiased performance evaluation culture, as is well known, is vital in developing a long-term workforce while also supporting the Bank's bottom line. Bank Asia designed a SMART KPI to review all persons' contributions in a transparent manner in order to measure quantitative and/or qualitative performance in relation to setting a target for the year.

Bank Asia limited uses KPI in the following manner;

Bank Asia have used an 80/20 technique in their performance evaluation system, which means that 80 percent of the criteria are Objective, whereas the other 20% are Organizational and Personnel behavior. They have incurred some benefits using KPI which are given as following,

- Make fewer judgments and make them on the basis of objectivity and facts.
- Calculate how well you're doing on your goals.
- Concentrate on the facts and determine where individual development is required.
- As an individual project expands, staying as close to operational specifics as possible becomes increasingly challenging; in this scenario, KPI outcomes can help bring reality back into focus.
- Employees are aware of their responsibilities to deliver throughout the year and may prepare properly to meet them. Last but not least, a frank assessment of performance at the conclusion of the year.

From the annual report, 2020, it has also been discovered that, Bank Asia always thinks about its employees. Every employee is paid a monthly pay, which is made up of a base salary, fringe benefits, and additional perks, and is paid on the 25th of each month (or the preceding working day if the 25th is a holiday). Due to the unusual spread of the COVID pandemic, PMD has changed its quarantine leave policy and implemented a sick leave policy for Bank employees.

Fringe Benefit Schemes	Other Benefit Schemes
<ul style="list-style-type: none"> • House rent allowance • Conveyance allowance • Medical allowance • Entertainment allowance • House maintenance allowance • Utilities allowance • Car maintenance allowance 	<ul style="list-style-type: none"> • Group health insurance • Benevolent • Leave fare assistance • Furniture allowance • House Building Loan (HBL) • Car loan • Provident fund loan • Mobile phone allowance (talk time) • Mobile handset allowance • Ex-gratia payment
End Service Benefit Plans	Minimum Notice Period Regarding Operational Changes
<p>Bank Asia provides the following benefit plans to its employees on retirement according to individuals' entitlement</p> <ul style="list-style-type: none"> • Provident fund • Gratuity • Superannuation • Leave encashment 	<p>Minimum notice period before switching job is 3 months for regular employees and 1 month for contractual employees. Minimum notice period before changing department is 1-30 days as per situation or demand of concerned branch/department.</p>

Fig 7: Bank Asia's benefits scheme as per Annual Report, 2020.

2.3.4 The Training and Development Initiatives

According to the published integrated annual report, 2020, At the individual, task, and organizational levels, the Bank Asia Institute for Training & Development (BAITD) is dedicated to delivering training to develop employee knowledge, abilities, and attitudes. BAITD has added new courses for the year 2021, including CBML (Credit Backed Money Laundering), TBML (Trade-Based Money Laundering), MDPs (Management Development Programs: people management, time management, crisis management, conflict resolution, stress management, etc.), Business etiquette & personal grooming, e-mail etiquette, strategic management in banks, Cyber security awareness, banking under emerging tech, understanding economy BAITD has expanded the breadth of Islamic Banking courses while highlighting the

need of risk management education. In 2021, BAITD intends to increase training programs quantitatively and qualitatively. BAITD plans to provide 700 (seven hundred) training, with 550 taking place on virtual platforms including ZOOM, CiscoWebex, and True Conf, and 150 taking place on physical platforms. (if and only when the situation allows).⁶

2.4 Marketing Practices

2.4.1 Marketing strategy

Bank Asia Limited still emphasizes on conventional marketing strategies. They still provide brochures to people those who go to bank where their products and services are mentioned in a graphical manner. As they believe flyers and brochures are still very handy in order to grasp potential and retain existing customers (Anderson, 2018).

Not only brochures, BA also very believes in face to face interactions. Banks are said to be more of service oriented, and people love services that are provided to them personally (Anderson, 2018). Still many people want to be convinced before taking any significant banking service. The customer care officials and mostly the GB employees still uses this method very promptly. Moreover, they also use print advertisements.

In addition to these, two of the very significant marketing strategies used by BA which are Referral Programs and earned Media & PR. These are organic client base which cannot be bought but earned with a long term goodwill along with better quality service. They promote BA to the people outside to obtain the products and services (Woschnick, 2020).

However, for B2B and other corporate clients, BA high officials mostly use their personal links and connections in terms of promoting themselves.

⁶ https://www.bankasia-bd.com/assets/reports/annual/Annual_Report_2020.pdf

2.4.2 Target customers, targeting and positioning strategy

There are 5 types of positioning according to Daniel Hopper (Hopper, 2020).

- Positioning based on product characteristics: Using product characteristics which is distinctive compare to the competitors, using it as an usp.
- Positioning based on price: It is based on associating the brand with competitive pricing.
- Positioning based on quality or luxury: It aligns the quality along with the price. That is, better the quality, higher the price.
- Positioning based on product use or application: It deals with particular use of the brand's product or service. The usage can be varied from person to person, male to female or with demographic diversification.
- Positioning based on competition: Here, the positioning varies from market competition level and market diversification level. Number of market share can also influence this positioning.

In terms of BA, their positioning strategy is a blend of both Positioning based on product characteristics and Positioning based on price and also with the mix of Positioning based on product use or application. As they have diverse customer group from students to freelancers, from farmers to high officials to big business giants, they have different positioning strategy for the different target group.

2.4.3 Marketing channels for product as well as services

Bank Asia mainly focuses on direct selling of their services from branches and agent points.

In most cases the client comes to branch or agent points in order to obtain banking service (apart from ATM service). However, in some cases, while dealing with corporate clients, sometimes the bank personnel has to go and visit the client personally in order to provide the service.

2.4.4 Product/New product development and competitive practices

While scrutinizing the integrated annual report, 2020, it has been found that, BA limited has been pioneer in quite a few aspects. Bangladesh's first School Banking service through agent banking outlets was launched by Bank Asia Limited in 2015.

For the first time in Bangladesh's banking market, BA launched DIGANTA OCAS (online credit approval system), a TAB-based digital SME and agricultural proposal processing service in 2016. They also introduced A-Card (Agricultural Card) for the first time in Bangladesh in the same year to make it easier for marginal farmers to acquire agri-loans in card form.

They also released 'Shadhin,' the country's first ever freelancer card, in 2018. Additionally, BA is focusing on agricultural financing. The bank launched the Agent-centric asset business model, which takes into account the potential for company development as well as other essential factors. The Model was created with the goal of accelerating asset business growth in the agriculture, cottage micro small and medium enterprise (CMSME), and retail categories using conventional and Islamic banking. They also provide farm financing at a cheaper rate of interest.

2.4.5 Branding activities

BA have very minimum branding activities. Only if one goes to their website, they will see ad windows where the products and services and offers are shown. Apart from that they still use conventional branding activities, such as, print media ad, brochures etc. Furthermore, according to their 2020 annual report, maintaining a solid Capital and Liquidity position will remain the Bank's top focus in their 2021 strategic goals. They will concentrate on obtaining low-cost funds through CASA accounts. Throughout the year, a succession of marketing and product branding are used to generate low-cost deposits.

2.4.6 Advertising and promotion strategies

This is era of digital Bangladesh. Although promoting online account opening, online fund transfer smart app, somehow BA still do not find a grip in the digital marketing zone. Having a good corporate backup can easily help them to focus more on digital marketing. Although they have a FB page, but it does not reflect a lot about the bank.

Mainly they focused on conventional advertising method.

2.4.7 Critical Marketing issues and gaps

Apart from depending on more to conventional method of marketing, the BA does have another significant marketing gap. They have a huge potential market in the MFS sector, which is not accessed by them yet.

2.5 Financial Performance and Accounting Practices

2.5.1 Ratio analysis

	2020	2019	2018	2017	2016
Return on asset	0.53%	0.59%	0.76%	0.76%	0.65%
Return on equity	7.81 %	8.16%	10.21%	10.21%	8.13%
Current ratio	1.07	1.05	1.07	1.05	1.04
Debt equity ratio	13.93	13.30	12.17	12.73	12.30
Operating profit % of working fund	1.59%	2.82%	2.70%	2.47%	2.48%
Efficiency Ratio	54%	42%	42.93%	44.12%	44.35%

Table 2.5.1: Ratio Analysis as of integrated Annual Report, 2020.

- Return on asset is significantly low in 2020 compare to 2017 & 2018.
- Return on equity is significantly low in 2020 compare to 2017 & 2018.
- Current ratio is good in 2020 compare to other years.

- Debt equity ratio is adverse in 2020 compare to other years.
- Operating profit % of working fund ratio is very low in 2020 compare to 2019.
- The performance was very inefficient in 2020 compare to 2019 & 2018.

This ratios reflects that 2020 was not very great year for the bank. But we all know, due to Covid-19 situation every sector faced severe adversities, compare to that it will be safe to say that the bank performed reasonably.

2.5.2 DuPont Analysis

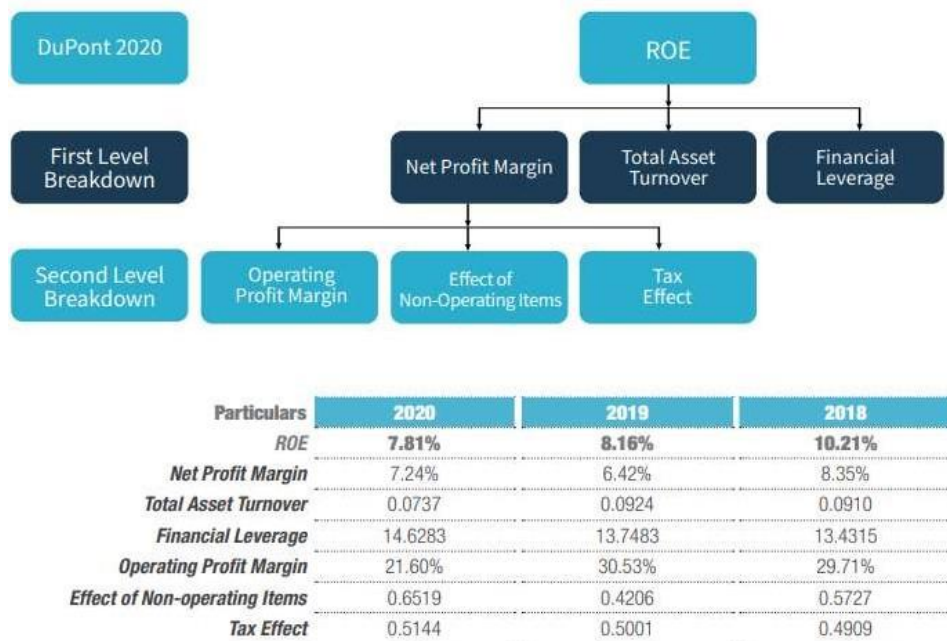


Fig 8: DuPont Analysis of last 3 years of BA as of integrated Annual Report, 2021.

The return on equity (ROE) is a measure that assesses the profitability of a company in terms of equity. As noted in the second level breakdown, net profit margin is made up of three significant components: operating profit margin, non-operating item impacts, and tax effects. According to the integrated annual report, 2020 of Bank Asia Limited, it has been noted that due to the impact of the COVID-19 epidemic and the installation of a single-digit interest rate structure, the operational profit margin has decreased from 30.53 percent to 21.60 percent. As the provision amount reduced by 61 percent, the effect on non-operating items increased to 0.6519. The tax effect has likewise increased from 0.5001 to 0.5144. Although the operating profit margin fell, the combined effect of non-operating items and tax effects resulted in an increase in net profit margin from 6.42 percent to 7.24 percent.

Due to the interest rate restriction, the Asset Turnover dropped from 0.0924 to 0.0737. Despite a 7.63 percent rise in loans and advances, interest income fell by 20.78 percent. As a result, the asset turnover ratio decreased. The financial leverage grew from 13.7483 to 14.6283, resulting in a higher return on equity.

2.5.3 Vertical Analysis

Vertical Analysis

For the last five years, profit and Loss Statement

	2020	2019	2018	2017	2016
OPERATING INCOME					
Interest income	64.44%	74.87%	77.07%	71.95%	68.59%
Interest paid on deposits and borrowings, etc	53.11%	47.36%	47.95%	47.53%	49.91%
Net interest income	11.33%	27.51%	29.13%	24.42%	18.68%
Investment income	23.07%	10.78%	8.52%	11.12%	16.71%
Commission, exchange and brokerage	8.81%	11.01%	11.02%	13.68%	11.65%
Other operating income	3.68%	3.34%	3.38%	3.25%	3.05%
Total operating income	46.89%	52.64%	52.05%	52.47%	50.09%
Salaries and allowances	12.58%	10.70%	10.62%	11.05%	11.00%
Rent, taxes, insurance, electricity, etc	1.57%	1.44%	2.52%	2.69%	2.51%
Legal expenses	0.05%	0.07%	0.09%	0.11%	0.08%
Postage, stamp, telecommunication, etc	0.45%	0.41%	0.40%	0.39%	0.38%
Stationery, printing, advertisements, etc	0.53%	0.51%	0.49%	0.43%	0.42%
Managing Director's salary and fees	0.07%	0.05%	0.05%	0.06%	0.07%
Directors' fees	0.01%	0.01%	0.01%	0.01%	0.02%
Auditors' fees	0.00%	0.00%	0.00%	0.00%	0.01%
Depreciation and repairs of Bank's assets	3.02%	2.73%	1.75%	2.02%	2.21%
Other expenses	7.01%	6.18%	6.39%	6.39%	5.52%
Total operating expenses	25.29%	22.11%	22.34%	23.15%	22.22%
Profit before provision	21.60%	30.53%	29.71%	29.32%	27.87%
Provision for loans and advances/investments					
General provision	7.71%	9.33%	3.65%	5.14%	2.62%
Specific provision	-1.47%	9.19%	9.59%	5.41%	8.61%
Provision for off-balance sheet items	0.15%	-0.64%	-0.64%	0.98%	0.66%
Provision for diminution in value of investments	0.64%	-0.26%	0.04%	0.00%	0.52%
Other provisions	0.49%	0.08%	0.06%	0.00%	0.00%
Total provision	7.52%	17.69%	12.69%	11.53%	12.40%
Total profit before tax	14.08%	12.84%	17.02%	17.79%	15.47%
Provision for taxation					
Current tax	6.84%	6.42%	8.66%	8.63%	7.90%
Deferred tax	0.00%	0.00%	0.00%	0.18%	0.30%
Net profit after tax	7.24%	6.42%	8.35%	8.98%	7.28%

Fig 9: Vertical Analysis (Profit & loss statement) as of integrated Annual report, 2020.

The components of income statement items as a proportion of total income through time is referred to as vertical analysis on income statement, which is also known as common sizing of income statement. Interest income (64.44 percent), commission, exchange, and brokerage revenue (8.81 percent), and investment income (23.07 percent) account for the majority of overall income. Although interest revenue fell in 2019 and 2020, a growth in investment income helped the bank overcome a significant percentage of the negative impact on interest income caused by the pandemic and the fixed interest rate regime. Because of the 8% drop in sales, operating expenses as a proportion of revenue increased.

Vertical Analysis

For the last five years balance Sheet

	2020	2019	2018	2017	2016
PROPERTY AND ASSETS					
Cash	4.38%	6.78%	5.06%	6.20%	6.31%
In hand (including foreign currencies)	0.72%	0.92%	0.87%	0.69%	0.82%
Balance with Bangladesh Bank and its agent bank (including foreign currencies)	3.65%	5.86%	4.19%	5.52%	5.49%
Balance with other banks and financial institutions	7.70%	6.53%	8.42%	10.24%	5.24%
In Bangladesh	7.21%	5.51%	7.64%	9.95%	4.23%
Outside Bangladesh	0.50%	1.02%	0.77%	0.29%	1.02%
Money at call and on short notice	0.00%	1.30%	0.03%	0.00%	1.92%
Investments	23.06%	15.53%	11.72%	9.53%	15.55%
Government	22.02%	14.75%	10.78%	8.45%	14.26%
Others	1.03%	0.77%	0.93%	1.08%	1.28%
Loans and advances/investments	59.86%	64.24%	69.84%	68.34%	64.62%
Loans, cash credits, overdrafts, etc/investments	55.90%	58.80%	63.04%	62.80%	61.22%
Bills purchased and discounted	3.96%	5.44%	6.80%	5.54%	3.39%
Fixed assets including premises, furniture and fixtures	1.64%	1.99%	1.77%	1.84%	2.07%
Other assets	3.36%	3.63%	3.16%	3.84%	4.28%
Total assets	100.00%	100.00%	100.00%	100.00%	100.00%
LIABILITIES AND CAPITAL					
Liabilities					
Borrowings from other banks, financial institutions and agents	8.80%	9.72%	10.19%	10.47%	7.43%
Subordinated non-convertible zero coupon bonds	2.50%	3.34%	2.41%	2.80%	1.26%
Deposits and other accounts	74.14%	71.71%	72.40%	71.64%	75.54%
Current/AI-wadeeah current accounts and other accounts	14.52%	13.41%	15.37%	14.53%	13.53%
Bills payable	0.92%	1.06%	1.34%	1.37%	1.94%
Savings bank/Mudaraba savings bank deposits	15.70%	13.65%	12.87%	11.94%	10.98%
Fixed deposits/Mudaraba fixed deposits	43.00%	43.59%	42.81%	43.80%	49.10%
Other liabilities	7.86%	8.24%	7.41%	7.80%	8.10%
Total liabilities	93.30%	93.01%	92.40%	92.71%	92.34%
Capital/shareholders' equity					
Total shareholders' equity	6.70%	6.99%	7.60%	7.29%	7.66%
Paid-up capital	2.85%	3.30%	3.61%	3.42%	3.48%
Statutory reserve	2.41%	2.56%	2.69%	2.54%	2.61%
Revaluation reserve	0.92%	0.58%	0.69%	0.75%	0.88%
General reserve	0.00%	0.00%	0.00%	0.00%	0.00%
Retained earnings	0.51%	0.55%	0.60%	0.58%	0.68%
Total liabilities and shareholders' equity	100.00%	100.00%	100.00%	100.00%	100.00%

Fig 10: Vertical Analysis (Balance Sheet) as of integrated Annual Report, 2020.

Vertical balance sheet analysis, also known as common sizing, refers to the components of balance sheet items stated as a fraction of total assets over time. As of Bank Asia's integrated annual report, 2020, loans and advances make for 59.86 percent of the balance sheet's assets, while investments account for 23.06 percent. The government's investment situation improved significantly in 2018 as a result of lower demand for loans and increased demand for T-bills and bonds as a way of obtaining finances. The majority of the liabilities component, which is predicted to expand in 2020, is made up of deposits.

2.5.4 Horizontal Analysis

Horizontal Analysis

For the last five years, profit and Loss Statement

	2020	2019	2018	2017	2016
OPERATING INCOME					
Interest income	124.32%	156.93%	143.52%	112.64%	100.00%
Interest paid on deposits and borrowings, etc	140.81%	136.43%	122.71%	102.27%	100.00%
Not interest income	90.27%	211.60%	190.14%	140.36%	100.00%
Investment income	182.75%	92.81%	65.14%	71.45%	100.00%
Commission, exchange and brokerage	100.00%	135.82%	120.84%	126.06%	100.00%
Other operating income	159.51%	157.14%	141.56%	114.48%	100.00%
Total operating income	123.86%	151.07%	132.73%	112.48%	100.00%
Salaries and allowances	151.36%	139.80%	123.35%	107.84%	100.00%
Rent, taxes, insurance, electricity, etc	82.56%	82.48%	128.29%	114.93%	100.00%
Legal expenses	81.51%	127.66%	156.75%	153.03%	100.00%
Postage, stamp, telecommunication, etc	154.35%	152.54%	132.95%	109.73%	100.00%
Stationery, printing, advertisements, etc	164.33%	173.84%	148.06%	108.07%	100.00%
Managing Director's salary and fees	122.77%	105.62%	88.59%	88.59%	100.00%
Directors' fees	100.50%	107.27%	114.54%	93.73%	100.00%
Auditors' fees	68.13%	118.07%	69.93%	76.05%	100.00%
Depreciation and repairs of Bank's assets	181.17%	177.82%	101.42%	98.05%	100.00%
Other expenses	168.12%	161.05%	147.95%	124.35%	100.00%
Total operating expenses	150.62%	143.06%	128.46%	111.88%	100.00%
Profit before provision	102.54%	157.46%	136.14%	112.95%	100.00%
Provision for loans and advances/investments					
General provision	389.74%	512.40%	178.34%	210.83%	100.00%
Specific provision	-22.61%	153.41%	142.24%	67.54%	100.00%
Provision for off-balance sheet items	-31.09%	-140.82%	-124.04%	160.19%	100.00%
Provision for diminution in value of investments	163.64%	-72.73%	9.09%	0.00%	100.00%
Other provisions	-	-	-	-	-
Total provision	80.23%	205.10%	130.77%	99.86%	100.00%
Total profit before tax	120.41%	119.29%	140.44%	123.45%	100.00%
Provision for taxation	-	-	-	-	-
Current tax	114.54%	116.81%	140.05%	117.31%	100.00%
Deferred tax	0.00%	0.00%	0.00%	65.87%	100.00%
Net profit after tax	131.68%	126.84%	146.60%	132.45%	100.00%

Fig 11: Horizontal Analysis (Profit & loss statement) as of integrated Annual Report, 2020.

The term "horizontal income statement analysis" refers to the examination of the growth of each component of income statement items across time. According to the integrated annual report, 2020 of Bank Asia, the year 2016 is used as the basis period, with a value of 100 percent; after that, a value more than 100 percent indicates positive growth, while a value less than 100 percent indicates negative growth when compared to the base year. The impact of COVID-19 and the single-digit interest rate regime may be seen in the preceding table, which indicates a significant drop in operational profit. Despite a fall in operational profit, net profit grew due to a lower provision need against loans and advances.

Horizontal Analysis

For the last five years balance Sheet

	2020	2019	2018	2017	2016
PROPERTY AND ASSETS					
Cash	112%	150%	97%	112%	100%
In hand (including foreign currencies)	143%	156%	129%	96%	100%
Balance with Bangladesh Bank and its agent bank (including foreign currencies)	107%	149%	93%	115%	100%
Balance with other banks and financial institutions	237%	174%	195%	223%	100%
In Bangladesh	275%	182%	219%	269%	100%
Outside Bangladesh	79%	141%	92%	33%	100%
Money at call and on short notice					
Investments	239%	140%	91%	70%	100%
Government	249%	145%	82%	68%	100%
Others	129%	84%	88%	96%	100%
Loans and advances/investments	160%	139%	131%	121%	100%
Loans, cash credits, overdrafts, etc./investments	147%	134%	125%	117%	100%
Bills purchased and discounted	188%	224%	243%	186%	100%
Fixed assets including premises, furniture and fixtures	128%	134%	103%	102%	100%
Other assets	127%	118%	90%	102%	100%
Total Assets	161%	140%	121%	114%	100%
LIABILITIES AND CAPITAL					
Liabilities					
Borrowings from other banks, financial institutions and agents	191%	183%	166%	161%	100%
Subordinated non-convertible zero coupon bonds	319%	369%	231%	253%	100%
Deposits and other accounts	158%	133%	116%	108%	100%
Current/Al-wadeeah current accounts and other accounts	173%	139%	136%	123%	100%
Bills payable	76%	76%	84%	81%	100%
Savings bank/Mudaraba savings bank deposits	231%	174%	142%	124%	100%
Fixed deposits/Mudaraba fixed deposits	141%	124%	106%	102%	100%
Other liabilities	154%	140%	109%	108%	100%
Total liabilities	163%	141%	121%	114%	100%
Capital/shareholders' equity					
Total shareholders' equity	144%	130%	123%	111%	100%
Paid-up capital	132%	132%	126%	112%	100%
Statutory reserve	151%	139%	127%	112%	100%
Revaluation reserve	169%	92%	95%	96%	100%
General reserve	100%	100%	100%	100%	100%
Retained earnings	145%	136%	127%	116%	100%
Total Liabilities and Shareholders' Equity	161%	140%	121%	114%	100%

Fig 12: Horizontal Analysis (Balance Sheet) as of integrated Annual Report, 2020.

The examination of development of each element of balance sheet items from the base period is referred to as horizontal analysis on the balance sheet. According to the integrated annual report, 2020 of BA, the year 2016 is used as the basis period, with a value of 100 percent; after that, a value more than 100 percent indicates positive growth, while a value less than 100 percent indicates negative growth when compared to the base year. Total assets, liabilities, and shareholders' equity have all shown continuous increase over the previous five years, indicating the bank's overall balance sheet expansion. Due to abundant liquidity in the market, investment continued to decline in 2017 and 2018, but progressively increased in 2019 and 2020.

2.5.5 Accounting Practices

2.5.5.1 Core Accounting Principles

5 principles of accounting are;

- Revenue Recognition Principle,
- Historical Cost Principle,
- Matching Principle,
- Full Disclosure Principle, and.
- Objectivity Principle.

BA has followed these accounting principles.

2.5.5.2 Accounting Cycle

The accounting cycle is the process of a company's accounting events being identified, analyzed, and recorded. It's an eight-step procedure that starts when a transaction happens and finishes when the transaction is recorded in the financial statements (Hayes, 2019).

According to the author the steps are:

1. Identify Transactions.
2. Record Transactions in a Journal.
3. Posting.
4. Unadjusted Trial Balance.
5. Worksheet.
6. Adjusting Journal Entries.
7. Financial Statements.
8. Closing the Books.

BA has followed the cycle as well.

2.5.5.3 Method of accounting and depreciation method

According to the integrated annual report, 2020, BA has followed accrual basis of accounting, and, while calculating depreciation, they have calculated Leasehold land and buildings 10% Straight line basis & Fixtures and fittings 25% Reducing balance basis.

2.6 Operations Management and Information System Practices

According to the integrated annual report 2020, Bank Asia serves around 5 million clients, and one of the milestone goals in the year 2020 was to introduce scalable technology in order to improve customer service. ICT has built an Oracle RAC (real application technology) environment to assure the system's highest uptime and uninterrupted service to customers. The upgrade of the agent banking software went off without a hitch, allowing the agents to operate with ease and flexibility.⁷

Work from Home (WFH)

According to the integrated annual report 2020, the ICT Division of BA has created a remote working environment to ensure that services run smoothly throughout the COVID – 19 epidemic. The ICT Division has implemented a Virtual Private Network in this respect (VPN). Furthermore, the Bank's ICT Division has deployed Two Factor Authentication (2FA) for user authentication to safeguard the bank's corporate network.

Bank Asia Micro Merchant app

Micro Merchant is a digital platform that allows merchants to conduct financial transactions, buy and sell commodities online. Micro Merchant will create a payment eco-system that will greatly streamline the banking sector. According to the integrated annual report 2020, this software will be integrated with BA's whole banking system, allowing any Bank Asia account holder in any part of the nation to become a Micro Merchant for the bank.

⁷ https://www.bankasia-bd.com/assets/reports/annual/Annual_Report_2020.pdf

GhoreBosheRinNei

According to the integrated annual report, 2020, during the Covid-19 pandemic period BA has developed an online loan application system “GhoreBosheRinNei”. Customers of BA may now apply for retail loans from the comfort of their own homes, thanks to this method. The system is linked to an online credit approval system, which initiates the approval process as soon as the application is submitted.

Artificial Intelligence Workforce (AIW)

As of integrated annual report, 2020, through BA’s bulk account opening mechanism, the bank has created a substantial number of accounts for Garments Workers this year. The bank has created Software Robot – AIW to handle such a workload. The AIW is a cutting-edge hyper-automation system that automates all of an organization's dull and repetitive procedures.

RPA account opening verification process network setup for Agent Banking

According to the integrated annual report, 2020, BA has achieved a milestone since they emphasized on the use of RPA and AI for account verification, which is a first for any commercial bank in Bangladesh, human participation has reduced.

ISO 27001:2013 Surveillance Audit

According to the integrated annual report of 2020, in September 2019, Bank Asia was awarded a certificate for "Information Security Management System – ISO/ IEC 27001:2013" by the BSI Group of India. In the year 2020, the authority will undertake an obligatory surveillance

audit after one year has passed. All of the requirements of the surveillance audit were satisfied by the Bank.

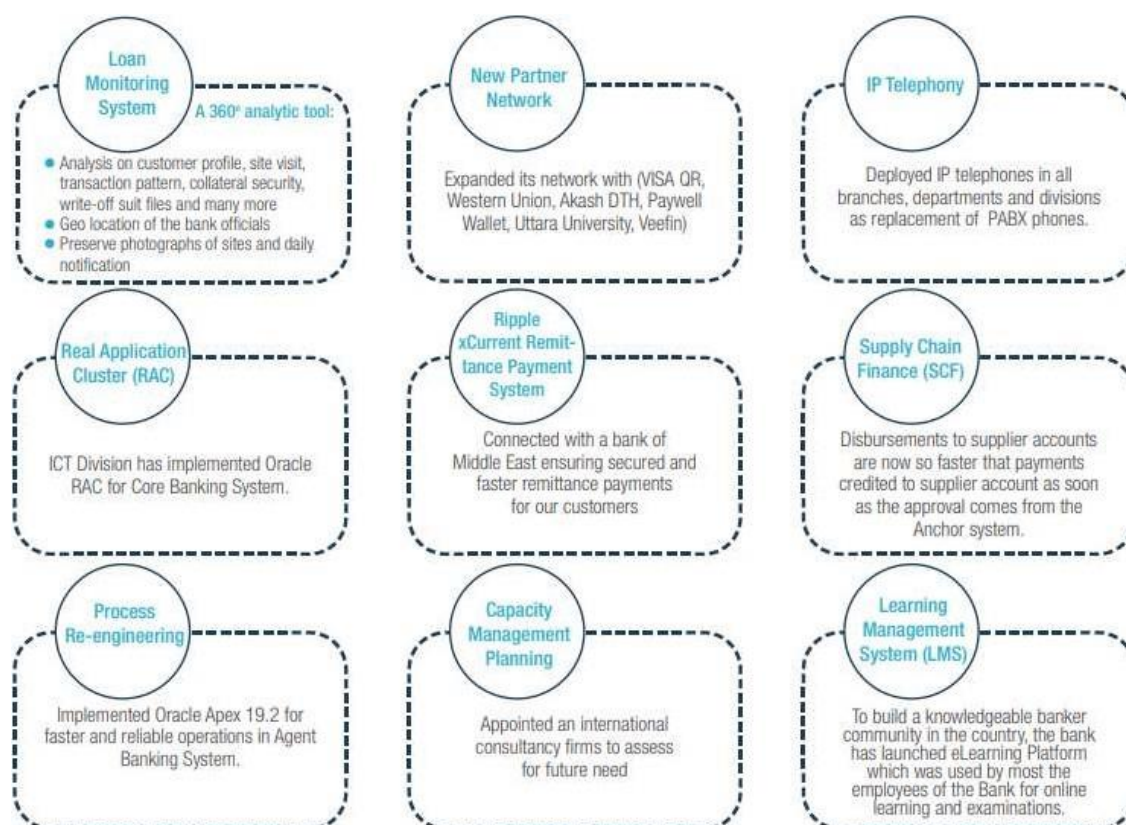


Fig 13: Banking incorporated with technology as per the integrated annual report, 2020.

Along with these, BA also has some other online based products and services as well. These are:

- Online Payment System or E-Payment Solution.
- e-Commerce & Utility Bill Payment.
- ATM Service & Debit Card.
- Internet Banking.

- Bank Asia SMART APP.
- E-Procurement System.
- POS Operation of Bangladesh Post Office (BPO).
- National Payment Switch Bangladesh (NPSB).

2.7 Industry and Competitive Analysis

2.7.1 Porter's Five Forces Analysis

Porter's Five Forces is a way for analyzing and understanding the competitive nature of a firm or sector. It accomplishes so by considering five major factors: threat of substitutes, threat of new entrants, buyer bargaining power, supplier bargaining strength, and competitive rivalry. (Boyce, 2021).

Threat of new entrants

- There is a very high entry barrier in the market.
- Government legislations are high.
- There is a huge capital requirement.
- It is difficult to do product differentiation.
- Gaining customers' trust is difficult.

Threat of substitutes

- Customer can actively look for alternative financial solutions.
- Better price can be offered by the Non-Banking Financial Institutes.
- Prime customers switching cost from one bank to another is high.
- Quality of service matters.

Bargaining power of customers

- Customers bargaining power is high, in terms of switching to other bank.
- Customers' price sensitivity activates.

Bargaining power of suppliers

- Switching cost can be significantly lower.
- Different interest rates for different products that can be attractive.

Competitive rivalry

- BA has got a sustainable competitive advantage over rivals.
- Price competition (interest rates).

2.7.2 SWOT Analysis

SWOT stands for S- Strengths, W- Weaknesses (both are organization's internal), O- Opportunities and T- Threats (both are external). This analysis is done to measure the capability of an organization to see if can survive the adversities or not.

According to integrated annual report 2020, the SWOT Analysis of BA is given below.

Strengths

- Be a trailblazer in ensuring financial intermediation and a commitment to financial empowerment that is in line with the Bank's vision and mission.

- Strong Asset and Capital Base, with a CRAR of 17.16 percent and a cost-to-income ratio of 54 percent, down from 42 percent.
- The Bank's publications have won four national honors and three international awards, including the first prize winner among all private banks in South Asia.
- The bank's remittance growth is about 22 percent, compared to the country's 18 percent increase.
- Broad coverage through a network of bank branches, agent outlets, and ATMs throughout the country, as well as a presence in international commerce via foreign correspondent banks, exchange houses, and subsidiary enterprises both at home and abroad.
- Improved Human Capital in 2020 by providing 1,17,224 man-hours of training and workshops to 19,051 participants. State of the Art Banking Software ensures innovative & customer oriented products & services.
- Taking advantage of online channels such as Online Banking, MyApp, Shadhin card for freelancers, and OPGSPs such as Payoneer and OCAS for the retail and CMSE segments.
- Maintaining a good and consistent credit rating over the past five years, i.e. 'AA2' for long-term and 'ST-2' for short-term.
- The Bank decided to obtain PCI DSS (Payment Card Industry Data Security Standard) certification to maintain confidentiality, integrity, and availability.
- Certified with ISO/IEC 27001: 2013 for its compliance with International Security Management System (ISMS) and to protect Cyber threats, Fraudulence activity of Card Management Environment, the Bank decided to obtain PCI DSS (Payment Card Industry Data Security Standard) certification to maintain confidentiality, integrity, and availability.

- Strong, long-term business structure based on delivering value for stakeholders while adhering to environmental regulations.

Weaknesses

- A lack of a unified vision, staff awareness, and technology-driven behavior initiatives.
- Reliance on industry culture, necessitating more R&D to offer new revenue streams.
- A thorough examination and further activities will be required for default debt management.

Opportunities

- The Bangladesh Bank decreased the Repo Rate and CRR to improve the money supply in the economy, resulting in additional investment opportunities.
- Increase ADR and IDR to generate revenue for the stimulus packages and to keep the industry running smoothly.
- In the aftermath of Covid-19, banks have the potential to transition to digitalization in order to satisfy the expectations of their customers.
- Financial inclusion might be a game-changer in an era of reduced profit for banks, with almost one-third of Bangladeshi families lacking access to banks or other financial institutions.
- Because Bank Asia has the largest Agent Financial network, it may be possible to bring the unbanked into the banking system.
- The IT sector is ripe with opportunities as a result of digital transformation.
- The government's two refinancing programs have aided the agricultural sector's growth.

Threats

- Single-digit interest rates may reduce the banking sector's profitability, as depositors may choose government savings instruments due to their greater yields, and may seek out opportunities to invest in foreign nations.
- The amount of NPL has a negative influence on profitability and makes it difficult to meet regulatory obligations.
- While the banking and financial sectors are becoming more digital, most banks are unprepared to deal with cyber-attacks.
- The Covid-19-induced economic crisis has had a significant impact on Bangladesh's international trade operations, as well as a negative impact on future investments, since deliveries of capital machinery from other countries have been disrupted.
- Due to the cost of capital, categorized loans, overhead costs, regulatory issues, and other factors, the banking industry in Bangladesh is under additional strain during the Covid-19 epidemic. Obtaining deposits at 6% is still difficult, and as a result, banks are creating lean earnings.
- Because the government must spend more to combat the pandemic's negative effects, the budget deficit may expand, posing a major threat to Bangladesh's microeconomic stability.
- Inflationary pressures are exacerbated by rising exchange rates, as the cost of imported commodities rises. The foreign currency market will become more turbulent in the coming days as a result of exchange rate fluctuations.
- The country's FDI inflow fell by 39% in FY20 compared to FY19, which had a negative impact on job creation and production capacity.

2.8 Summary and Conclusion

Being one of the most successful private banks in Bangladesh, BA has got a huge loyal customer base and an ample financial backup. This gives them an upper hand over most of their competitors. Moreover they are focusing more and more sustainable development goals and also they are embracing technologies gradually. With a powerful leadership and dedicated workforce, those who are prepared with better quality training, they can take BA to a different height. Although 2020 was not a very great year for them, they still managed to perform keeping the disastrous pandemic out there. Now as the world is getting better again, they have some untapped opportunities for them in the market, if the focus on more R&D they will eventually surpass themselves in the long run.

2.9 Recommendations

- They should give emphasize to digital marketing in terms of branding and promotions.
- They should introduce MFS service.

Chapter 3

Project Part

3.1 Introduction

We live in an era now where everything is on our fingertips. From watching movies, to ordering anything and everything, from education to entertainment, now everything is in our hand. Recently the global pandemic has taught us how we can actually pull off almost everything, sitting at home. Even we can do office and even we can study abroad by staying in our living room.

That brings us to our project topic. When we are enjoying almost everything sitting at our home, it brings out the urge to pay from home. And, thankfully because of Mobile Financial Service (MFS) we can now do almost every signification transaction, at least while online shopping or while ordering foods online.

Bangladesh is digitalized now a days and the country is heading gradually towards cashless world. MFS was started in Bangladesh in 2011, by BKash, a BRAC Bank owned subsidiary. MFS refers to the transaction, cash in and out and payments done by using mobile phone. Giving a footstep in future, MFS is going to be the main medium of transactions in the future.

Bank Asia, established in 1999, is one of the most successful private banks in Bangladesh. Along with variety of products and services including a SMART APP, they are now fully capable of entering into MFS industry in Bangladesh.

This report is going to shed light on the future benefits they are going to get if they decide to enter into MFS industry.

3.1.1 Literature Review

MFS guidelines was released by Bangladesh Bank in 2011 where it was mentioned that a MFS provider can only function if they become a Bank's subsidiary where the bank will have 54% of the partnership (Islam, 2021).

In accordance with Sections 7A(e) and 82 of the Bangladesh Bank Order 1972, as well as Section 26 (cha) of the Bank Companies Act 1991, the Bangladesh Bank released the 'Bangladesh Mobile Financial Services (MFS) Regulations, 2018'. (amended in 2013). The former "Guidelines on Mobile Financial Services for Banks" was superseded by this new rule. (Islam, 2021). These regulation were made in order to ensure, (i) Provide a legal structure and competitive environment to ensure cost effective and real time MFS, (ii) Promote hassle-free and cost efficient transaction system for poor segment of people. And, (iii) Enforce compliance with AML/CFT standards outlined in the Bangladesh Financial Intelligence Unit's (BFIU) AML/CFT rules, regulations, recommendations, and guidance.

In 2019, Bangladesh's mobile financial services (MFS) environment changed dramatically. This may be attributed to the Bangladesh governments', banking regulators', and policymakers' efforts. As of December 2020, the country had 99.3 million MFS accounts, with an average of 299.5 million daily transactions totaling BDT 56556.88 crore. bKash, Rocket, MyCash, SureCash, and other important participants in the MFS business regulated by Bangladesh Bank

include bKash, Rocket, MyCash, SureCash, and others, with bKash holding the bulk of the market share (Islam, 2021).

According to the author, Md Fazlur Rahman, MFS has become the one stop solution and most favorite payment method in Bangladesh. According to case study of Alliance for Financial Inclusion (AFI), 56% users have been increased in 2017 in MFS since 2011 (Rahman, 2021).

According to Abul Kashem Md Shirin, MD & CEO of DBBL, "The interoperability should be introduced on an urgent basis to take the industry to an elevated level." According to Sydul Haque Khandaker, managing director of UCB Fintech Ltd, mobile financial services in Bangladesh have a huge growth potential due to the growing adoption of digital financial services, which include everything from personal fund transfers to merchant payments, utilities, as well as the issuance of numerous government allowances and financial aids.

MFS Providers		
Sl	Name of the MFS service	Name of the Organization
1	ROCKET	Dutch Bangla Bank Ltd
2	bKash	bKash Ltd
3	MYCash	Mercantile Bank Ltd
4	Islami Bank mCash	Islami Bank Bangladesh Ltd
5	Trust Axiata Pay (TAP)	Trust Axiata Digital Limited
6	First Pay SureCash	First Security Islami Bank Ltd
7	UPAY	UCB Fintech Company Limited
8	OK Banking	One Bank Ltd
9	Rupali Bank SureCash	Rupali Bank Ltd
10	TeleCash	Southeast Bank Ltd
11	Islamic Wallet	Al-Arafah Islami Bank Ltd
12	Spot Cash	Standard Bank Ltd
13	Meghna Bank Tap n Pay	Meghna Bank Ltd

Fig 14: Banks that provide MFS service in Bangladesh as per official site of Bangladesh Bank.

Features of MFS service:

- Cash in & Cash out (through agents and personal number).
- Bill payments.
- Mobile recharge.
- Remittance.
- Donation.
- Purchasing movie tickets.
- Savings.
- ATM Money withdrawal.
- P2P Transfer.
- Online purchasing.
- Balance enquiry.

The new normal after Covid-19 pandemic has given MFS a new life in Bangladesh. As pandemic increased 1.5 crore clients increase from March 2020 to November 2020, which made the registered numbers of clients more than 9.64 crore now. When compared to transactions in February, monthly transactions through MFS soared from Tk 12,264 crore to Tk 53,598 crore in November last year. Bkash acquired about 1 crore new consumers during the pandemic, raising its overall client base to 5 crore with 2.4 lakh agents. The company's current daily transaction totals more than mind bending Tk 1,000 crore. During the pandemic, Rocket, the country's third biggest MFS provider, recruited 30 lakh clients, bringing its total customer base to 2.19 crore. It was launched in the first quarter of 2011 and has already achieved a daily transaction of Tk 410 crore. Posts & Telecom minister of Bangladesh, Mustafa Jabbar stated to The Daily Star that, "This is high time for Bangladesh Bank to give permission to MFS for providing small loans." He also added, "As MFS have brought unbanked people into its orbit,

such loans will help villagers take up small ventures and eventually the country's economy will be booming”, (Hasan, 2021).

So, it is high time for BA Limited to start providing and re-organize their SMART App and make it suitable in order to provide MFS. Once they had, “Hello”- it did not provide every single service that has been provided now by other MFS service providers and that is why, Hello is almost obsolete now.

3.1.2 Objectives

3.1.2.1 Research Question

In order to set up a broad objective, first we need to come up with a research question which would eventually give the answer that finally what we are expecting from the report.

The research question is, “How introducing MFS can benefit Bank Asia Limited in the future?”

3.1.2.2 Broad Objective

The broad objective of the report is to find out the benefits that Bank Asia Limited can obtain in future if they start providing MFS service.

3.1.2.3 Specific Objectives

In order to attain the broad objective, some specific objectives need to be met. These are,

- Start providing MFS service.
- Along with SMART App ensuring that non-smartphone users shall also avail the service.
- Set up MFS points.
- Opening specialized windows in branches/agent points that would deal with MFS.

- Affiliation with mobile network operators.
- Ensure both party benefits with different effective strategies.
- Identify and measure the level of benefits they get after implementing MFS service.

3.1.3 Significance

The biggest drawback of the BA SMART App is, in order to use that app, one must have to have account there. Moreover, they have to have an android phone and the ID and password of the SMART App is provided from branch after the customer fills specific form and request for it. In addition to that they also have to have an e-mail address because the ID and password would go there directly, that too might be in the spam or junk folder. Despite having SMS service, this huge setback of the app has abandoned BA from attaining a good chunk of profit. Still today, a significant user base of MFS does not have a smartphone or e-mail. Most importantly, for example, they do not have to open an account on BRAC Bank in order to avail Bkash. This report, however, can be a useful tool for BA in order to identify the gaps and opportunities they can grab by bringing them inside this MFS world. Along with that, this report can also help people who would like to further study on prospects of MFS and BA, if finally, BA starts providing MFS service.

3.2 Methodology

In order to prepare this report, I have collected data both from primary and secondary sources along with my personal experiences and observations.

Primary sources of data:

- Real-life Internship Experience.
- Guidance from the seniors.
- By attending weekly meetings.
- Informal interviews of colleagues.
- Survey questionnaire.

Secondary source of data:

- Research journals based on Bank Asia.
- BA official website.
- BA integrated annual reports.
- Different online articles and publications.

3.2.1 Limitations

- Time constraints. 3 months are not enough to know every aspect of an organization like BA.
- Because of confidentiality, I could not get a lot of information from the seniors.
- As I was an intern in the Gulshan branch, I could not manage to get a good amount of information regarding what is happening in other branches.

3.3 Findings and Analysis

While conducting the research there have been several findings that have been incurred from both the organization (from both primary and secondary sources) and the questionnaire survey. The dedicated personnel of the Gulshan branch and the annual reports have mostly shed light on this.

3.3.1 Findings from the organization

1. The organization mostly believes in and is happy to provide conventional banking services.
2. To BA, MFS does not hold great significance currently, maybe they would have a better thought about it in the future.
3. BA mostly emphasizes sustainable and relationship-oriented clients.
4. Currently being Eco friendly is their significant concern.
5. Currently there is no direct and dedicated MFS (apart from their SMART App) in BA.
6. They are giving less emphasizes on their SMART App.
7. MFS points is having less priority lately.
8. During my internship period, there has been no special affiliation regarding MFS.
9. Strategies regarding efficient and effective MFS service are yet to be done.

3.3.2 Findings from the questionnaire survey

The survey was done among people aged between 18-26 and above. Being student, entrepreneur, service holder, and businessmen, those who spend up to 10000 BDT per month using MFS was the key considerations while performing this survey. Some of the significant results are given below,

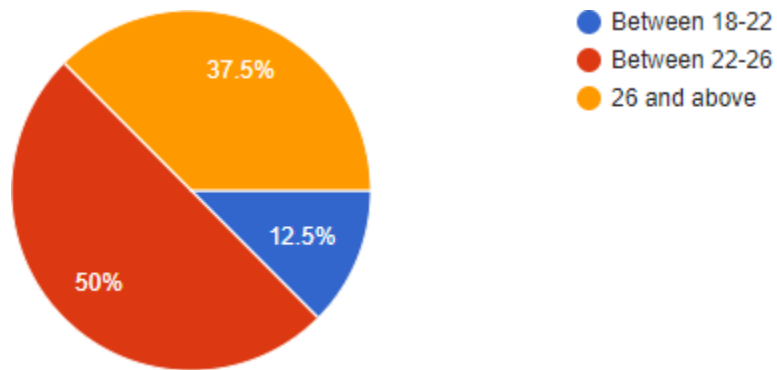


Fig 15: The age of the sample.

Here, it has been depicted the age group of people those who stands between 18-26 and above where the 50% of the sample is between 22-26.

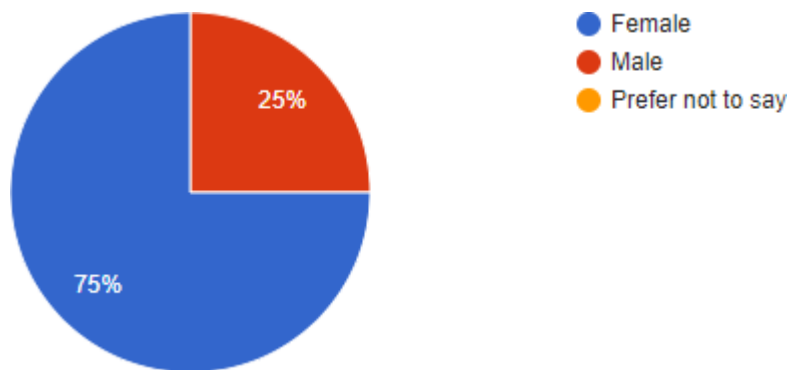


Fig 16: The gender of the sample.

75% of people those who have attended this survey are female.

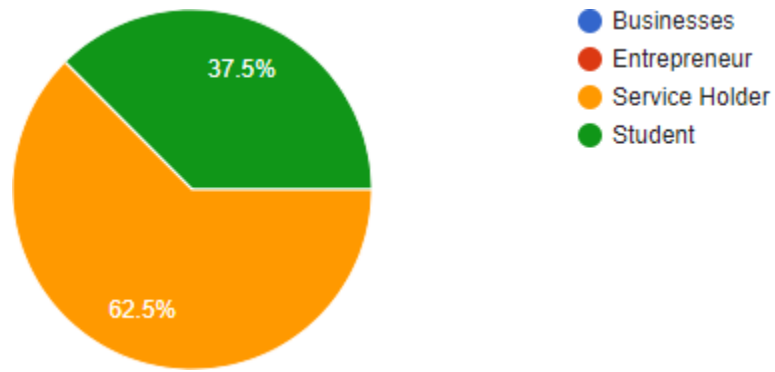


Fig 17: The profession of the sample.

Here, from the given four types of professions, mostly the sample size is service holder with a majority of 62.5%

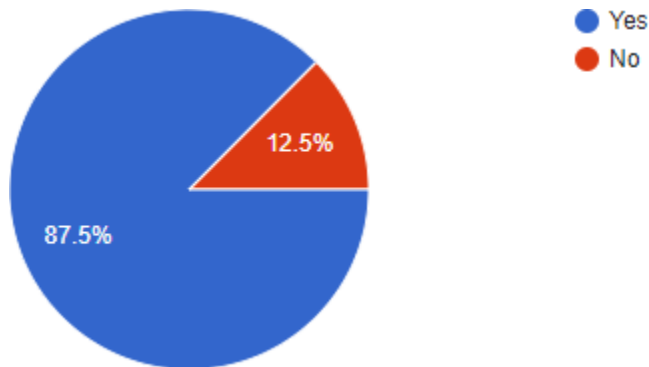


Fig 18: The user of MFS in Bangladesh from the sample.

87.5% of the sample use MFS in Bangladesh.

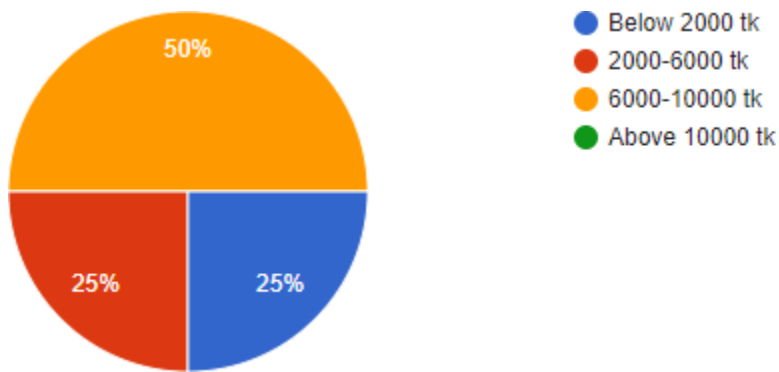


Fig 19: The MFS transaction profile of the sample.

50% of the sample size uses MFS to perform transactions over 6000-10000 BDT.

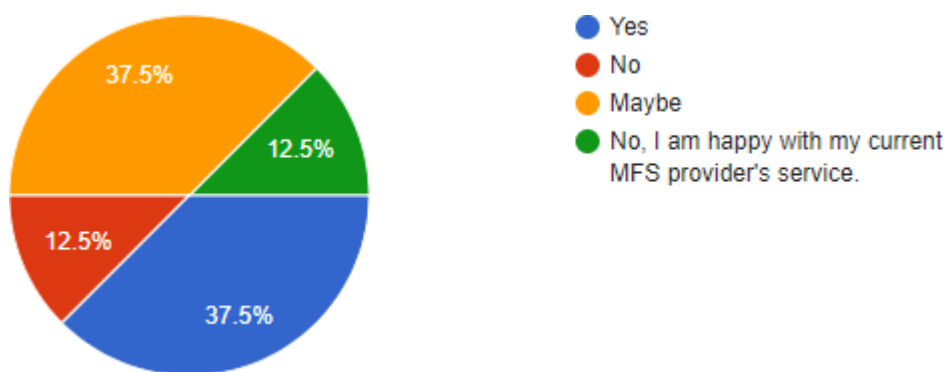


Fig 20: The potential customers of BA if they introduce MFS.

According to this survey, if BA introduces MFS, they can attract at least 37.5% of the sample those who are currently using MFS.

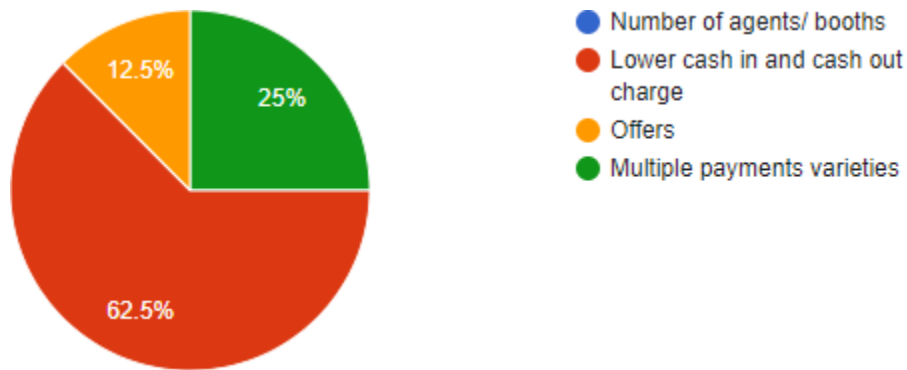


Fig 21: Peoples' preference while choosing a MFS service provider.

This shows that the efficiency attracts the customers more. If BA can introduce MFS with a better service charge policy, 62.5% people of their expected gain can be loyal to BA in terms of using MFS.

By this this findings it is evident that there is a scope for BA in MFS even though the market is really very competitive. If they provide with a desirable customers' experience, they can be a key player in this industry. It is very possible for them as they have a very good financial backup.

3.4 Summary and Conclusions

This is an era where the whole world is a big, fat village with everyone out there. As almost everything can be attained through a click only. In this global pace, it is very important for an organization like BA to explore the market where many other companies are milking their fortune it would be remorse if BA cannot able to chunk it out in favor of them. It has to be remembered that BA might have some strategic adversities which might be preventing them from adapting MFS completely, but they have a high focus group of people leading them with

a sustainable backup, thus they have a huge opportunity if they can penetrate the MFS industry in Bangladesh.

3.5 Recommendations

- Take the initiative to launch MFS service.
- Make MFS user friendly and hassle-free.
- Re-develop the SMART App. Make it more user friendly.
- Make necessary strategies and implement those in order to ensure even better customer service

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The Survey on, “The Scope for Bank Asia Limited in the future of MFS in Bangladesh.”

Appendix

The Scope for Bank Asia Limited in the future of MFS in Bangladesh.

1. What is your e-mail address?

2. What is your age?

- Between 18-22
- Between 22-26
- 26 and above

3. What is your gender?

- Male
- Female
- Prefer not to mention

4. What is your profession?

- Businesses
- Entrepreneur
- Service Holder
- Student

5. Do you know about MFS?

- Yes
- No

6. Do you use MFS service?

- Yes
- No

7. Which MFS service do you use?

- Bkash
- Nagad
- Rocket
- Other

8. What is your approximate transaction level using MFS service?

- Below 2000 tk
- 2000-6000 tk
- 6000-10000 tk
- Above 10000 tk

9. What do you do most with your MFS service?

- Cash in and Cash out

- Payments while Shopping
- Utility bills payment
- Other

10. Do you have a bank account?

- Yes
- No

11. Do you have a bank account in Bank Asia Limited?

- Yes
- No
- Not yet, but I am thinking about opening one

12. Would you prefer to use MFS if Bank Asia Limited decides to launch one?

- Yes
- No
- Maybe
- No, I am happy with my current MFS provider's service

13. What do you look for most while choosing one MFS service provider?

- Number of agents/ booths
- Lower cash in and cash out charge
- Offers
- Multiple payments varieties