

Report on  
**A Study on the Operational Challenges of Agent Banking at BRAC Bank**

Submitted 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  
August, 2022

## Declaration

It is hereby declared that

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

**Student's Full Name and Signature:**

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**Nasif Bin Kamal**

ID: 18204089

**Supervisor's Full Name and Signature:**

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**Md. Shamim Ahmed**

Deputy Register, BBS Department

BRAC University

## Letter of Transmittal

Md. Shamim Ahmed  
Deputy Register  
BRAC Business School  
BRAC University  
66 Mohakhali, Dhaka-1212

Subject: Submission of Internship report.

Dear Sir

With due respect, I would like to inform you that I have completed my internship in Brac Bank LTD, SME Division in “Business Transformation & Product” team. I have prepared my internship report that we have agreed on through e-mail to complete the course BUS 400. It is a pleasure to submit the internship report under your supervision as a part of the BUS 400 course required to complete a BBA degree at BRAC Business School.

I sincerely tried my best to complete the report with the necessary data and the proposed suggestion in the most meaningful, compact, and thorough manner.

I trust that the report will fulfill the expectations, and you will be kind enough to approve my internship report.

Sincerely yours,

---

Nasif Bin Kamal  
ID: 18204089  
BRAC Business School  
BRAC University  
August, 27, 2022

## Non-Disclosure Agreement

This agreement is made between **BRAC Bank Limited** and the undersigned Student Nasif Bin Kamal at BRAC University.

### Confidentiality Agreement:

- All parties agreed that the report, whether in the type of a copy or a final version, is not a classified document. Furthermore, the university supervisor will keep a copy of the paper for one year before deciding whether or not to destroy it.
- • All documents and data offered by the organization to the student during the internship will stay on the company's property. Still, the university supervisor and the student will not view them as personal data unless the company expressly asks it.
- If the data is now open, all parties involved are not restricted from exchanging it throughout the internship.

## Acknowledgment

I would like to express my gratitude towards my respective faculty and advisor for this internship course, Mr. Shamim Ahmed, Deputy Register BRAC Business School, BRAC University. His gracious supervision has given me a lot of hope and confidence in the success of my internship report. I would also like to express my sincere appreciation to BRAC Bank Limited's Business Transformation and Product (SME Banking) department and my supervisor Muhit Shahnewaz, Senior Principle Officer, BRAC Bank Limited. He helped me for over three months by offering me good ideas and also encouraging me in various ways and this work would not have been feasible without him or the whole Business Transformation & Product Team who have been very kind to me.

In addition, I am grateful to every person involved in this report who has helped me in finding and overcoming the challenges I've encountered.

## **Executive Summary**

The internship report is based on my three months internship period at BRAC Bank's SME division (Business Transformation & Product) team which started at May 17, 2022 as an obligation to complete my bachelor degree. This report contains part of my internship period, my workings, my learning & my findings for the proposed topic.

In chapter 1, I stated my internship information which includes Company name, internship period, my duties/responsibilities, Internship supervisor's information, job scope, my contribution to the company and lastly the difficulties. In chapter 2, I discussed about the overview of BRAC Bank Ltd., Their management, marketing practices, financial performances, explained BRAC bank's history and all the divisions that works every-day to serve the best to their consumers. Furthermore, I highlighted the SME divisions and other divisions in addition.

In the last and concluding chapter, I discussed a number of interviews and an evaluation of the pending account opening files completed by agents. It became clear from these discussions that there is a knowledge gap and a lack of financial literacy on the agent's end, which hampers the seamless integration of agent banking with the banking system. From studying how the bank operates, it was discovered that the basic organizational structure is still in place and that teamwork is preferred to a strong organogram approach. The conclusion section includes some suggestions for resolving the current issue. To make the process run more smoothly, more studies needs to be carried out altogether.

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## **List of Acronyms:**

SME: Small Medium Enterprise.

PRI: Policy Research Institute.

MNC: Multinational Companies.

HRD: Human Resource Development

FSRP: Financial Sector Reforms Program.

HRM: Human Resource Management.

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## **Chapter 1**


### **1.1 Overview of Internship**

#### **1.1 Student information:**

<b>Name</b>	Nasif Bin Kamal
<b>Student ID</b>	18204089
<b>Program</b>	Bachelor of Business Administration
<b>Major/Specialization</b>	Major in Finance, Minor in Marketing

#### **1.2 : Internship Information:**

##### **1.2.1: Company Information:**

<b>Period</b>	May 17, 2022, to August 17, 2022
<b>Company Name</b>	BRAC Bank Limited
<b>Logo</b>	
<b>Department</b>	Business Transformation & Product (SME Banking)
<b>Address</b>	Head Office, Anik tower, 220/B Tejgaon I/A, Tejgaon-Gulshan Link Road, Dhaka-1208

##### **1.2.2: Internship Company Supervisor's Information:**

<b>Name</b>	Muhit Shahnewaz
<b>Position</b>	Senior Principle Officer
<b>Email and phone number</b>	<a href="mailto:muhit.shahnewaz@bracbank.com">muhit.shahnewaz@bracbank.com</a> +88 01713350222

### **1.2.3: Job Scope – Job Description/Duties/Responsibilities**

I was very pleased to join Brac Bank Ltd. SME Division (Business Transformation & Product) team as an intern. Brac Bank's SME was founded in 2004 and one of the very first to offer SME loans to the customers to turn around their economic situation. Their operation is to assess portfolio of the people who applies for loan and disburse the loan after going through all the necessary steps. SME has both asset & liability products. I was given short briefs by my supervisors time to time about all the works and procedures of this division. Initially I was handed the work to complete the PRI (Policy Research Institute) as assigned by the Chairman of Brac Bank Ltd. In this project, the BDMs from all over Bangladesh were trained and then they collected the data from SME loan customers and forwarded the copies in both soft copy and hard copy to the head office and I gradually entered the data in the project. As it was very lengthy project so I was involved with this work almost every-day during my internship period.

Secondly, I have solely prepared the road mapping of ISPAB's (Internet Service Provider Association of Bangladesh) licensed members according to the license category and Brac Bank's territory wise so that SME can assess the market to give them loan to the business who need it to expand their business and increase Brac Bank's asset portfolio.

Moreover, I worked with UAT (User accepting testing) of their test cards in ATM machine, followed up of RO's from different regions who were given the recently initiated "OUR RO, OUR HERO" campaign of Brac Bank Ltd. Besides these major duties, I worked for user manual translation twice. I got to know about a lot of things from my respective supervisor. They were really helpful and empathetic to me throughout my internship period.

### **1.3: Internship Outcome:**

#### **1.3.1: Student's Contribution to the company:**

As undergraduate students are encouraged by our faculty members to take internship at any organization to gain necessary information and experience in a work environment and I think this was a remarkable opportunity for me to do my internship in Brac Bank Ltd. Here, I got to learn that SME contributes a big part to both Brac Bank and in Bangladesh's economy. I learned about their loan and liability products. The required documents one need to go for the loan and all the necessary steps before one's loan is disbursed. I was very much able to explore my skills and knowledge here and nurture them. I was well focused on my duties and the professionalism of the work environment. However, during project I came across some difficulties but my superiors were always there to help me out and clear out any sort of difficulties or confusions I faced. The PRI survey had great importance and I have done it quite well and another big contribution from my side to this Division was to prepare the ISPAB licensed road mapping according to Brac Bank's territory offices was quite a lengthy work for me and I have successfully

completed it during a short time of assigning me with this task. And my supervisor was fully appreciated my work thoroughly.

### **1.3.2: Benefits of the Student:**

This is a fascinating opportunity for any undergraduate students to complete their bachelor degree to select doing internship than writing case study. The positive sides from student perspective to do internship in a re-known company are highlighted below:

- Helps a student to know about work environment.
- Helps them know about the knowledge and skills.
- Students can assess themselves and work on the lacking if there is any,
- Internship program helps student develop their soft skills.
- During internship student can work on their professional attitude.
- A good recommendation can be useful for students for their future.
- With professionalism and skills, many students gets job as a permanent employee of the organization often.

### **1.3.3: Problems and Difficulties:**

There were no such difficulties faced during my internship period to mention. To managing the workload were hard at times but my supervisor was quite helpful to give me the chance to settle in manage my works without getting panic. There were some advance excel operations I needed to do during the ISPAB project however I got the immediate response from my superiors and could learn the skills I needed to learn.

### **1.3.4: Recommendations:**

Internship carries an important part of a student's academic life and a fruitful ending of bachelor's degree. Student should take internship period seriously as it is an opportunity to have a general idea of work culture of the organization and also judge one's skills and ability to bend in the professional world.

Learning is a never ending process. Students can learn to maintain punctuality, professionalism, professional dress-ups, etiquettes and balancing personal and professional life in the future. Internship is the primary step to know about all these and work on it for a successful career ahead. The mentioned purposes and the experience from it is a necessary part of Internship and it should be taken seriously in account to learn effectively which will assist the individual in future effectively.

## **Chapter 2:**

### **Organizational Part:**

#### **2.1: Introduction:**

##### **2.1.1: Primary Objective:**

I used all my academic knowledge and integrity received from my respective faculty members throughout my four year of undergraduate journey with Brac University to this report. My affiliation with BRAC University and BRAC Business School will come to an end with this report. This internship report focuses on what I gained during my three-month term at BRAC Bank Limited.

##### **2.1.2: Secondary Objective:**

My report's secondary objective is to finish the tasks and activities properly that have been allocated to me. I am doing my internship at BRAC Bank Limited under the SME division department of Business Transformation and Product team. My onsite supervisors have assigned me a PRI project task that I need to enter the necessary data's of that project surveys. Secondly, I have completed the ISPAB licensed road mapping according to Brac Bank's territory offices. Moreover, I have done UAT of CRM testing cards. Worked with some manual translation and editing. These tasks helped me improve in many things and I am glad that I had this opportunity. However, this report details the experience I gathered during my internship period at Brac Bank Ltd.

##### **2.1.3 Limitations:**

At BRAC Bank internship program has been designed for three months. I used these three months to know enough about SME division where I was assigned. However, it is not a sufficient timeline to know about all the activities and process regarding this division which is actually very large operating and one of the most important operations of Brac Bank. To know more and have proper information, experiencing other technologies and techniques need more time in internship. Because by assisting for the PRI project, I had to input data's for almost whole time throughout the internship as there were some difficulties in the due time to collect further data from the BDMs. It took a whole lot of time which I could use to know about further operations of SME.

## **2.2: Company Overview:**

### **2.2.1 Company Background**

BRAC Bank is one of the latest generation bank, started its journey in 4th of July, 2001. BRAC, world largest NGO acted as the initiator of its establishment. The key purpose of its establishment was to ensure the inclusiveness of unbanked people of Bangladesh. Mainly at that time banks in general were less interested in providing loans to small and medium business. BRAC with its long history of humanitarian social business activities felt the need of a financial institution for this segment and laid down the foundation of BRAC Bank Ltd ([www.bracbank.com](http://www.bracbank.com)).

Since then, it has remained a key player in Bangladesh's banking market, including both terms of ideology and profitability. The organization has 4 divisions (Corporate banking, Retail banking, Treasury and Financial Institutions and lastly, SME banking), but Corporate, Retail and SME banking are the main three segments. All over Bangladesh it has 460 SME unit offices, 801 Agent banking outlets, 457 ATMs and 97 CDMs.

The present customer base of BRAC Bank Ltd is above 1.2 million, with a specialized internet banking facility. It has a large human multimedia project of 7085 employees engaged to the Bank's primary value of client service. Since its founding, BRAC Bank Ltd. has retained a distinguishing feature of its operating culture. BRAC Bank Ltd. as a group proudly serves three different sets of Ps which define its long-term aims and plan of action, People the environment and happiness.

#### **Company Vision**

“Our vision is to build a profitable and socially responsible financial institution focused on markets and businesses with growth potential. Ultimately, this will assist in making a just, enlightened, healthy, democratic and poverty-free Bangladesh a reality.” (Annual Report, 2018)

#### **Company Mission**

- Sustained growth in the small and medium-sized business market
- Continued low-cost deposit growth with managed retail asset growth
- Corporate assets to be financed by self-liability mobilization and asset growth. This is achieved by syndicating and investing in fast-growing sectors
- Constant efforts to increase unfunded income
- Debt charges to be held at 2 percent to sustain steady profitable growth



- Efficient synergies to be handled among the branches of the bank, SME unit offices and field offices of BRAC. This helps to deliver remittances smoothly, including other products and services
- Different business lines to be handled in a fully controlled setting without losing the quality of the service
- A dynamic group that will remain fully motivated to make the dream of the company a fact

### 2.2.2. Core Values

BRAC Bank Ltd. follows a unique sets of core values originated from its mother organization, BRAC. They are a set of seven values and mentioned as CRYSTAL. Full abbreviation is

- Creative- Promoting individuals with innovative ideas at work
- Reliable- Emphasis on individual who never let you down
- Youthful- Energy and Vibrancy
- Strong -Willpower, passion and discipline at work
- Transparent-Openness and honesty
- Accountable- Take responsibility of an outcome
- Loyal- Compliant and dedicated

### 2.2.3. Divisions

The overall business is divided into three divisions:

- Corporate
- Retail
- SME

These are the main three segments. However adding the support functions, the overall system can be divided into 9 divisions (Annual Report, 2018).

## 1. Corporate Banking Division

This division provide service to corporate entity in form of providing working capital, providing loan, foreign trade solutions etc. The main operational base is in Dhaka and Chittagong. The bank also has nine corporate branches through which they can reach

geographically distant places from their head office (Annual Report, 2018).

The kind of client they serve is

- A. Large corporates: Power, infrastructure, telecommunication, readymade garments
- B. Medium Business
- C. Local Corporates

## **2. Retail Banking Division**

Retail banking division aims the general population with individual generic needs of term deposit, current accounts, savings account, home loan, car loan etc.

## **3. SME Banking Division**

BRAC Bank Ltd. currently has 460 SME units through which they function and provide service to small and medium businessman. The products are catered according to the needs of the business. Even unsecured loans are offered to the customers along with other services fabricated according to the life cycle of small businessman.

## **4. Treasury and Financial Institutions**

Treasury division handles overall money market, capital market for managing fund, regulatory requirements. Through its activity it ensures overall day to day liquidity of the bank,

It functions through the following departments

- Money Market Desk
- Capital Market Desk
- Foreign Exchange
- AML Desk
- Financial Institutions
- Corporate Sales
- ALM Desk

## **5. Credit Risk Management**

It assesses the credit risk associated with lending of money to clients be it retail, corporate and

SME. In the current situation of high NPL BRAC Bank's CRM showed stringent performance.

## **6. Internal Control and Compliance**

## **7. Distribution Network**

## **8. Operation Division**

BRAC Bank Ltd. is a centralized bank. A controlled service delivery is provided through this system to the customers. The bank functions through its head office and 9 Regional Operation Centers.

## **9. Information Technology Division**

New technologies are changing the direction of banking system and to survive with the tide, BRAC Bank Ltd. has its own It department. The IT department always tries for new innovation and system up gradation, as well finding new business opportunities through technological advancement. Besides that the division also work in maintaining its existing softwares like Finacle(core banking software), mfino (agent banking software), Cardpro (Card order processing software) etc.

### **2.2.4: Subsidiaries of BRAC Bank Limited:**

- Bkash Limited.
- BRAC IT Services Limited.
- BRAC EPL Stock Brokerage Limited.
- BRAC Saajan Exchange Limited.
- BRAC EPL Investment Limited
- BRAC Bank Limited Asset Management Arm.

### **2.2.5 Employees and Job environment:**

BRAC Bank Limited has designed three months internship opportunities for final year undergraduate students who only left with their internship only. As I have joined in their SME division under the Business Transformation and product department as an intern the environment of this department is very friendly and flexible. Here, all the employees and staffs maintain the work schedule properly and this is very important for any organization or company. Here, the employees from senior level to floor level have strong bonding and communication. There is no discrimination and cultural diversification gender biasness. All are treated with an equal respect. Moreover, my supervisor and other seniors always ready to teach or help to learn something new. They motivate us in every work to do well.

**2.2.6: Organizational Organogram:**

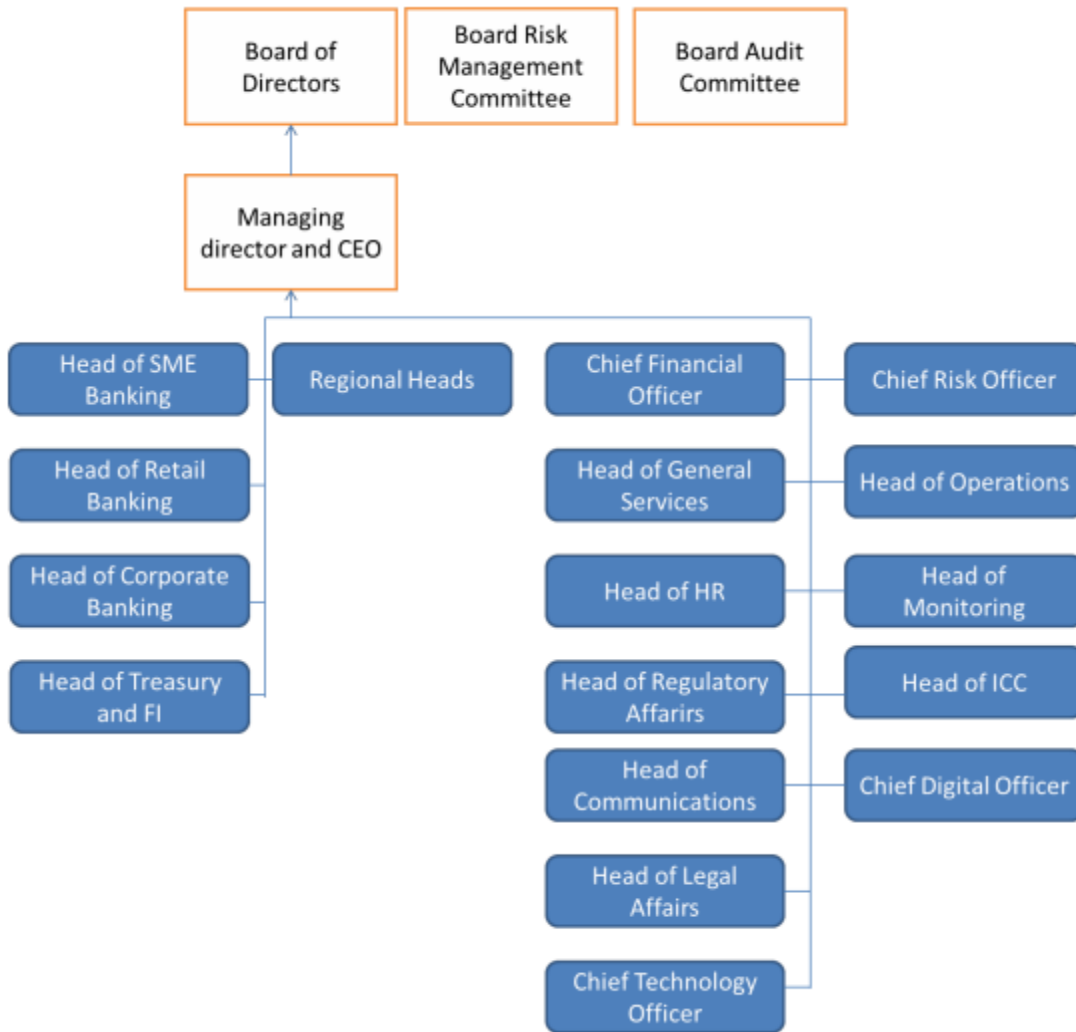


Figure1: Organizational Organogram

Selim R.F. Hussain is the BRAC Bank Limited’s current director and CEO. Currently there are three DMDs. Chowdhury Akhter Asif (DMD and CRO), Md Sabbir Hossain (COO), and Mohammed Masud Rana FCA (DMD and CFO).

## **2.3: Management Practices:**

Transformational leadership System:

BRAC Bank follows the transformational leadership style or system as Employees will be enthused, inspired, and motivated for innovation and try creating contents under the leadership of a transformational leaders. Transformational leaders may influence people to shift beliefs, attitudes, and motives to work against similar objectives by leveraging their vision and personality. At BRAC Bank, the seniors and juniors always stay with a unity and have a mutual respect for each other. The seniors always motivate juniors, employees and colleagues to achieve the goal perfectly so that constantly they push them. The leaders inspire and influence the team members to gain the best and the outcome of any task will give the best result.

Target Consumer group:

- MNC's (Multinational companies)
- Trading house.
- Educational Institutions.
- Leading organizations.
- Corporate (local, medium and large)
- Individuals.
- NGO's

### **2.3.1: Human Resource Planning Process:**

Human Resources Development operations help the Bank achieve its mission. "Provide service to its customers with the support of a talented and dedicated personnel whose creative abilities, inventive activities, and winning mentality make our standing unique in providing quality service to all institutions and persons that we care for," says one of its four key missions. Unique acts, as well as a qualified and devoted team with unique talents, are often not easily available. Recognizing the shortage of such talent, the Bank has placed a premium on human resource development (HRD), which comprises activities such as pre-employment screening, recruiting, integration, learning in the Institute, employee development, posting, compensation and promotions. BRAC Bank's management recognizes any need for talents not just for day-to-day banking, and for capabilities to address the rapidly changing global and national economic and financial contexts. The process is particularly concerned about meeting the demand for new capabilities resulting from the Financial Sector Reforms Program (FSRP). As a result, they have such a training facility with a professional library, current training materials, and qualified instructors. BRAC Bank's training school re-designs its coursework on a regular basis to satisfy the demand for continuous learning and enhance its human resources. Moreover, BRAC Bank's Human Resources Division is extremely essential. Managing above 5500 people is a difficult undertaking, and HRD is doing its best to complete it efficiently. Aside from day-to-day operations, HRD holds two significant hiring events every year Customer Relations Manager and Management Trainee Officer positions. Maintaining coordination

between division branch offices across Bangladesh is a major HRD challenge. HRD is working to automate as many HR operations as possible. During the year 2007, 2 new additional E-Learning and E-Attendance models were presented. Job satisfaction and organizational commitment surveys, compensation and recognition programs, and other services held throughout the year assist in motivating and solicit input from employees.

### **2.3.2: Training and Development Initiatives:**

The banking business plays a significant role in a nation's progress and this is one of the most promising industries. Bangladesh's financial sector is likewise quite powerful. Because this is such a large sector, we have several skilled personnel. As a result, Human Resource Management (HRM) is quite valid and proficient in Bangladeshi banks. BRAC Bank Ltd. has entered the market in order to strengthen the banking industry. To meet the international challenge, BRAC Bank Ltd. has established highly trained and skilled personnel. BRAC Bank Ltd.'s Human resources is in charge of the entire workforce. From salary to awards, recruiting to dismissal, and additional fundamental and vital training programmers, the Human resources department covers all of the recruits' needs. However, this process of training and development of the employees is also developing the organizational growth.

## **2.4 Marketing Practices:**

### **2.4.1: Marketing Strategy:**

As, banking sector is significant for any country's economy so Bank also play a vital role in the social media to increase the economic dynamics of a country. People's living standards are raised by the banks. Bangladesh's private commercial banks are all involved in the financial downturn. This BRAC Bank has resurrected as a conceptual framework in the sector of industries. A banking system is a small rural region that serves an important economic function. A considerable influence is played by small lenders.

### **2.4.2: Digital Marketing:**

TV Advertisements: Banks play a vital part in advertising the products via television advertisements. The idea is to grab the attention of the possible clients for the bank and increase Astha users. Both OVC & TVC plays a significant role to reach out the maximum number of people.

Newspaper Advertisement: Bank, businesses and companies usually utilize display advertisements with a large proportion of a paper to promote products or services to a mass number of people and also are typically for clients with a greater budget. It is typically for mostly loan products, user service, or

announcements. This is also where banks usually put their recruiting notices. The following are examples of newspaper advertisements:

- Business Advertisement.
- Coupon advertisements.
- Leaflet advertisements.
- Legal advertisements.
- Survey leaflets.

**SMS Marketing or Advertisements:** Texting is one of the classic ways to reach out to people. Brac Bank always keeps in touch with their former, existing and potential clients to keep them updated with all the notice and necessary information, loan details and greetings on special occasions.

## 2.5 Financial Performance and Accounting Practices:

The annual financial report of BRAC Bank Limited is shown below:



Figure2: Annual Report of BRAC Bank Ltd. 2020

In the above statement, we can see from 2016 to 2020, the numbers of loans and advances are increasing from 2016 to 2020, Deposit and other accounts are on increase gradually, total assets gradually increased,

operating profits are on slightly up and down from 2016-2020, Net profit after tax were gradually increasing from 2016-2019 but fell in 2020, lastly earning per share (EPS) were declining gradually from 2016-2020.



Figure 3: Annual Report of BRAC Bank Ltd. 2021

Here, we can see from the year 2020 after the global pandemic, the net profit and other transactions are increased. The Bank did all the operations near perfectly and started recovering from the major losses during pandemic as shown by the numbers in the above mentioned figure.

## 2.6 Operations Management and Information System Practices

### Information Technology in Banking Operations:

BRAC Bank Limited has been using automation in its banking operations since the beginning. The primary goal of this automation is to give productive and timely operations to the company's valued customers. All of the Bank's branches are now automated, ensuring the highest level of data protection. BRAC Bank Limited provides a wide variety of financial services to its customers with the highest care and performance. South Tech Ltd created and adapted the Ascend Millennium Banking System. Numerous system analysts and developers are committed to software design and implementation, as well as after-sales maintenance.

### Technology:

The significant achievements of BRAC Bank Limited include bringing 36 branches below one roof, launching Mobile Banking, Internet Banking, and integrating the ATM network through the Online Banking platform. As a result, our customers may get solutions from any location at any time. BRAC Bank is the first Bank to offer internet banking services in rural areas.

### Challenges:



- Ensure that BRAC Bank is compliant.
- Obtain a good CSD audit rating.
- Ensure that our internal and external clients receive efficient CONSUMER services.
- Support for ATMs.
- The CSD functionalities go smoothly.
- For the CSD team, develop and maintain effective human resources.

Initiatives:

- Develop CSD operations, monitoring methods, and efficient staff to improve CSD tools.
- Create a quarterly self-audit survey and apply it.
- For our Consumers, provide an efficient and easy quality of service delivery.
- By giving hands-on learning and pertinent HR training, you can develop an efficient workforce.
- Provide in-house training on Bangladesh Bank and BRAC Bank regulations.

**2.7: Industry and Competitive Analysis:**

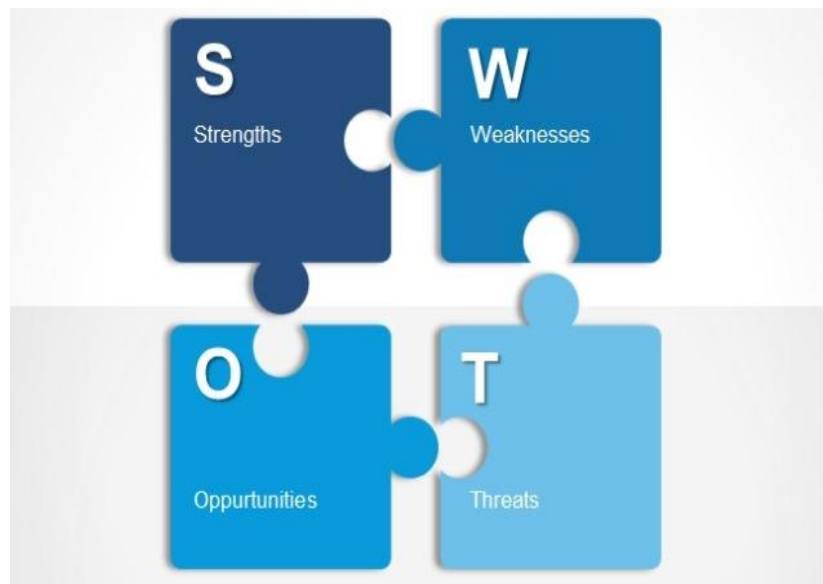


Figure 4: SWOT Analysis

### **2.7.1: SWOT Analysis of BRAC Bank Limited:**

SWOT analysis is a method of determining the current state of an organization by examining its strengths, weaknesses, opportunities, and threats. This is a standard method of determining a company's resources. This aids in determining the corporation's potential benefits and weaknesses when compared to others. The following are the SWOT evaluations in brief:

#### **STRENGTHS:**

BRAC bank's strengths are:

Reputation of BRAC Bank has already established a name for itself in our country. BRAC Bank has significant sponsors who have all offered their support. BRAC Bank's top level management is one of the Bank's strengths which comprised of highly educated, experienced and skilled individuals. BRAC Bank is one of the most renowned private commercial Bank in Bangladesh because of SME banking which was initiated back in 2001 by Sir Fazle Hasan Abed. BRAC has all of the facilities and equipment that contribute to its strengths. It has online banking system which has grabbed the market quickly as they have 460 SME unit offices, 481 Agent banking outlets, 457 ATMs and 97 CDMs all over Bangladesh. The Bank introduced many deposit products such as Prapti, Shadhin, Prachurjo FD, Tara Uddokta which is exclusively for women, Prothom account and more which were well received among customers, leading to an increase in the Bank's deposit portfolio. The Bank has won both client and corporate loyalty through their work ethics and integrity. The Bank is also in charge of ensuring that its consumers receive high-quality services.

#### **WEAKNESS:**

There is lack of training, and work rotation which were to notice. Comparing to the rival banks, the workforce is lean. Deficiency of clearly defined marketing goals. Growth in the following and tactics are lacking. Inability to adopt more capable IT support for any app or online service issues. Funds are growing more expensive, and gaining access to them is now more complicated. Inexperienced personnel in junior managerial positions were seen.

#### **OPPORTUNITIES:**

The Bank may generate more profit and expand their loan portfolio by expanding competent staff and solely work on many different sectors where BRAC Bank can easily finance loan. BRAC Bank's banking

services would be vital to finance in a developing country like Bangladesh and contribute to its economy. The number of small and medium-sized businesses has increased surprisingly after the covid-19 impact so there is a potential huge corporate customer base to work on. BRAC Bank diversifying policy is a positive indicator.

### **THREATS:**

Although Brac Bank is one the very first banks to start SME but they have fallen behind their top rivals and it is concerning. Banks of the present, such as city bank Major competitors are Dutch Bangla and Eastern Bank. Prime Bank and other banks are running an intensive marketing effort to recruit high-value clientele and long-term deposits and this should be taken into account seriously by Brac Bank so that they do not fall behind. Political unrest inside the nations has an impact on business. Bangladesh Bank's legal provisions changes often.

### **2.7.2: Porter's Five Forces Analysis:**



Figure 5: Porter's Five Forces Analysis

Porter's five forces are established in 1979 as a technique for evaluating the primary competitive difficulties in an industry and establishing the business methods. These forces are implanted by Michael E. Porter of Harvard Corporate School. This method helps to develop and evaluate the any organization's strength, threats, power, and rivals. It manages to examine the bigger perspective that competes with the organization.

1. **Threat of new entrants:** This means new organization/bank can enter the market and can be a possible threat for Brac Bank. Although Brac Bank is a well-established Bank and one of the top banks of Bangladesh. However, the threat of new entrants can't be dismissed as well as there can be threats from the rival orgs any time if they can able make an instant impact on the market in a short time.
2. **Threat of substitutes:** For BRAC Bank limited the threat of substitutes are high because the rivals are offering the same category services such as ( financial NGO;s, Lanka Bangla Finance, IPDC, IDLC etc. ) consumers always try to find the best for them and it is a very rational nature of any customer. BRAC Bank Limited has tried to provide the best financial possible services but as the market became competitive and to remain competitive the similar substitutes also trying to serve the same with some other facilities which are always a threat for BRAC Bank.
3. **Rivals among competitors:** It is a matter of fact that the finance industry is a great source of developing the country's economy and contributing to it. There are several well-known existing banks and finance companies that have already left their mark in the finance market. For BRAC Bank limited the rivals are leading banks like (Standard Chartered Bank, City Bank, NRB Bank) and the international banks like (HSBC, Citi Bank, Commercial Bank of Ceylon etc.)
4. **Power of buyers:** The buying power of buyers is high because of the similar banks/organizations that exist in the market with somewhat better deals. So the consumers have other options to capitalize where they can find themselves a better deal. In the finance industry consumers wants to get the low cost exchange and less interest for any loan under Bangladesh Bank's regulation so that they find the best deal to invest/secure their money. So in bank sector the buying power is very high.
5. **Power of suppliers:** There are 4 major suppliers of capital in the industry. Such as:
  - Advance and loan.
  - Customer deposits.
  - Advances from other monetary organizations.
  - Mortgage backed securities.

Here, BRAC Bank limited has also provided this 4 main asset to their target consumers. It helps the clients by their requirements and benefited by the services.

## **2.8: Summary and Conclusion:**

Powerful and capable, BRAC Bank Limited is a financial institution. It is a strong, contemporary, local bank with a reputation for dependable service. The bank represents the coming era. This is committed to offering robust economic systems that will support the expansion of the industrialization's GDP, exports, and employment. The Bank strives to be the best private commercial Bank due to the nation's expanding socioeconomic progress, its intelligent youth, and rising living standards for low-income groups. Bangladeshi banks are among the best in the world in terms of efficiency, adequate capital, asset quality, and outstanding leadership. The Bank must actively work to expand the scope of its goals and stay informed about current events. They ought to focus more intently as well.

## **2.9: Recommendation:**

As many Banks have already started their SME banking and Brac Bank already have a few top competitors in this sector so it is highly recommended to look into all other sectors possible to bring them under SME banking as fast and efficiently as possible so that Brac Bank don't fall behind and keep up with the fast forwarding market and competition.

## **Chapter-3:**

### **3.1: Introduction:**

Agent banking often refers to devoted agents providing modest marginal banking and financial products to the underserved and unbanked communities as part of a formal agreement with an enterprise. It is the proprietor of a business that does financial operations on a bank's behalf. These shops are rapidly being employed as crucial distribution channels for financial inclusion on a global scale. The unprivileged, underserved population and the disadvantaged portion of society, particularly those from a geographically remote location, are the target demographics of agent banking consumers. (Eckenrode, 2017).

Banking agents offer a complementary, frequently more effective option to acquire banking services, allowing financial organizations to pull current clients from crowded offices. Financial institutions enter

an external territory in developing markets. Reaching clients in rural locations is frequently unaffordable for financial institutions because branch costs are not covered by transaction volumes and number.

Financial institutions use emerging markets to serve poor clients in rural locations where transaction volumes and numbers are insufficient to pay a branch's operating expenses. In such a situation, agents play a very important role in giving many low-income people in rural areas access to a variety of financial services for the first time. Additionally, low-income clients frequently feel more at ease shopping at their neighborhood store than entering a branch of Marble. Customers benefit from agents banks because they have reduced transaction costs, services that are closer to their homes, extended business hours, and fewer lineups than branches. Customers would still visit the store for groceries.

A regulated financial institution (often a bank) offers financial services through a retail agent under the most fundamental form of branchless banking theory. In other words, while the bank creates financial services and products, it distributes them through retail agents who handle all or most of the customer interactions. So we may argue that Agent banking follows the bank-led theory of branchless banking (Banarjee, 2013).

One of the main obstacles to modernizing banking is the high expenses inherent in these methods providing branches and other bank-based distribution methods that serve the needy with financial services networks (Banarjee, 2013). Simply put, such accounts cannot be profitable due to the amount of money spent by financial agent banks on serving a poor customer with a little balance and carrying out small transactions. Furthermore, if banks or financial agents do not have local branches, customers are less inclined to use and deal with them. However, if new business models emerge as a way to fundamentally alter the inadequate banking environments, retail establishments like agent banking may offer economically viable savings products by reducing fixed costs and enabling businesses to use the system more often.

### 3.1.1: Literature Review:

The formal banking system in the nation has made an effort to reach out to and include the unbanked members of society. In order to promote financial inclusion and provide comprehensive banking services to unbanked persons in both rural and urban areas, Bangladesh Bank (BB) introduced Agent Banking (Banarjee, 2013). To ensure access for those without bank accounts, agent banking and mobile financial services were developed in Bangladesh. Through designated agents who are assisted by suppliers of mobile network operator solutions rather than by bank branches or by bank staff, agent banking and mobile financial services give customers an alternative to traditional branch-based banking. Additionally, through the hired workforce, it offers banking services to bank customers under a legal business relationship rather than as a cashier or teller. Agent banking has been extremely successful in a number of developing nations around the world, including Brazil, Columbia, Peru, Malaysia, Kenya, and others. Brazil's financial system included agent banking as a revolutionary addition because the agents there handle almost everything, including bill and pension payments, cash deposits, withdrawals, and money

transfers. The list does not stop with these because agent bankers are now offering an increasing range of services (**Banarjee, 2013**).

Branchless banking enables decision-makers to manage social welfare programs and other government benefit projects effectively, easily, and reliably while preventing fraud and guaranteeing that the aid reaches the intended recipients. Online financial resource access has grown significantly over the last ten years, including outside divisions (Banarjee, 2013). These were distributed via a wide range of networks, including as mobile phones, ATMs, Point of Sale (POS) devices, and banking correspondents. By reaching individuals who would not have been able to use traditional branch-based systems, such branchless networks have significantly improved financial inclusion in several countries. Expenses are one of the primary barriers to financial inclusion (Banarjee, 2013). Servicing low-value deposits and extending physical infrastructure to rural areas both cost banks money. ([www.thedailystar.net](http://www.thedailystar.net), 2017).

Agent banking is expanding quickly, and legislation is a significant factor in enabling (or occasionally restraining) this growth. Agent banking offers a variety of advantages. First of all, one of the biggest barriers to financial inclusion in the past has been the high expense of maintaining low-value accounts and providing physical banking services to unbanked areas (Eckenrode,2017). Even worse, this strategy put a strain on the finances of low-income clients who had to spend money and time traveling far distances to the closest branch (Banarjee, 2013). Banks have been rationalized through agency banking, which has reduced transaction costs and cut back on capital expenses. ([www.bb.org.bd](http://www.bb.org.bd), 2022).

The question of what the risks of these novel techniques are and how they differ from conventional branch-based banking must also be raised. How should we respond to these dangers in order to secure branchless banking for retail agents and broaden financial access? ([www.bb.org.bd](http://www.bb.org.bd), 2019). Recently, considerable research has been done on the potential risks associated with agent banking. One of the issues is the integration of banking channels and agents; in addition, top difficulties in this sector include power outages, cash management, checkbook problems, carrying cash, and physical and cyber security (Eckenrode, 2017).

### **3.1.2: Problem Statement**

In order to implement agent banking, BRAC Bank must integrate its operational side with the agents.

### **3.1.3: Objectives**

#### **➤ Broad Objectives:**

The primary goal is to identify the issues that BRAC Bank is having with its business unit and account service unit while integrating with agents.

#### **➤ Specific Objective:**

The specific goals are to understand how agent banking functions inside BRAC Bank, what problems arise as a result of integration issues, and finally, what difficulties business units and account service units encounter.

### **3.1.4: Scopes and Limitation**

#### **Scopes:**

As, BRAC Bank agent banking has started late and there are few obstacles that units are still facing and can be categorized as general problems for other banks also.

#### **Limitation:**

- The study's primary flaw is that it only takes into account the departments and sides of banks. For the procedure, two agents were interviewed. However, a thorough evaluation is required to obtain a comprehensive agent viewpoint.
- The bank had a confidentiality problem with this, particularly with numbers. So, it was necessary to avoid using numbers and merely convey the idea.

### **3.2: Methodology:**

In this research, I was solely able to talk to a few Relationship officers (RO) and couple of agents as well to know about all the procedures and the challenges they face at a lot of scenarios. BRAC Bank may well have lost field to some of the competitors but they are well planned to take agent banking to next level and reach out to maximum number of people. The ROs and the agents are hopeful that the problem they are facing now has been well sorted throughout the years and it is possible that BRAC Bank's agent banking will soon be one of the largest with 801 outlets already all over Bangladesh.



### 3.3: Findings and Analysis:

#### 3.3.1: Area-wise Distribution of Agents and Outlets:

The main purpose of introducing agent banking was to bring geographically unbanked people under the umbrella of formal financial services. As of June 2022, 84.72% of the agents and 86.17% of the outlets are distributed in the rural areas. The wide coverage of agent banking in rural areas provides positive indication of upholding the agenda of promoting financial inclusion.

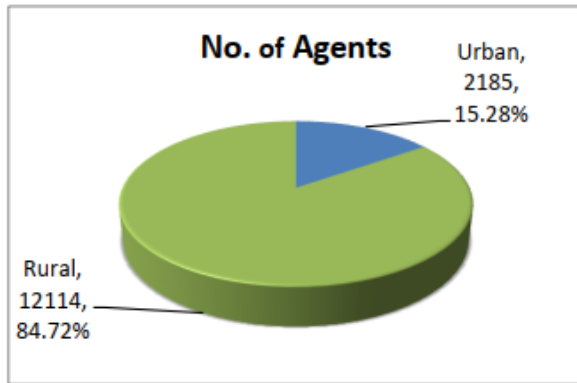


Figure 6: Number of Agents

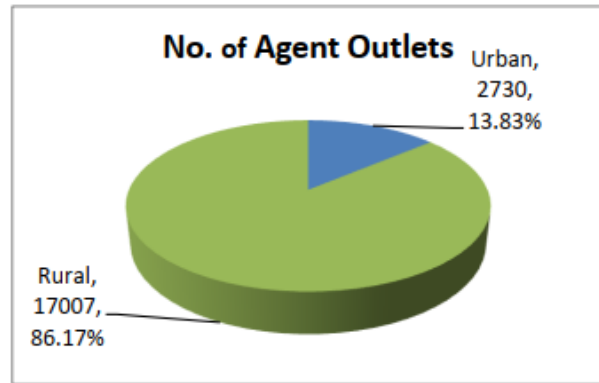


Figure 6: Number of Outlets

Moreover, to emphasize on distribution in the rural areas, Prudential Guidelines mandate banks to maintain a minimum ratio of 3:1 for opening rural vs. urban agent banking outlets. Figure 2 shows that the ratio of the number of the rural vs. urban agent outlets is almost 6:1, which fully conform to the objective of Bangladesh Bank. ([www.bb.org.bd](http://www.bb.org.bd), 2022)

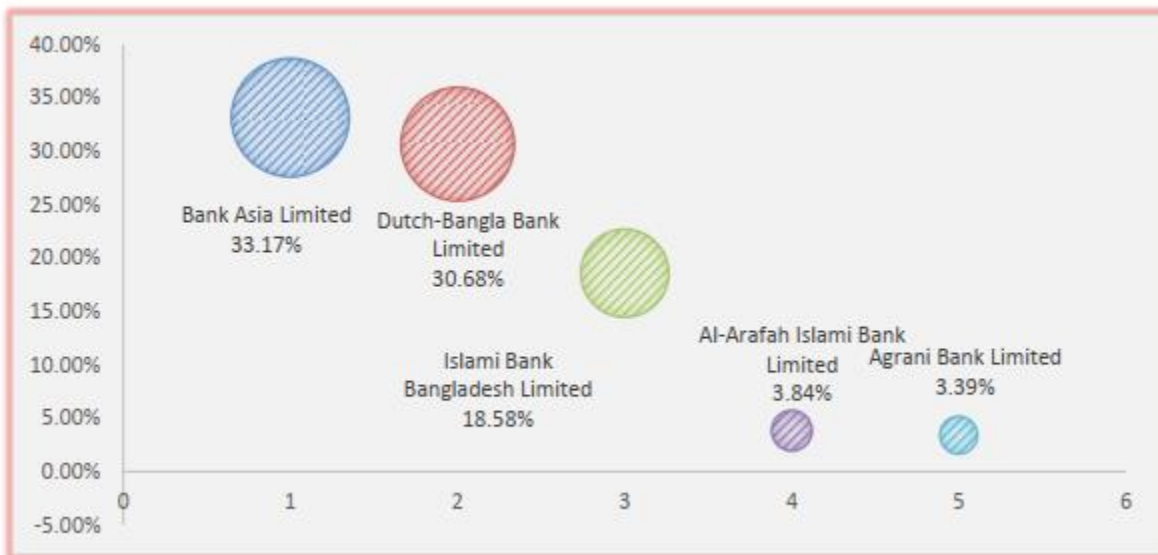
#### 3.3.2: Top players in Agent banking:

Agent banking started its operation in 2014. Bank Asia and Dutch Bangla Bank are the two pioneers in case of agent banking and they rule the scoreboard in all the sections.

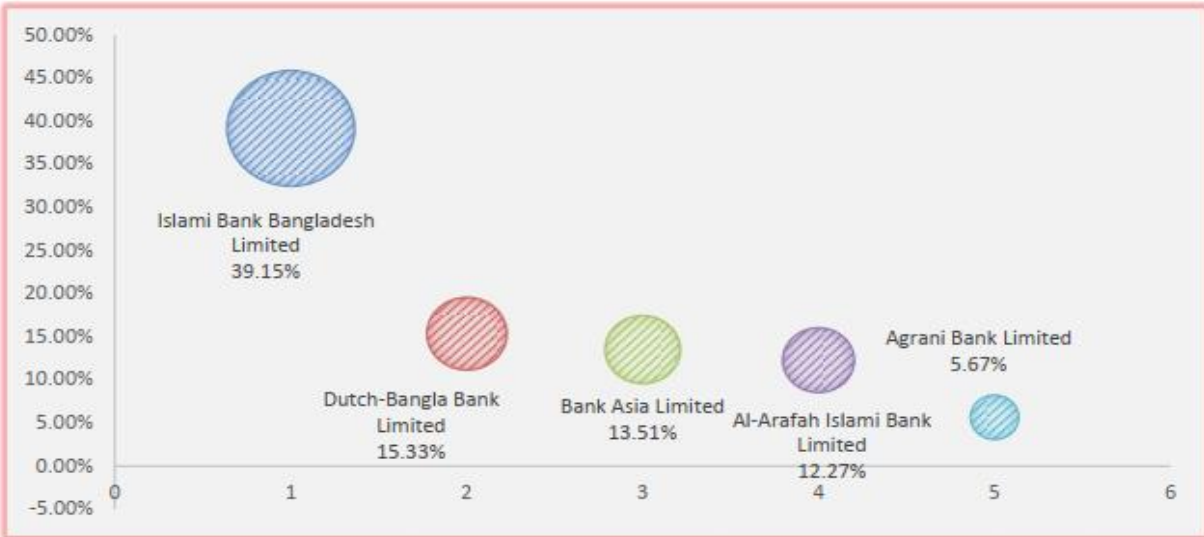
**Figure 7: Top Five Banks in Outlet Distribution**



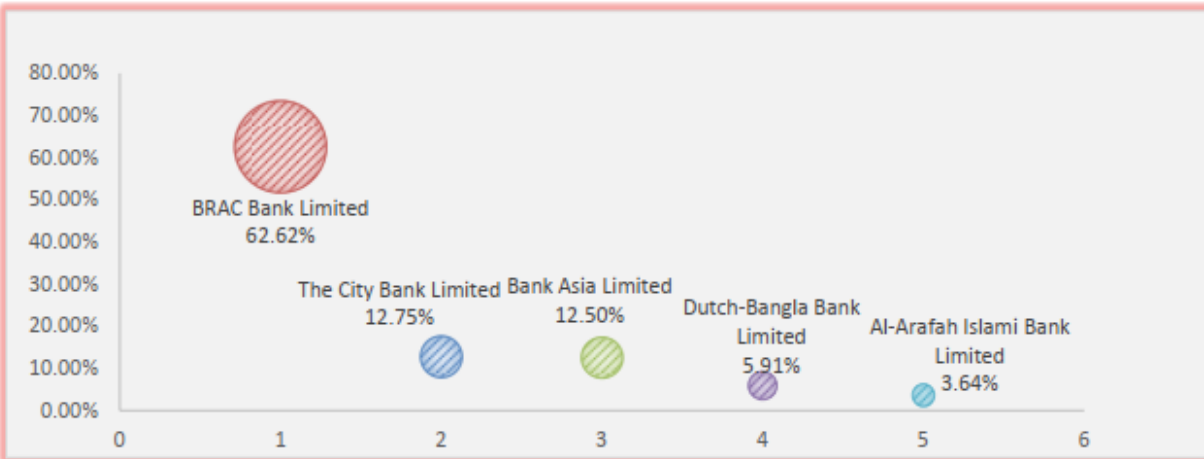
**Figure 8: Top Five Banks in Agent Banking Accounts**



**Figure 9: Top Five Banks Share of Deposit**



**Figure 10: Top Five Banks' Share of Lending**



### **3.3.3: Findings:**

The operational facets of agent banking are managed by two units within BRAC Bank Ltd., which have already been discussed. Business unit comes first. It belongs to the SME division. The second one is the Account Service Unit, which is part of the Operation Division's Account Service Department. The following describes the work flow, roles, and organizational chart.

#### **Business Unit:**

As previously mentioned, BRAC Bank entered the agent banking market late. The unit began operations with a staff of four people working under a unit manager. The team that oversees head office work now has 11 members. The Regional Operational Office now has 11 additional relationship officers working there.

#### **Activity:**

#### **Recruiting Agents:**

The Agent Banking unit hires agents in accordance with Bangladesh Bank's established standards. Agent Selection Process:

#### **1st Step**

-The agent must provide potential locations for the banking agent. (Having any company entity at the intended site would be preferable) (s).

- Agents may suggest standalone premises or offices for small and medium-sized businesses.

#### **2nd Step**

-In order to fully grasp a banking agent's potential, the Agent Banking Committee must bring together agents who offer position feasibility suggestions or survey documents. The agent is then contacted to continue the conversation about the investment and the paperwork needed.

#### **3rd Step**

- The manager may design the AB Outlet space in accordance with bank requirements. It can be rented or purchased. Agent needs to find two resources (1 preferred male and 1 preferred female). The essential training to operate the agent banking network will be provided by the bank to the agent's services.

#### **4th Step**

-The head office appoints agents officially.

-Head Office is responsible for coordinating base training for Manager and Client personnel (Agent Users).

## **5th Step**

-Pack Outlets (branding, furnishings, and IT hardware)

-Operation launches Investments are required by agents for IT hardware, rent, furniture, and personnel salaries. Agents must invest a certain quantity of block money. However, the bank forbade the sharing of the information's specifics. The bank installs and supplies the primary software. Mfino, a specialist agent banking assistance program, is used by BRAC Bank. which agents use to carry out their tasks and send them to headquarters for further action.

### **Account Service Team:**

Currently, agents are responsible for selling BRAC Bank products. However, the product they sell needs the buyer to first open an account. The opening of Fixed Deposit products through agents has not yet begun at BRAC Bank. Opening Current Account and Savings Accounts, or CASA for short, is one of the units. Banks do not pay agents; instead, they pay them a commission (Details of which is prohibited to share).

There is a dedicated agent banking unit in the Account Service Department for solely account opening, whether it be SME or Retail. 12–15 people work in the unit under the supervision of a manager. The unit's activities are carried out in two layers.

### **1st Stage: Mfino (Agent Banking Software)**

-Receiving the Mfino proposal to open an account.

-Reviewing the soft copy of the document.

-Getting in touch with the customer.

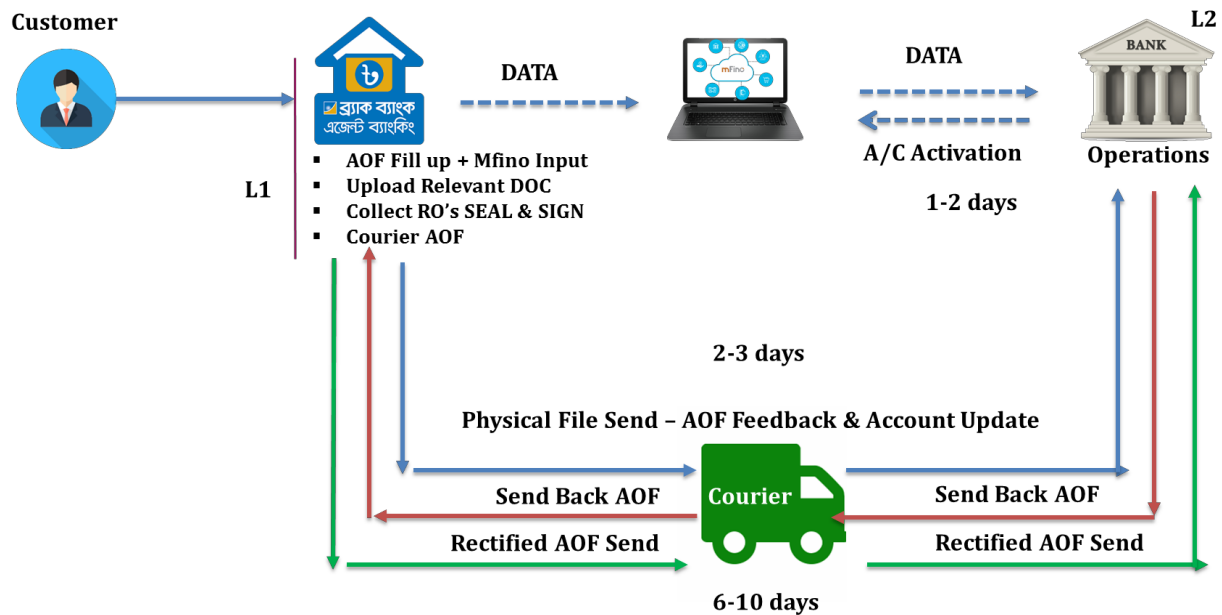
-Approving the accounts; or returning it with comments to the agent for repair.

After approval, the account is made online. However, it is only partially useful because they do not get a check. They can take out a little bit of TK. This time, the agent also completes the AOF form with the bank-approved sheet and required documentation. The relationship officer's seal sign is copied and sent via courier to the BRAC Bank headquarters.

### **2nd Stage (Finacle: Core banking Software)**

Receiving the hard copy of the account and comparing it to the soft copy in the Mfino. If there is a significant disagreement, the file is returned back.

If there is no discrepancy, file information is input into Finacle (the core banking software), and a check is issued and the limitation is lifted.



**Figure 11: Account opening form processing in Account Service Department**

### Check points:

The term "two-factor identification" refers to the entire set of checkpoints used in agent banking. Here, one aspect is

1) NID card (which is required) and relevant fingerprints: Upon receiving the account opening proposal through mfino by the Agent Bankin unit of account service, NID is validated from the user end by the National ID Card Verification Portal of Election Commission.

2) The consumer is contacted back at the provided phone number and asked for basic information such name, ID number, etc. when the legitimacy and existence of the ID card has been confirmed. For the account to be accepted, the client must be reachable at the specified phone numbers. Additionally, any utility bill from the previous three months is accepted as proof of address.

### 3.3.4: Analysis:

A few obstacles challenges on the bank's end for the system's integration of Agent.

- 1. Reputational Challenge:** One agent can only be associated with one bank, therefore typically the agent's actions will reflect the bank's reputation in the relevant geographic area. The business unit manager and ROs expressed dissatisfaction about the customer service offered by the agents in a number of interviews. Due to a lack of understanding of the financial system, complaints of service denial or scheduling conflicts are frequently made against banks. Therefore, the bank is concerned since agent activities could damage the banks' reputation.
- 2. Information Dissemination Challenges:** Every year, new rules are added, causing a quick change in agent banking. BRAC Bank also responds to this modification. The official email system, branches, and SME unit meetings are the channels used for information distribution. Email or the ROs of SME units are the only options because, as we all know, agents are not connected to banking systems.  
460 SME entities and more than 2500 ROs are employed by BRAC Bank around the nation. They are less familiar with the rules governing current accounts and savings accounts because they only market loan products. Additionally, SME units outside of Dhaka only have a single computer, making it clear that they are not fully up to date with the new anti-money laundering laws or the more recent CASA account verification procedures, which results in a knowledge gap between the Bank and agents.
- 3. Agents Business Problem:** For agents to be able to handle their early build-up issues, BRAC Bank prefers that they have a prior business with a stable cash flow and a minimum of a year old trade license.  
According to a fictitious analysis, the agents need about 35,000 taka per month to operate an agent store. However, in order to receive this much money, agents must amass a portfolio worth at least 3 crore taka. Approximately 60% of the agents, according to the news, have not yet reached their breakeven point. Therefore, the operation of BRAC Bank is being hampered by the agent business.
- 4. Problems from Integration of RO's and agents:** BRAC Bank is an eccentric bank if you consider its vast network of Relationship Managers who sell loan product throughout the country. The bank already uses agent banking to channel its loan-related current account opening, loan distribution, and loan repayment in order to maximize the commission earning of agents. However, due to knowledge gaps and lack of information, the opening account error rate in gent banking is higher than in branch banking. Therefore, using the agent banking channel presents a challenge for ROs.
- 5. Liquidity problem of the agent:** Since Bangladesh Bank has mandated that accounts must have a minimum balance of 2 lakh taka, even though BRAC Bank has raised the bar even higher, agents frequently have liquidity issues. Agents, however, reported running out of money in their master accounts and having to turn away customers. BRAC Bank has not yet taken action on this problem.

## Account Service Challenge:

### Opening account:

- 1. Financial Knowledge Gap:** Agents are required to enter information into the transaction profile area when opening accounts with mfino. This part mostly discusses the funding source, income, history of monthly transactions, etc.  
Data indicates that 36% of returns come from this part. Remittances can only come in and cannot go out, per the norm, which states that monthly transactions cannot be greater than income. The main reason for account opening delays in agent banking is this kind of fundamental financial knowledge.
- 2. Time and Cost in sending and receiving physical files:** These documents can only be delivered through courier from the agent outlet to the headquarters in Dhaka. At least two to three days are needed to reach the headquarters. Therefore, it takes at least three days to find and additional two to three days to fix any form of filing error. As a result, the number of pending files grows. These factors also interfere with customer happiness.

### 3.3.5: SWOT Analysis of BRAC Bank's agent banking unit

**Strength- Brand Name and Man power:** The SME division and the reputation of BRAC Bank are its two main advantages. Its parent organization, BRAC, already has representatives all over the country. The SME unit is also rather large. BRAC Bank currently employs 2500 RO. Therefore, their greatest asset is the enormous labor they have at their disposal.

**Weakness-Late Mover:** BRAC Bank entered this sector rather late. In terms of deposits and remittances, they have already fallen well behind Bank Asia, Dutch-Bangla Bank, and other financial institutions. Being late adopters and having only been in this industry for a year, its organizational structure is continuously being developed and revised.

**Opportunity- Untouched market and Government policy:** Even so, there is a sizable unbanked population; the World Bank estimates that almost 50% of the population is still unbanked as of 2018. Financial inclusion is a topic that government policymakers and the Bangladesh Bank are very interested in. Thus, collaboration and a creative mindset will undoubtedly lead to new opportunities.

**Threat- Newer Entry:** Bangladesh Bank has already approved 22 banks and more are on the way. So the market will become saturated and more competitive soon.



### 3.4: Conclusion

BRAC Bank now has 801 agent locations. A few years or so ago, it was about 200. By the end of the next year, 1000 outlets are anticipated, followed by 5000 in a few years. The current management is keen to make agent banking one of their primary channels, much like branch banking. It lowers the total cost of providing customer service while expanding overall presence across the nation.

From client's perspective, agent banking creates way for unbanked people. With the invention of Bkash, Nagad etc. transaction has already become very easier. If agent banking can be established properly throughout Bangladesh then it will become cheaper as well.

In this situation, Bangladesh Bank continues to take a progressive position. The transaction limit has already been raised in recent legislation. The 2-F identification channel has made it possible to access the system quickly as well. Banks are now responsible for updating and changing the procedure with their current system. The paper focuses on the framework of the agent banking operation at BRAC Banks and the difficulties in integrating it with the agents. To stay competitive in the market, recommendations and solutions to the issues raised above are required.

### 3.5: Recommendations

Here are a few recommendations I'd like to make based on my study experiences:

- It is very natural that agent's banking knowledge is not good as they are not bankers. Specifically, the financial knowledge which is essential. Only training may not be the solution to this. Continuous campaigns, training sessions and online training can be helpful in this case.
- As this teaching takes time so a RO can be appointed to a region for the time being. This kind of initiative can be handy to increase the learning of the agents.
- Easier communication forms should be implemented.
- Dedicated agent service team should be built so that they can respond to any possible problems as soon as possible.
- As BRAC Bank was late, so they need to fix their organogram fast so that they do not lack behind to their competitors.
- As, Know Your Customer is a requirement of Bangladesh Banks regulation, the KYC forms ought to be simpler. It can be significantly changed for agent banking in rural locations.
- SME ROs can be recommended to bring their account opening form and loan paperwork together. Then hand it over to the nearest agent banking unit. As ROs are bankers, this will decrease mistakes. They are more knowledgeable in this area.

- Regarding the agents' lack of liquidity, the bank must take action. In order to help the agents deal with short-term cash liquidity, they can arrange an overdraft loan.

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Appendix:

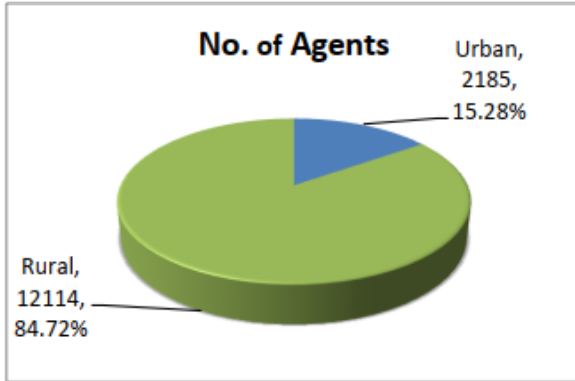


Figure 1: Number of Agents

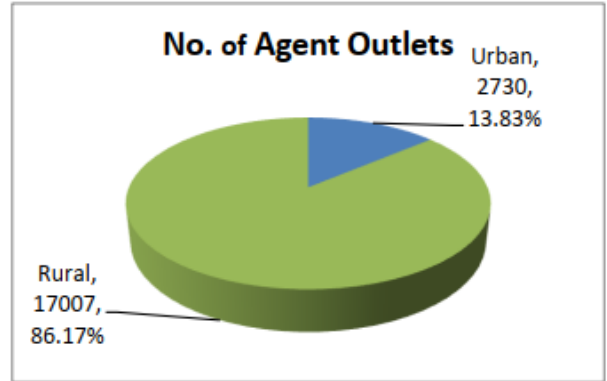
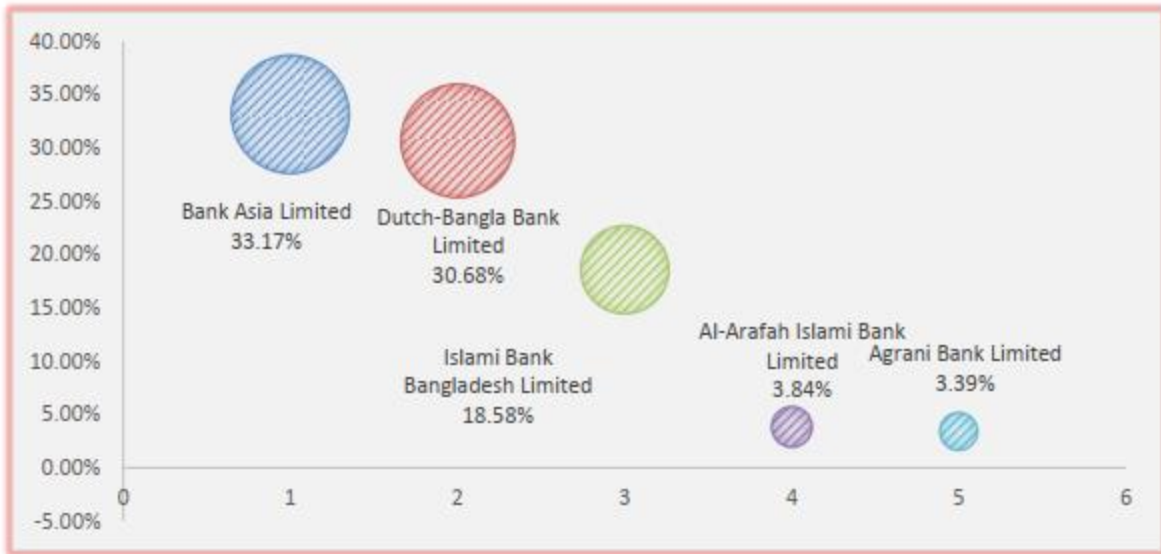


Figure 2: Number of Outlets



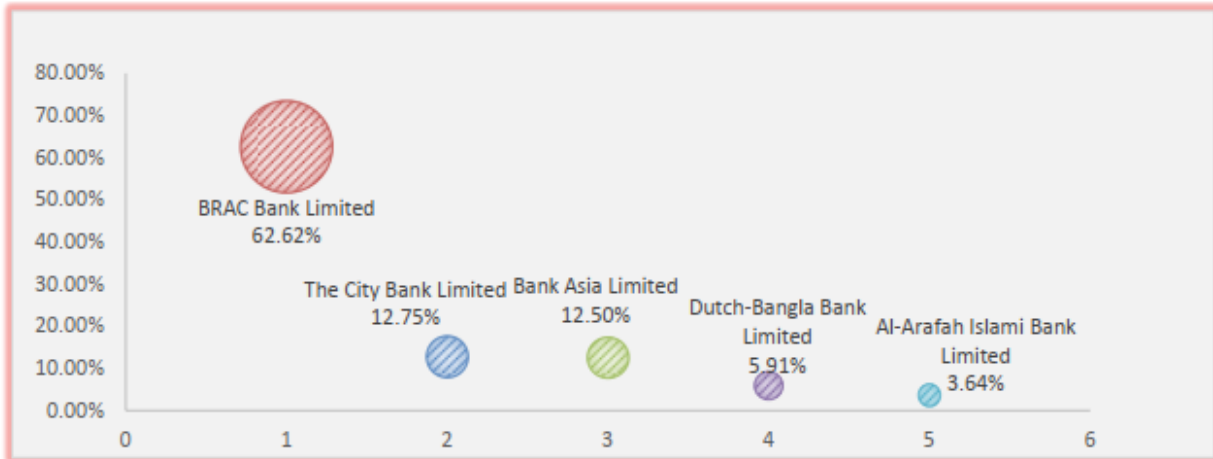
Figure 1: Top Five Banks in Outlet Distribution



**Figure 2: Top Five Banks in Agent Banking Accounts**



**Figure3: Top Five Banks Share of Deposit**



**Figure 4: Top Five Banks' Share of Lending**