

# INTERNSHIP REPORT ON BRAC BANK LIMITED

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**ANALYSIS OF CONSUMER LOAN**  
**IN**  
**BRAC BANK LIMITED**

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INTERNSHIP ADVISOR

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COURSE TITLE

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INTERNSHIP

BUS 400

THE ISSUE ON FOCUS

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Analysis of Personal Loan  
In  
BRAC Bank Limited, Bangladesh

REPORTED BY

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Delwar Hossain [02104034]

BRAC Business School

BRAC University

DATE OF SUBMISSION

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MAY 29, 2007

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# CHAPTER I

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## ACKNOWLEDGEMENT

I have prepared my internship report on “**Analysis of consumer loan in BRAC Bank Limited, Bangladesh**” for my course BUS 400: Internship. I tried my best to get ready this paper to the required standard

First of all, I would like to thank my honorable faculty **Mrs. Farzana Chowdhury** and my Internship supervisor **Mr. Wafi S.M. Khan** for giving me the opportunity to work with the problem, which is an excellent one. I am grateful to them for continual support and suggestion. Without their co-operation and supervision, the report would not have been possible.

I am also grateful to **Sarder Akter Hamed**, Head of sales, Retail Banking Division of BRAC Bank Ltd. He has obliged me by providing the valuable and most confidential data of the Bank. I would also like to thank **Mr. Ferdous Noyeem Khan**, Officer Grade II, Asset Operation of BBL, for his kind co-operation.

Last but not the least, I thank to BRAC University for giving us the opportunity to prepare a paper to have the touch of real life term paper.

## CHAPTER II

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# LETTER OF TRANSMITTAL





May 29, 2007

The Dean  
BRAC Business School (BBS)  
BRAC University, Dhaka

**Subject: Report on Analysis of Consumer loan products: The case of the BRAC Bank in Bangladesh**

Dear Sir,

I would like to thank you for assigning me this subject to prepare the internship report. This task has given me the opportunity to explore one of the most important aspects of the BRAC Bank loan which is known as consumer loan.

The report contains a comprehensive study on the personal loan products of BRAC Bank Limited under Retail Banking division. It was a great pleasure for me to have the opportunity to work on the above mentioned subject. I have endeavored my best to come out with a good one.

Please feel free to contact me if you have any inquiries. Required contact address has been included at the very last page of this report. I would be very happy to provide you with any clarification regarding the report.

Would you please kindly accept my paper and oblige me thereby.

Thank you,

Sincerely yours

MD. Delhas Hossain



## CHAPTER III

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### EXECUTIVE SUMMERY



BRAC Bank Limited is a scheduled commercial bank in Bangladesh. It established in Bangladesh under the Banking Companies Act, 1991 and incorporated as private limited company on May 20, 1999 under the Companies Act, 1994. Its operation started on July 4, 2001 with a vision to be the market leader through to providing all sorts support to people in term of promoting corporate and small entrepreneurs and individuals all over the Bangladesh. BRAC Bank will be an unique organization in Bangladesh. The bank consist of major divisions named 1) Corporate banking, 2) Retail banking, 3) Treasury, 4) Small & Medium Enterprise (SME). At present the Bank operating its business by 26 branches. BRAC Bank is the first local commercial banks that proving online banking service to its customers from the very beginning of its starts. BRAC Bank, for the first time among local commercial banks, starts providing unsecured loan facilities to salaried person, doctors, teachers, students and business man as well all over the country.

End of year 2007, 23 more branches is going to operate all over the country under retail banking division. As an on job intern I was assigned to scrutinize the consumer loan facility under sales department. BRAC Bank is trying to help individual personal need through providing unsecured loan facilities. The bank provides loan facility minimum BDT 50,000 to Maximum BDT 10 lacs to that an individual who has no easy access to banks/financial institutes. The banks has three sales centers in Dhaka and 26 branches all over the country and have strong sales force who is making easy loan procedure for the clients. BRAC Bank is providing 10 types of unsecured loan and two secured loan under retail banking division. These are Salary loan for salaried person, Doctors loan, UTL loan, HFL loan, Study loan, CCL loan, Top Up Loan, ECL loan, NOW loan, Travel loan these all are unsecured loan and secured loans are Car loan and SOD loan.



Personal loan can be repaid by monthly equal installment basis with interest. Effective interest rate of BRAC Bank is 18.5 % and Flat rate is 10.5% but those who are corporate clients of BRAC Bank they will enjoy 1% less interest rate.

Loan administration division acts as the last line defense of the bank. This division is responsible for the complete disbursement, recovery and closing procedures. The procedures start from the sanction of the loan. The respective officials collect confidential information about the customer, open clients account in the respective bank where BRAC Bank has its own account, filled up CIB form and send it to the loan administration division. Then the loan administration division starts its activities. The loan administration divisions send the CIB form to the Bangladesh Bank to know the CIB status of the applicant. If the report found clean and the clients fulfill all PPG then the loan administration division prepare a loan file and checks all necessary documents, prepare a list and disburse it. Then the loan administration division starts enter all information regarding the loan in the banking software "millennium Banking System (MBS)" which includes initial ID generation, loan account opening, risk fund collection, activation of the loan. Post disbursement manual activities includes repayment schedule send to clients present address, documents stamp cancellation, send the loan file to archive.

The core competence of the BRAC Bank is to provide the fastest loans to the clients in this country. To retain this competitive advantage BRAC Bank would provide computer and palmtop facilities whether they can give fastest services to clients than other banks. Also to convey the customer focus, BRAC Bank is trying to reduce collateral securities than other banks. It provides more collateral free secured loans to capture the market. Regarding the services by the CRO, almost all clients are satisfied by getting these quick facilities from them. Though Retail banking is one of the major divisions of this bank, I tried to give an in-depth analysis for every factor, which relates the Retail Banking division from the perspective of customer satisfaction and dissatisfaction.

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# INTRODUCTION

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## CHAPTER 01

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- 1.1 ORIGIN OF THE REPORT**
  - 1.2 OBJECTIVE OF THE REPORT**
  - 1.3 SCOPE OF THE STUDY**
  - 1.4 METHODOLOGY**
-



## 1.1 ORIGIN OF THE REPORT

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Since February 2007 I have been working with BRAC Bank limited as a senior executive of event management under sales department. I am working for generate sales lead and close all sales lead of consumer loan products which are offered by BRAC Bank limited (BBL). As a part of the Internship Program of Bachelor of Business Administration course requirement, I was assigned for doing my on job internship in The BRAC Bank Limited (BBL) for the period of 12 weeks starting from February 08, 2007 to till date. My organizational supervisor was Mr. Wafi Shafique Menhaz Khan (W.S.M.Khan), AVP & senior manager –Asset of Retail Banking division. My project is ‘Analysis of consumer loan products of BRAC Bank Limited’ which was assigned by organizational supervisor of the said bank. My faculty supervisor Mrs. Farzana Chowdhury, senior lecturer and career placement officer, BRAC University also approved the project and authorized me to prepare this report.

## 1.2 OBJECTIVE OF THE REPORT

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### Broad Objective

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To know details Consumer loan products of BRAC Bank Ltd

### Specific Objectives

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- To know the Secured and Unsecured loan activities in BRAC Bank
- To have the idea of BRAC Bank’s product mix
- To have the practical know how about the banking practices.
- To have in-depth knowledge of sales department and its activities and all sales techniques.
- To find out basic appraisal of personal loan
- To know the terms and conditions of personal loans

- To know the expectations of customers of BRAC Bank
- To know the file processing procedure of consumer loan products
- To know the disbursement and recovery procedures of personal loans
- To have the knowledge of different division of the bank.
- To find the bank's strengths, opportunities, weaknesses and threats.
- To make some recommendations and conclusion to further the development of consumer loan products of BRAC Bank Ltd.

### **1.3 SCOPE OF THE STUDY**

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The study will provide the scopes of knowing the following:

- a The total activities of Retail Banking division of BRAC Bank
- b BRAC Bank providing personal loan to individuals
- c Characteristic of secured and unsecured loan products

### **1.4 METHODOLOGY**

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The study uses both primary data and secondary data. The report is divided into two parts. One is the Organization Part and the other is the Project Part. The parts are virtually separate from one another

The information for the Organization part of the report was collected from secondary sources like books, published reports and web site of the BRAC Bank Limited ([www.bracbank.com](http://www.bracbank.com)). For general concept development about the bank short interviews and discussion session were taken as primary source.

The information for the Project" Analysis of consumer loan in BRAC Bank Limited" both were collected from primary and secondary sources. For gathering concept of consumer loan products, the Product Program Guideline (PPG) thoroughly analyzed. Beside this observation, discussion with the employee of the Sales department and loan administration





division the said bank was also conducted. More over a market survey was conducted with a specific questioner. To identify the implementation, supervision, monitoring and repayment practice- interview with the employee and extensive study of the existing file was and practical case observation was done.

## **CHAPTER 02**

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# **THE ECONOMY AND OVERALL BANKING SECTOR**

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- 2.1 WORLD ECONOMY- AN OVERVIEW**
  - 2.2 BANGLADESH ECONOMY- AN OVERVIEW**
  - 2.3 INTRODUCTION ON ECONOMIC DEVELOPMENT AND THE  
EVOLVING OF BRAC BANK.**
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## 2.1 WORLD ECONOMY- AN OVERVIEW

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As we enter into the new millennium the process of trade liberalization and globalization have presented new challenges as well as greater opportunities. Economic boundaries of nations are being abolished and the world is gradually becoming a global village, In the beginning of the year 1999 the Euro currency started to replace the currency of eleven European union countries. In the financial service sector profound changes have been taking place globally. E-commerce is becoming the predominant mode of transactions. We are witnessing revolutionary changes in the fields of cost control, retail channels, range and delivery of services, accessibility and reach. These changes have already triggered off reorganization, amalgamation, and takeover of financial institution globally.

### 2.1.1 Top ten bank holding companies in the world ranked by profit

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Figures in U.S. dollars, and as 2006

1. Citigroup – 22.13 billion
2. Bank of America – 21.13 billion
3. HSBC – 14.55 billion
4. JP Morgan Chase – 14.44 billion
5. UBS – 9.79 billion
6. Royal Bank of Scotland – 12.1 billion
7. Goldman Sachs – 9.34 billion
8. Wells Fargo – 8.48 billion
9. Wachovia – 7.79 billion
10. Morgan Stanley – 7.45 billion

## 2.2 BANGLADESH ECONOMY- AN OVERVIEW

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The Bangladesh economy grew by 6.7% in 2005-06, the highest ever recorded since 1989-90. The growth was stimulated mainly by the manufacturing sector, which grew by 10.4%, the highest since 1997-98. Some branches of the services sector and the normalization of production in the agriculture sector also contributed to the overall economic growth. On the demand side, a sizeable increase in remittances and exports made a significant contribution to the growth of GDP. In 2005-06, domestic demand outpaced domestic supply. The consumer price inflation during the fiscal rose to 7.0%, 0.56 percentage point above the inflation rate in 2004-05. While food inflation increased rapidly, higher oil price and the instability in the foreign exchange market were also important factors behind the higher inflation rate in 2005-06.

During the year some positive initiative were taken in the banking sector with improvements in the legal and regulatory environment to improve loan recovery but unfortunately the high quantum of non performing assets and under capitalization continued to plague the entire banking sector thus causing a major threat to the macro economic stability. The size of classified loans increased significantly which contributed to lower profitability of the banks.

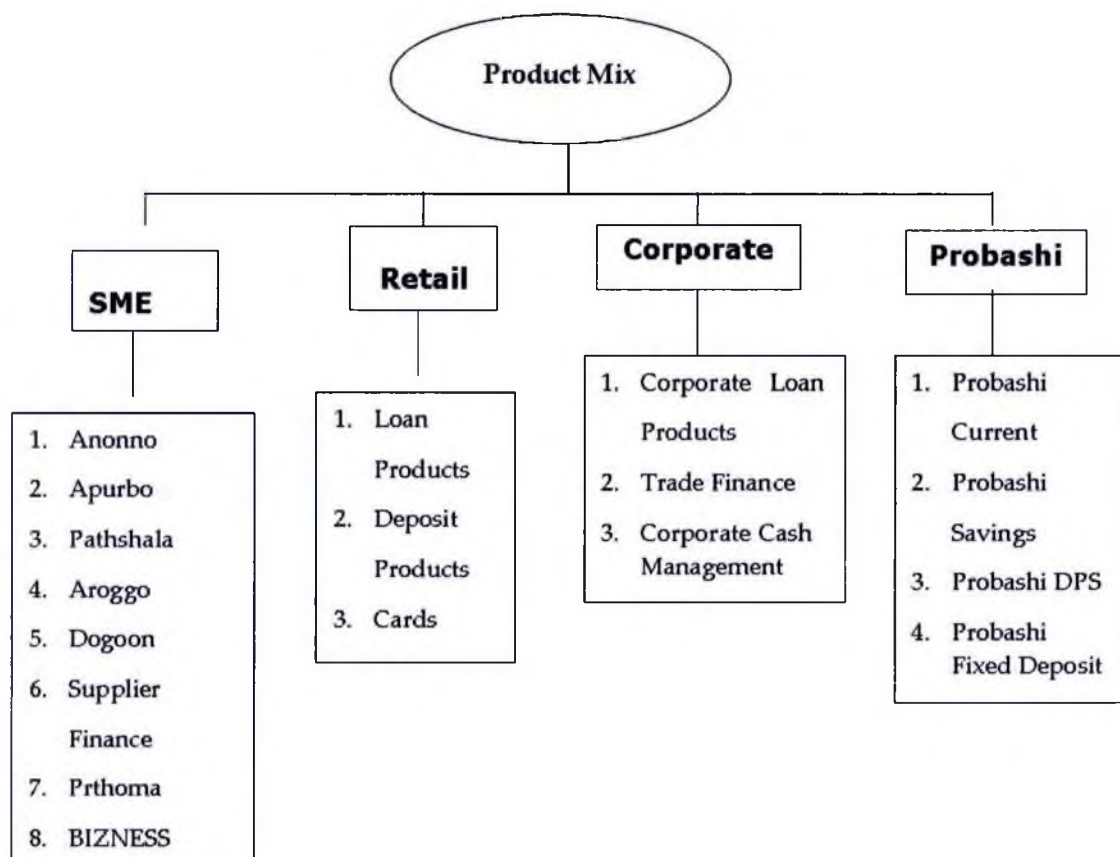
Some key indicator of the economy of Bangladesh is given follows:

- 1 **Broad money** recorded an increase of Tk.18805.00 crore or 10.38 percent during July-February, 2006-07 against the increase of Tk.15093.30 crore or 9.96 percent during July-February, 2005-06. Of the components of broad money, currency outside banks rose by Tk.3552.60 crore or 15.54 percent and deposits increased by Tk.15252.40 crore or 9.64 percent; of which, time deposits increased by Tk.14477.00 crore or 10.49 percent and demand deposits increased by Tk.775.40 crore or 3.82 percent.
- 2 **Domestic credit** recorded an increase of Tk.17036.10 crore or 9.58 percent during July-February, 2006-07 against the increase of Tk.16491.10 crore or 11.18 percent during July-

BRAC Bank provides diversified products and services to the customers. It always tries to provide distinctive and customized products, which are best matched with the customer needs and demands.

## 4.1 WIDTH & LENGTH

The width refers to different product lines and length refers to total number of items.

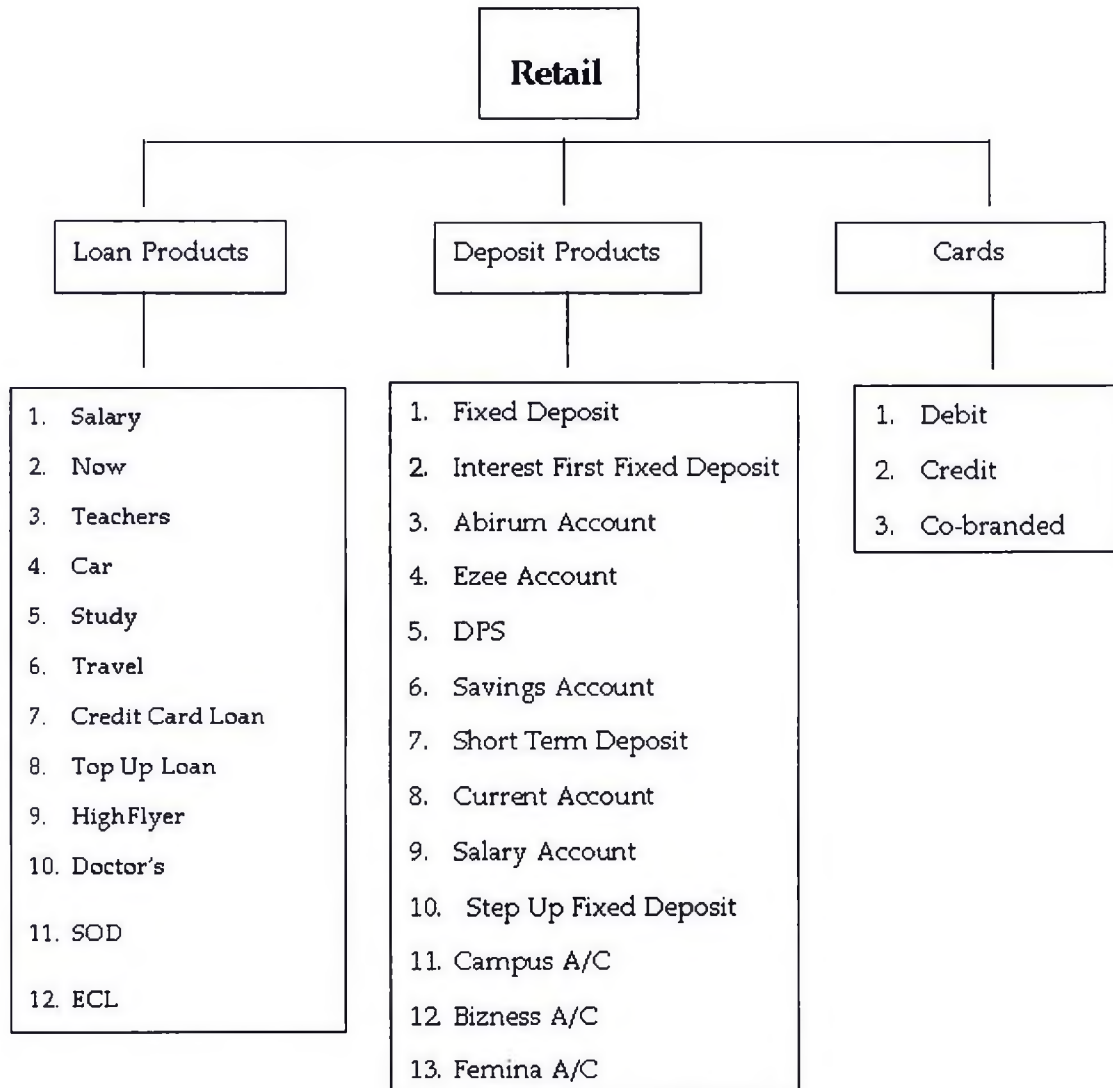


From above figure we can see that BRAC Bank has four product lines (**Width: 04**) and eighteen items (**Length: 18**) under different lines.

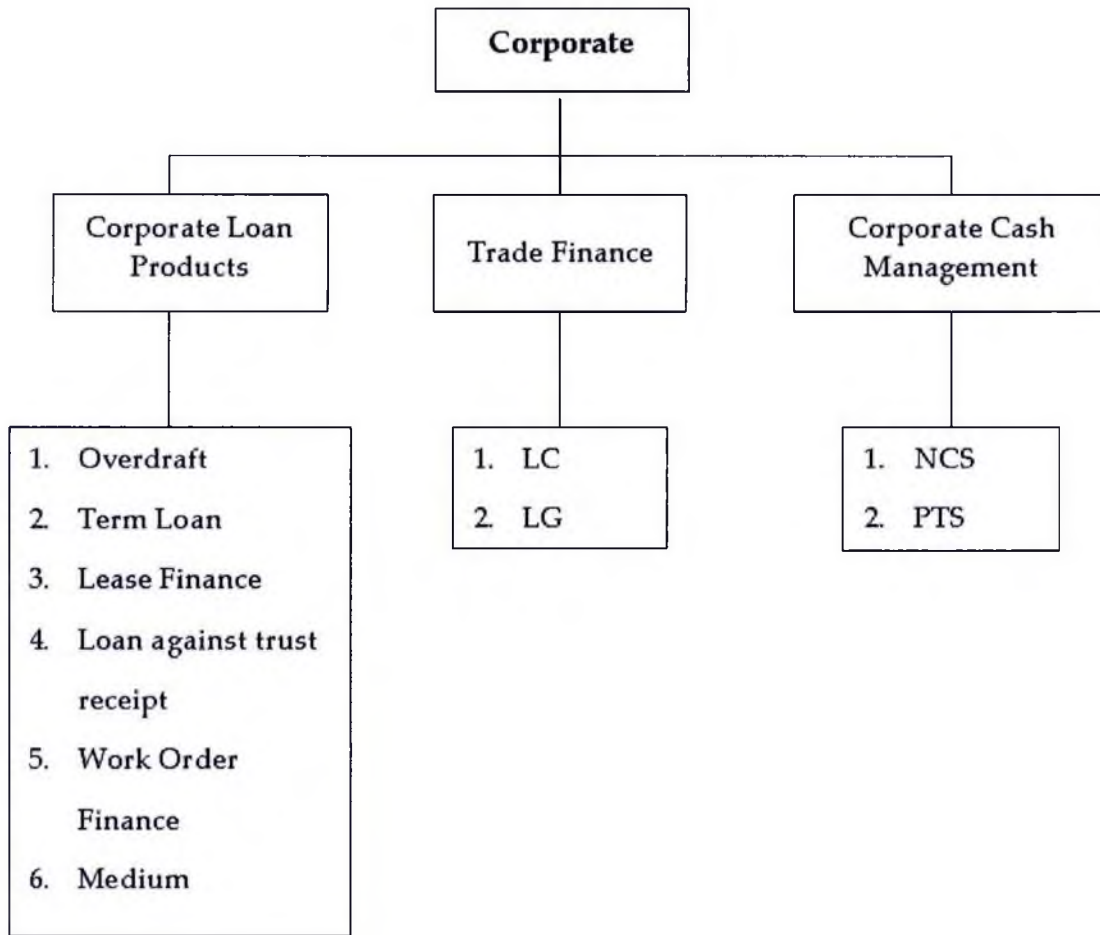


## 4.4 DEPTH

The depth of product mix refers to number variants under each item.



From the above and below figure we can see that BRAC Bank has thirty-four variants (Length of loan products: 11, Length of deposit products: 10, Length of cards: 03, Length of corporate loan products: 06, Length of Trade Finance: 02, Length of Corporate cash management: 02) under different items.

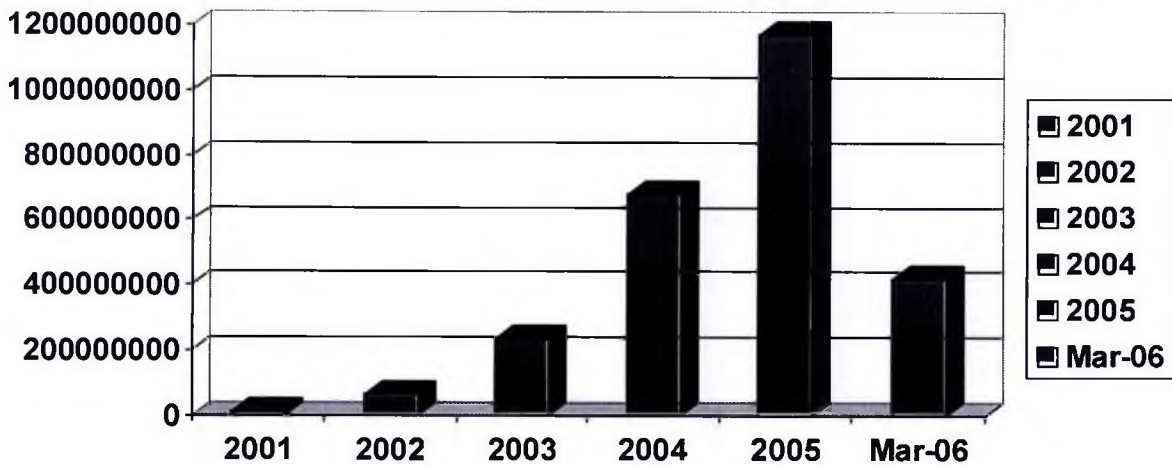


## 4.5 TREND ANALYSIS

Net Operating Income:

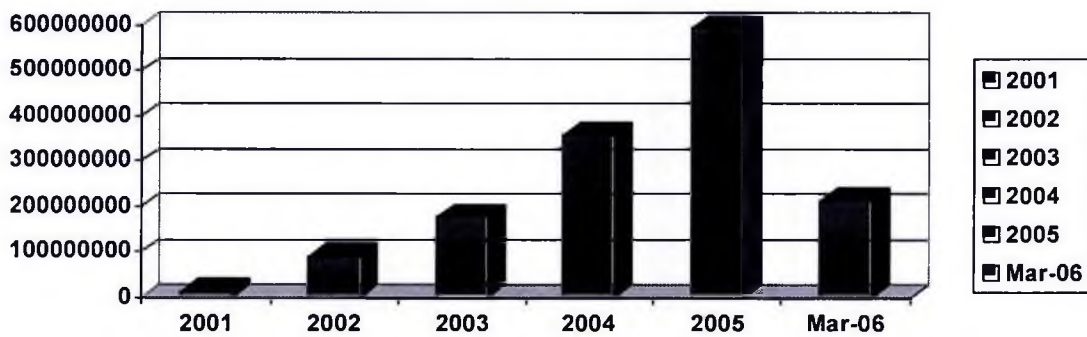
2001	2002	2003	2004	2005	Mar 2006
12,550,945	60,834,127	233,303,148	679,453,110	1,173,317,659	419,821,392





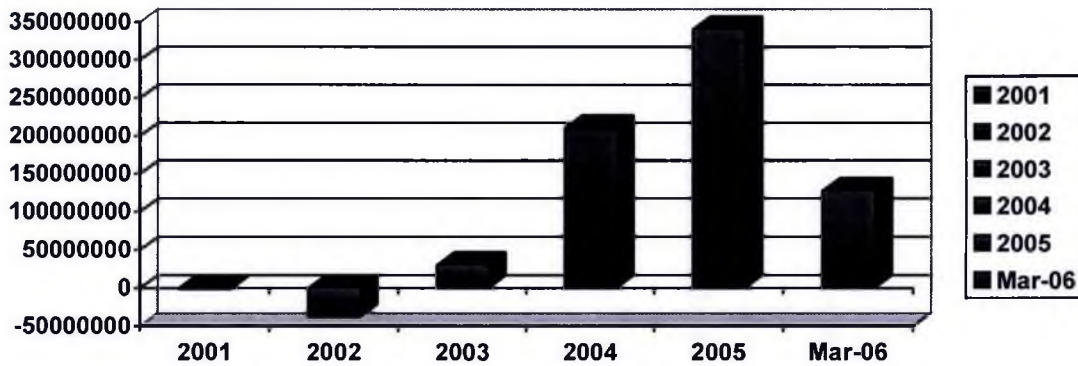
**Total Operating Expenses:**

2001	2002	2003	2004	2005	Mar 2006
13,358,003	89,095,101	176,744,674	358,646,991	592,999,647	213,201,028



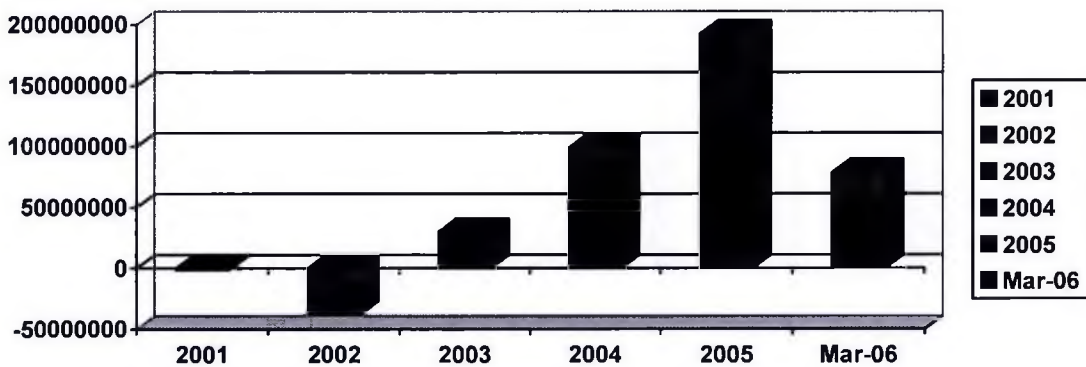
**Profit/Loss before Taxes:**

2001	2002	2003	2004	2005	Mar 2006
(1,507,058)	(37,869,564)	30,208,682	210,302,749	340,360,101	127,161,230



Total Profit/Loss after Taxes:

2001	2002	2003	2004	2005	Mar 2006
(1,507,058)	(37,869,564)	30,208,682	99,302,749	192,680,101	78,683,975



## CHAPTER 05

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### SWOT ANALYSIS

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- 5.1 STRENGTH
  - 5.2 WEAKNESS
  - 5.3 OPPORTUNITY
  - 5.4 THREAT
-

## 5.1 STRENGTH

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□ **Chairman:**

**MR. FAZLE HASAN ABED** is the most experienced person in this sector.

□ **Strong Network:**

BRAC Bank strengthening their position through the SME department since the growth of banking in rural and semi-urban areas is very desirable. Currently BRAC Bank has 356 unit offices throughout the country.

□ **Efficiency:**

An efficient system of bank's clearing and remittance is pre-condition for sound banking in developing country. BRAC Bank has invigorated the position through the signing contract with Western Union Money Exchange.

□ **Exclusive Service:**

Online Banking, Non Stop Banking, Locker Service ATM etc has made the bank exclusively distinctive towards the respective clients.

□ **Distinctive Products**

BRAC Bank Ltd. always try to provide distinctive and innovative products to the customer for instance Students Loan, Anonno Rin, Digoon Rin, Femina Account etc.

□ **SME Sector:**

BRAC Bank Ltd. is the market leader in SME sector.

□ **Share Holding Partner:**

IFC and Shore Cap International Ltd. are shareholding partners of BRAC Bank Ltd.

□ **Strong Management Team:**

BRAC Bank is operating their business with a strong management team by whom it is competing equivalently with some multinational banks.

□ **In-depth Training:**

BRAC Bank provides in-depth and exclusive training to its employees to make them more efficient and keep them updated.

## 5.2 WEAKNESS

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### ❑ Number of Branches

BRAC Bank Ltd. is serving the customers with only 26 branches across the country, which is not sufficient.

### ❑ Customers' Comfort

In some cases the space of the branches is too small comparing to the number of clients. For this reason the employees of BRAC Bank can attain the customers comfort properly.

### ❑ Branch Facility

All the branches are not under the coverage of ATM & Non-Stop Banking facility.

### ❑ Decision Making Process

BRAC Bank follows centralized decision making process, which is not good at all circumstances.

### ❑ Media Coverage

Mass media communication is very essential to promote any product. But BRAC Bank is concentrating less on media coverage.

## 5.3 OPPORTUNITY

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### ❑ Market Expansion

As BRAC is a well-known NGO across the world in case of poverty elimination, so BRAC Bank Ltd. can access very easily outside the country as well.

### ❑ Grab the market

Since the world is moving toward e-commerce and the people are becoming more conscious to save time and money, BRAC Bank's online & Non-Stop banking facility can grab the market very smoothly compare to other commercial banks.



□ **Tie Up**

Although BRAC Bank Ltd. already has strategic tie up with different companies, they have the opportunity to make it more.

□ **Corporate Agreement**

Although BRAC Bank already has corporate agreement with different companies like VFS Bangladesh, Western Union Money Transfer, they have the opportunity to arrange other corporate agreement with other companies.

## 5.4 THREAT

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□ **Competitors**

Numbers of potential competitors are increasing day by day

□ **Economies of Scale**

As a new commercial bank it is deprived of enjoying the economies of scale

□ **Natural Calamities/Disaster**

Natural calamities/disaster some times become a great threat to any organization. The Motijheel Branch of BRAC Bank Ltd. was heavily affected by flood for several times.

□ **Employee Turnover**

Excessive employee turnover can be a great threat for any organization. So, BRAC Bank should concentrate on employee satisfaction.

□ **Political Instability**

Political condition is a great factor to consider in our country. Political instability hampers the daily banking activities.

## **CHAPTER 06**

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### **DEPARTMENT ANALYSIS**

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- 6.1 DEPARTMENTAL DIVISION**
  - 6.2 TRANSACTIONAL ACCOUNTS [TA]**
  - 6.3 SALARY ACCOUNTS [TA]**
  - 6.4 H & W**
  - 6.5 SECURED ASSET**
  - 6.6 UNSECURED ASSET**
  - 6.7 ORGANOGRAM OF SALES DIVISION**
-

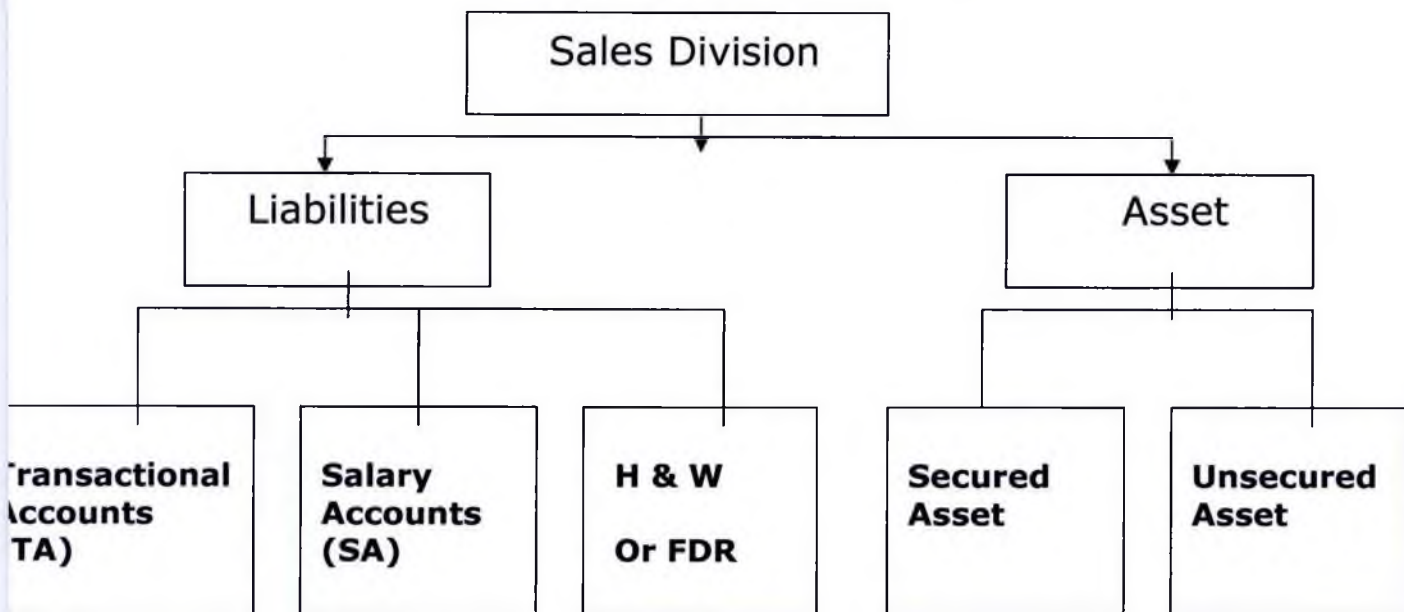


Primary objective of sales division is to increase sales volume of consumer products and generate profit by using all up selling techniques. Two type of consumer products and services offer by BBL one us consumer deposit products and another one is consumer loan products. Some creative and experienced people working with sales division leading by Sarder Akther Hameed head of sales.

## 6.1 DEPARTMENTAL DIVISION

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This department is segregated into TWO major divisions. They are:



## 6.2 TRANSACTIONAL ACCOUNTS [TA]

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Primary objective of transactional account section is to create new clients and make relationship with BBL and maintain with existing relationship with clients. All individual relationship maintain by TA section. Seven types of relationship offer by BEAC Bank limited. These are given below:

February, 2005-06. The rise in domestic credit during the period under report was due to the rise of public sector credit by Tk.4335.50 crore or 9.27 percent and the rise of private sector credit by Tk. 12700.60 crore or 9.70 percent. In credit to the public sector, the component of credit to the Govt.(net) increased by Tk.3990.00 crore or 12.60 percent and credit to the 'other public sector' increased by Tk.345.50 crore or 2.29 percent.

- 3 **Total tax revenue** collection in February, 2007 increased by Tk. 331.28 crore or 11.95 percent to Tk. 3104.00 crore, against Tk. 2772.72 crore of February, 2006. The NBR and Non-NBR tax revenue collection in February, 2007 were Tk.2944.70 crore and Tk.159.30 crore respectively, against Tk.2660.49 crore and Tk.112.23 crore respectively in February, 2006. The target for total tax revenue collection during FY 2006-07 has been set at Tk.42915.00 crore.
- 4 **Total NBR tax revenue** collection during July-March, 2006-07 increased by Tk.1965.18 crore or 8.51 percent to Tk.25052.08 crore against collection of Tk.23086.90 crore during July-March, 2005-06. NBR tax revenue collection during July - March, 2006-07 was 61.02 percent of the target of Tk. 41055.00 crore fixed for FY 2006-07
- 5 **Outstanding borrowing** of the government through NSD certificates as of end February, 2007 stood at Tk.42026.67 crore, recording an increase of Tk.3588.34 crore or 9.34 percent over end February, 2006.
- 6 **Exports** during July-February, 2006-07 increased by US\$1399.66 million or 21.13 percent to US\$8023.87 million against US\$6624.21 million during July-February, 2005-06.
- 7 **Import payments** during July-February, 2006-07 increased by US\$1890.10 million or 20.47 percent to US\$11122.90 million compared to US\$9232.90 million during July-February, 2005-06.
- 8 **Fresh opening of import LCs** during July-March, 2006-07 increased by US\$1616.72 million or 14.39 percent to US\$12849.17 million against US\$11232.45 million during July-March, 2005-06.
- 9 **Total remittance receipts** during July-March, 2006-07 increased by US\$886.70 million or 25.52 percent to US\$4361.82 million, against US\$3475.12 million during July-March, 2005-06.

- 10 *Gross foreign exchange reserves* of the BB stood higher at US\$4199.52 million as of end March, 2007, against US\$4156.77 million as of end February, 2007. This was also much higher than the US\$2910.35 million reserves as of end March, 2006.
- 11 *Gross foreign exchange balances* held abroad by commercial banks were higher at US\$265.01million as of end March, 2007, against US\$258.08 million as of end February, 2007. This was also higher than the balance of US\$230.41 million as of end March, 2006.
- 12 *The annual average rate of inflation* (12-month annual average CPI , 1995-96=100) increased to 6.84 percent in February, 2007 from 6.72 percent of January, 2007.

*The rate of inflation on point to point basis* also increased to 7.28 percent in February, 2007 from 5.94 percent of January, 2007.

## **2.3 INTRODUCTION ON ECONOMIC DEVELOPMENT AND THE EVOLVING OF BRAC BANK**

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In terms of US Dollar, the value of GDP in current prices increased by 2.71% to US\$ 62021 million in 2005-06 from US\$ 60382 million in the preceding year. Per capita GDP stood at US\$447 in 2005-06 compared to US \$441 in 2004-05, showing an increase of 1.4%. Measured by the developments in the CPI, the inflation rate was 7.0% in 2005-06 compared to 6.5 % in 2004-05. The increase in prices as measured by GDP deflator was 5.2% in 2005-06 compared to 5.1% in 2004-05. The average depreciation of Bangladesh Taka was 11.7% in 2005-06 compared to 4.0% in 2004-05. The real wage index increased by 6.6% in 2005-06 compared to 5.9% in 2004-05.

There has not been significant structural change in the economy during the fiscal year. The share of agriculture in the GDP fell from 22.3% 2004-05 to 21.8% in 2005-06, while that of services fell marginally from 49.4% to 49.2% during the period. Compensating for the declining shares of these two sectors, the share of industry rose from 28.3% in 2004-05 to 29.0% in 2005-06. Within the broad industrial sector, the share of manufacturing in total



GDP increased from 16.5% to 17.1%, that of construction rose from 9.1% to 9.2%, and that of power, gas and water from 1.6% to 1.7% during the period.

The services sector grew by 6.5% in 2005-06 compared to 6.4% in 2004-05. The growth in the services sector in 2005-06 reflects a relatively better performance of the wholesale & retail trade, transport, storage & communication, education, financial intermediation, public administration & defense, hotel & restaurants and real-estate. These sub-sectors grew varying between 4% - 9%. However, the growth of telephone and mobile sub-sector declined to 28.6% in 2005-06 from 31.78% in the previous year.

In this context a new dynamic bank emerged named BRAC Bank, a fully online scheduled commercial bank opened in 2001, is dedicated to offer its clientele truly international standard banking services. BRAC Banks customer friendly product with convenient features is all designed to meet the grouting and changing needs. Most important, The BRAC Bank has a team of expert sales persons who will take banking at the doorsteps of customers.

## **CHAPTER 03**

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### **THE ORGANIZATION**

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- 3.1 VISION**
  - 3.2 MISSION**
  - 3.3 GOALS**
  - 3.4 OBJECTIVES**
  - 3.5 BANK'S CULTURE**
  - 3.6 BRIBES AND INDUCEMENTS**
  - 3.7 MANAGEMENT OF BBL**
  - 3.8 DEPARTMENTS OF BBL**
  - 3.9 BUSINESS UNITS**
  - 3.10 BRANCHES**
  - 3.11 PERFORMANCES OF BBL**
  - 3.12 SHARE HOLDERS STRUCTURE OF BBL**
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## Introduction

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BRAC Bank Limited is a scheduled commercial bank in Bangladesh. It established in Bangladesh under the Banking Companies Act, 1991 and incorporated as private limited company on 20 May 1999 under the Companies Act, 1994. BRAC Bank will be an unique organization in Bangladesh. The primary objective of the Bank is to provide all kinds of banking business. At the very beginning the Bank faced some legal obligation because the High Court of Bangladesh suspended activity of the Bank and it could fail to start its operations till 03 June 2001. Eventually, the judgment of the High Court was set aside and dismissed by the Appellate Division of the Supreme Court on 04 June 2001 and the Bank has started its operations from July 04, 2001.

The importance of financial intermediaries in the development of the overall economy of country cannot be described in short. From the inception of the civilization the banking sector dominate the economic development of a country by mobilizing the saving from the general people and channeling those saving for investment and thus economic development and growth. In ancient time

The importance of commercial banks after the ravage of the liberation war to develop a better economy was severally needed and it is needed now and will be required in future also. In time to time Government of Bangladesh agreed to permit the private commercial banking in the country.

BRAC bank will be knowledge based organization where the BRAC Bank professionals will learn continuously from their customers and colleagues world wide to add value. It will work as a team, stretch, they innovate and break barriers to serve customers and create customers loyalty through a value chain of responsive and professional delivery. The bank promotes broad-based Participation in the Bangladesh economy through the provision of high quality banking services. BRAC Bank will do this by increasing access to economic opportunities for all individuals and business in Bangladesh with a special focus on



currently under-served enterprises and households across the rural – urban spectrum. BRAC Bank believes that the pursuit of profit and developmental goals is mutually reinforcing. Increasing the ability of under – served individuals and enterprises to build their asset base and access market opportunities will increase the economic well being for all Bangladeshis at the same time, this will contribute significantly to the profitability of the Bank. BRAC Bank intends to set standards as the Market leader in Bangladesh. It will produce earnings and pay out dividends that can support the activities of BRAC, the Bank's major shareholder. Development and poverty alleviation on a countrywide basis needs mass production, mass consumption and mass financing. BRAC Bank goal is to provide mass financing to enable mass production and mass consumption, and thereby contribute to the development of Bangladesh. BRAC Bank intends to set standard as the market leader in Bangladesh by providing efficient, friendly and modern fully automated online service on a profitable basis

A fully operational Commercial Bank, BRAC Bank focuses on pursuing unexplored market niches in the Small and Medium Enterprise Business, which hitherto has remained largely untapped within the country. In the last six years of operation, the Bank has disbursed over BDT 1800 crore in loans to nearly 60,000 small and medium entrepreneurs. The management of the Bank believes that this sector of the economy can contribute the most to the rapid generation of employment in Bangladesh. Since inception in July 2001, the Bank's footprint has grown to 26 branches, 356 SME unit offices and 26 ATM sites across the country, and the customer base has expanded to 200,000 deposit and 45,000 advance accounts through 2006. In the years ahead BRAC Bank expects to introduce many more services and products as well as add a wider network of SME unit offices, Retail Branches and ATMs across the country.

Within this short time the bank has been successful in positioning itself as progressive and dynamic financial institution in the country. The is now widely acclaimed by the business community, from small entrepreneur to big merchant and conglomerates, including top rated corporate and foreign investors, for modern and innovative ideas and financial



solution. Thus within this short time it has been able to create an unique image for itself and earned significant solution in the banking sector of the country as a bank with a difference.

### **3.1 VISION**

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BRAC Bank will be a unique organization in Bangladesh. It will be a knowledge-based organization where the BRAC Bank professionals will learn continuously from their customers and colleagues worldwide to add value. They will work as a team, stretch themselves, innovate and break barriers to serve customers and create customer loyalty through a value chain of responsive and professional service delivery. Continuous improvement, problem solution, excellence in service, business prudence, efficiency and adding value will be the operative words of the organization.

BRAC Bank will serve its customers with respect and will work very hard to instill a strong customer service culture throughout the bank. It will treat its employees with dignity and will build a company of highly qualified professionals who have integrity and believe in the Bank's vision and who are committed to its success.

BRAC Bank will be a socially responsible institution that will not lend to businesses that have a detrimental impact on the environment and people.

### **3.2 MISSION**

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- Sustained growth in 'small & Medium Enterprise' sector
- Continuous low cost deposit growth with controlled growth in Retained Assets
- Corporate Assets to be funded through self-liability mobilization. Growth in Assets through Syndication and Investment in faster growing sectors
- Continuous endeavor to increase fee based income
- Keep the Debt Charges at 2% to maintain a steady profitable growth

- Achieve efficient synergies between the bank's Branches, SME Unit Offices and BRAC field offices for delivery of Remittance and Bank's other products and services
- Manage various lines of business in a fully controlled environment with no compromise on service quality
- Keep a diverse, far flung team fully motivated and driven towards materializing the bank's vision into reality

### **3.3 GOALS**

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BRAC Bank will be the absolute market leader in the number of loans given to small and medium sized enterprises through out Bangladesh. It will be a world class organization in terms of service quality and establishing relationships that help its customers to develop and grow successfully. It will be the Bank of choice both for its employees and its customers, the model bank in this part of the world

### **3.4 OBJECTIVES**

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The objectives of BRAC Bank Limited are specific and targeted to its vision and to position itself in the mindset of the people as a bank with difference. The objectives of BRAC Bank Limited are as follows:

- Building a strong customer focus and relationship based on integrity, superior service.
- To creating an honest, open and enabling environment
- To value and respect people and make decisions based on merit
- To strive for profit & sound growth
- To value the fact that they are a member of the BRAC family – committed to the creation of employment opportunities across Bangladesh.
- To work as a team to serve the best interest of our owners
- To relentless in pursuit of business innovation and improvement

- To base recognition and reward on performance
- To responsible, trustworthy and law-abiding in all that we do
- To mobilize the savings and channeling it out as loan or advance as the company approve.
- To establish, maintain, carry on, transact and undertake all kinds of investment and financial business including underwriting, managing and distributing the issue of stocks, debentures, and other securities.
- To finance the international trade both in import and export.
- To develop the standard of living of the limited income group by providing Consumer Credit.
- To finance the industry, trade and commerce in both the conventional way and by offering customer friendly credit service.
- To encourage the new entrepreneurs for investment and thus to develop the country's industry sector and contribute to the economic development.

### **3.5 BANK'S CULTURE & CORPORATE VALUES**

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Bank has adopted trust as a corporate value which is acronym for team work, respect for all people, unquestionable integrity, excellence in everything BRAC Bank of SME do, Sense of urgency in getting things done and total commitment. All employees are expected to conduct themselves in accordance with the rules and regulations of the bank.

There are some corporate values

- The strength of the bank's employee emerges from the owner - BRAC. This means, they will hold the following values and will be guided by this as they do their jobs.
- Value the fact that they are a member of the BRAC family
- Creating an honest, open and enabling environment
- Have a strong customer focus and build relationships based on integrity, superior service and mutual benefit



- Strive for profit & sound growth
- Work as a team to serve the best interest of their owners
- Relentless in pursuit of business innovation and improvement
- Value and respect people and make decisions based on merit
- Base recognition and reward on performance
- Responsible, trustworthy and law-abiding in all that we do

## **FINANCE SOFTWARE & IT**

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BRAC Bank has recently introduced one of the world famous banking software FINACLE to give better service efficiently and effectively to its clients. FINACLE is one of the expensive and effective software in banking sector. FINACLE will help to give faster service to clients and keep maximum data in storage. BRAC Bank Ltd. is currently running countrywide true online fully automated banking system. The system allows their customers to do transactions all around the country. The bank cheques are all marked with Barcodes that makes each cheque unique and disallows it to be duplicated. All the signature and customer information with their pictures can be verified from any console at any branch on the bank. We also ensure Offsite backup and Disaster Recovery. Their Goal is to provide a true online banking system, which will not only fulfill the demand of time but also set new benchmarks in twenty-first centuries banking world.

### **Special Feature**

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- All Branches are computerized
- 99% banks work is automated using latest technology
- BRAC Bank is a member of SWIFT community
- Intercity Branches are connected via optical fiber backbone network

### 3.6 BRIBES AND INDUCEMENTS

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It is not acceptable to offer or receive any form of bribe or inducement, or direct anyone else to do so on behalf of the bank. The following activities are strictly prohibited:

- Payment or other benefits which violate the country's law or the bank's policies
- Payment or other benefits for procurement of business
- Payment or other benefits to public officials or politicians to induce them to exercise their discretion in the bank's favor

### 3.7 MANAGEMENT OF BBL

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Boards of directors are the sole authority to take decision about the affairs of the business. Now there are 5 directors in the management of the bank. All the directors have good academic background and have huge experience in business. Mr. Fazle Hasan Abed is the chairman of the bank. The board of directors holds meetings on a regular basis.

#### Chairman

**Mr. Fazle Hasan Abed**

#### Management Team

##### Imran Rahman

Managing Director & CEO

##### Faruk Ahammad

Head of Financial Administration

##### Kaiser Tamiz Amin

Chief Operations Officer

##### Farzana Chowdhury

Head of Small & Medium Enterprise (SME)

##### Rais Uddin Ahmad

Head of Risk Management  
& Company Secretary

##### Md. Rahmat Pasha

Head of Treasury



**Saifuddin M. Naser**  
Head of Retail Banking

**Khwaja Shahriar**  
Head of Corporate Banking

**Mohd. Rafat Ullah Khan**  
Head of Credit

**Shah Alam Bhuiyan**  
Head of Asset Operations

**Naushad Hussain**  
Head of Secured Remittance Service

**Mizanur Rahman Chowdhury**  
Head of Information Technology (IT)

**Tahniyat Ahmed Karim**  
Head of Human Resources

## **Achievements**

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- Fastest growing bank in the country for the last two years
- Leader in SME financing through 350 offices
- Biggest suit of personal banking & SME products
- Large ATMs (Automated Teller Machine) & POS (Point of Sales) network

## **3.8 DEPARTMENTS OF BBL**

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If the jobs are not organized considering their interrelationship and are not allocated in a particular department it would be very difficult to control the system effectively. If the departmentalization is not fitted for the particular works there would be haphazard situation and the performance of a particular department would not be measured. BRAC Bank Limited has does this work very well.

- Human Resources Department
- Financial Administration Department
- Loan Administration Division

- Credit Division
- SME Division
- Internal Control & Compliance Department
- Marketing & Product Development
- Remittance Operation Department
- Treasury Division
- General Services division
- Information Technology Department

### **3.9 BUSINESS UNITS**

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There are four different business units generating business BRAC Bank Limited:

- i) Small & Medium Enterprise (SME)
- ii) Corporate Banking
- iii) Retail Banking
- iv) Probashi Banking

## **CHAPTER 04**

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### **PRODUCT MIX**

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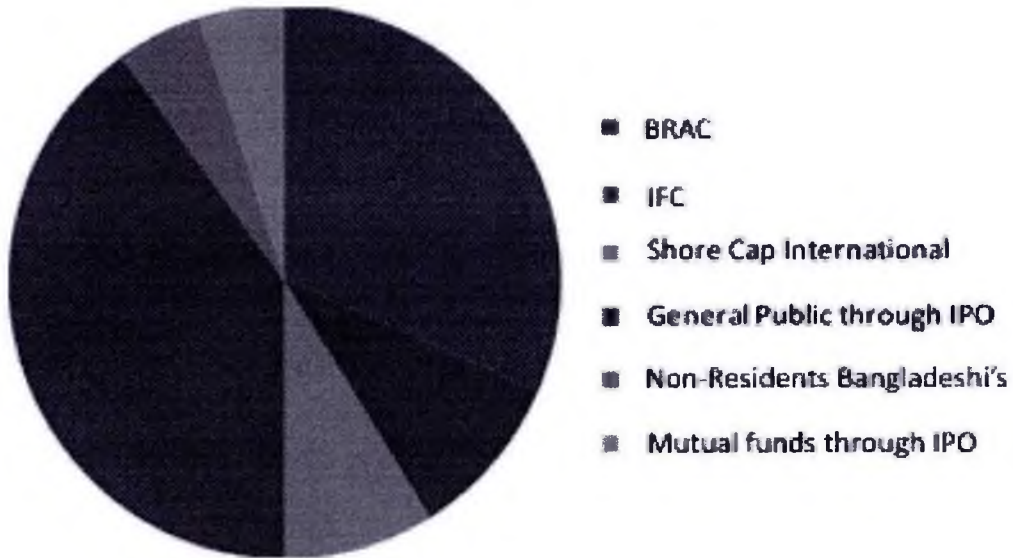
**4.1 WIDTH & LENGTH**

**4.2 DEPTH**

**4.3 TREND ANALYSIS**

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## SHAREHOLDINGS STRUCTURE OF BBL



<b>Shareholders</b>	<b>Percent</b>
BRAC	31.74%
IFC	9.50%
Shore Cap International	8.76%
General Public through IPO	40%
Non-Residents Bangladeshi's	5%
Mutual funds through IPO	5%
Total	100%

- 1 **Ezee Account:** 'Banking That Sets You Free' BRAC Bank offers you EZee Account a non-cheque interest bearing account for small savers who are in frequent need of transaction. You don't need to write a cheque or stand in a long queue to draw your own money from BRAC Bank. You can get an ATM card to operate your account round the clock.
- 2 **Savings Account:** A regular savings account offering you interests on your deposit amount.
- 3 **Current Account:** BRAC Bank's Current Account is a normal checking account, giving you the option to deposit and withdraw money for your day-to-day needs.
- 4 **DPS:** BRAC Bank's Deposit Premium Scheme is a savings plan that adds value to your hard earned money.
- 5 **Campus A/C:** BBL offering campus account for students.
- 6 **Bizness A/C:** As like current account but giving interest rate on daily amount.
- 7 **Femina A/C:** Offering a attractive relationship with BBL only for woman with highest interest rate 7.5%

### 6.3 SALARY ACCOUNTS [TA]

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BRAC Bank Salary Account is a payroll account for Employers and Employees. As an organization, you can opt for our Salary Account to enable easy disbursements of salary & enjoy numerous other benefits.

### 6.4 FDR OR H & W

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BBL offering different kind of fixed deposit facilities to its clients these is given below:

#### 1 InterestFirst Fixed Deposit

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This time you don't have to wait till maturity to receive interest on your Fixed Deposit. BRAC Bank InterestFirst Fixed Deposit lets you draw the interest instantly at the time of your deposit. Believe it. A deposit scheme where the client receives interest in advance.



## 2 Abiram Account

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Your hard earned money is paying-off immediately; BRAC Bank 'Abiram' Account is a special type of Fixed Deposit scheme, which offers the flexibility & comfort of having a guaranteed monthly return on your investment. With BRAC Bank 'Abiram' Account, you can ensure a safe & steady return on your investment.

## 3 Short Term Deposit

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A deposit scheme to give returns on your savings.

## 4 Step Up Fixed Deposit

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BRAC Bank 3-Year Step Up Fixed Deposit GUARENTEES increase of interest rate each year. It is the most attractive investment because the rate automatically increases each year. Step in today to step up your interest.

## 6.5 SECURED ASSET

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Two type of secured loan provide by BBL. These two are Car loan and Secured overdraft (SOD).

- 1 **Car Loan: "Start driving not dreaming"** BBL providing car loan to three different type clients salaried person, business person and Land Owner. Why toy with your dreams when you can own one', BRAC Bank Car Loan can stop your dreaming and Start driving Whether you want to purchase a brand new car or a reconditioned one, we have the most customer-friendly car loan scheme available for you.
- 2 **SOD:** A special scheme that allows you to avail cash at nominal interest rates. Your security is kept untouched in the Bank's custody as the value grows.

## 6.6 UNSECURED ASSET

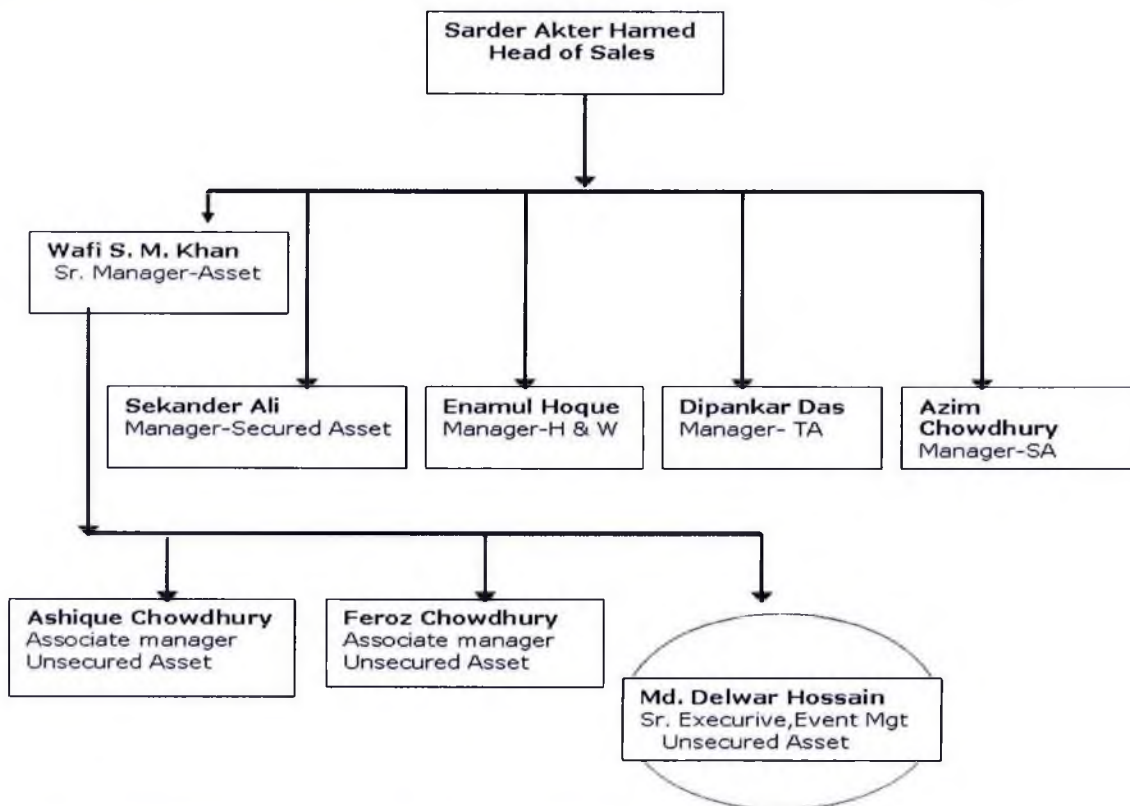
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Ten types of unsecured loan provides by BBL these are given below:

- 1 **Salary Loan:** Keep an extra 15 month's salary in your pocket. You can get BRAC Bank Salary loan, Loan against your salary. If you are a salaried individual working in Bangladesh, Please read on. Because Salary Loan from BRAC Bank has been designed with just you in our minds.
- 2 **Exclusive Club Loan (ECL):** ECL provides only salaried person those who get monthly salary minimum BDT 30,000 and there employment must be follow under A type.
- 3 **NoW Loan:** 'You choose while we pay'!! Life is good making it better when you can enjoy BRAC Bank NoW Loan. In case you need to purchase home appliances, furniture's, computer or other consumer durables for personal use, we offer you the most appropriate solution with our NoW loan.
- 4 **Teachers' Loan:** 'Honest profession, Honest Service'. BRAC Bank Teachers' Loan provides a wedding or a dream holiday, financing a business or surviving an emergency, Teachers Loan can be yours just within three days of application!
- 5 **Study Loan:** 'Your gateway to the world' BRAC Bank Study Loan gives your child deserves the best education and you have planned it ahead. But worried about financing? BRAC bank has the perfect solution for your child's future.
- 6 **Travel Loan:** 'It's time to fly', BRAC Bank Travel Loan opens the door for planning to take a trip abroad and worried about financing? Before you start packing your bags for vacation abroad, you have too many things to take care. Leave your money- matters to us while you pack your bags. Our fast and easy loan processing will simply add excitement to your travel plan.
- 7 **Credit Card Loan:** When you have a credit card sky is your limit with BRAC Bank. Now, a credit card is all you need to get a loan from BRAC Bank. Loan can be used for any reason from buying consumer goods, automobile to vacation expenses. Just decide what to do and start planning for it.
- 8 **Top Up Loan:** Is your loan track record playing smooth? BRAC Bank Top Up Loan is easy loan for good borrower. This unsecured loan is designed to meet various personal needs without mentioning the purpose at all. Just apply according to your requirements

- 9 **HighFlyer Loan** : Enjoy life to the fullest and take benefit of the varied opportunities it offers you. BRAC Bank's HighFlyer Loan is for airline, GSA & Travel Agency professionals is to makes your long cherished desires an absolute reality.
- 10 **Doctor's Loan** : BRAC Bank introducing Doctor's Loan, an exclusive loan facility for the Doctor's fraternity. Now practicing Doctor's can avail this loan very easily to meet their professional needs. So prescribe yourself a dream today. Anti-Headache solution for Doctor's.

## 6.7 ORGANOGRAM OF SALES DEPARTMENT



**Note** : More than two associate manager works under a manager.

More than two GL and ten DSE works under an Associate manager.

Sales department always try to increase sales volume and generate more profit for the Bank. Whatever doing a Bank ultimately if there are no sales no Bank couldn't survive in the



market. Sales department is playing an important part for the Bank. Sales divisions are responsible for sales the entire product which offering by BBL which offering by BBL. there are three types of consumer product offering by BBL. These are two falls under two section liabilities and asset.

## **CHAPTER 07**

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### **MY JOB**

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**7.1 MY ACTIVITIES**

**7.2 DIFFERENT ASPECTS OF JOB PERFORMANCE**

**7.3 CRITICAL OBSERVATION AND RECOMMENDATIONS**

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## 7.1 MY ACTIVITIES

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### **Me: Senior Executive, Event Management under Sales Department**

Since February '07 I have been working with BBL. I am responsible for arranging ROAD SHOW and coordinate different events under sales department of BRAC BANK in different corporate buildings and crowd places in Dhaka city where BRAC Bank offer a line of products to visitors, doctors, teachers and employees.

From the very first day of my joining in BRAC Bank I worked under sales department and I deal with the entire consumer banking products which BRAC Bank offer to its clients. So I gather a little knowledge during my on job internship period regarding all the personal banking products. Now I describe the activities which actually I did in BRAC Bank during my on job internship.

**Team:** I am leading 4 executives those who are working with me to make the campaign successful. We all work as a team. While road show is running, few executives are responsible for making the campaign fruitful and rest of few are responsible to close all the sales lead which already generated previous road show.

**Road show:** This concept is completely new in Bangladesh. Usually we are very much familiar with campaign concept it's almost same but has little difference. For road show no need of huge spaces and we don't use sound systems like ordinary campaign and it can be successfully done in every potential places without huge expense.

**Identifying potential places for Road Show:** identifying potential places is the most important on how much campaign will be successful. For road show we are targeting corporate houses and some commercial places as well. Concept behind target corporate houses BBL providing different loan products to salaried individuals so we can easily reach all the employees where we will continue our road show.



**Giving proposal:** After identifying potential places for road show I visited corporate houses and tried to make an appointment with their responsible authorities and give them proposal like we want to run a 3-4 day long road show at your buildings if he agree with my proposal then I give him official proposal which issued by my boss.

**Collect authorization:** if corporate houses agree to give us authorization to run a road show at their buildings then we collect a hard copy of authorization that must be signed by their GM or MD or Head of Admin.

**Preparation for Road show:** After collect authorization letter for run a road show then we starts prepare us. I give requisition for all type of product and services brochures, calendars, kiosk, card holder etc.

**Number of executive:** I decide how much executive will be needed for road show. It depends actually where we are going to run our road show. If it is market then I need extra executive from other section of sales department otherwise my event team will take care of it. Usually executive comes from every section of sales department during road show and work with me. Executive needed 3 to 5 members for corporate houses and 5 to 10 for super markets.

**Dress code:** All executive should be well dressed during road show. Prefer blue shirt with black trouser and well match tie.

**Generate sales lead:** From road our primary activities are generate sales lead. Those who are interested about BBL product and services we just collect their officer's card and write down their name in our tracker list.

**Promote product & services:** we are not only generating sales lead we are also promoting all product & services which provided by BBL.

**Sales consumer loan:** Though I and my team working under asset section so we are trying to increase our business by selling personal loan products. I will give enough information about consumer loan products in later part of my report.

**Close lead:** After successfully complete the road show we go back to the office and work on sales lead which generate from road show. I distribute the lead to my team members and they are responsible to close the sales.

**Follow up sales:** Those who are already taken our loan and who our potential clients try to keep in touch with them and if possible try to make call to them after few days and do it regularly.

Some successful road show conduct by Event Management team under sales department of BBL

#### Corporate Houses

- Silver Tower
- PBL Tower
- UDAYAN Tower
- Roche
- Square
- Sarina

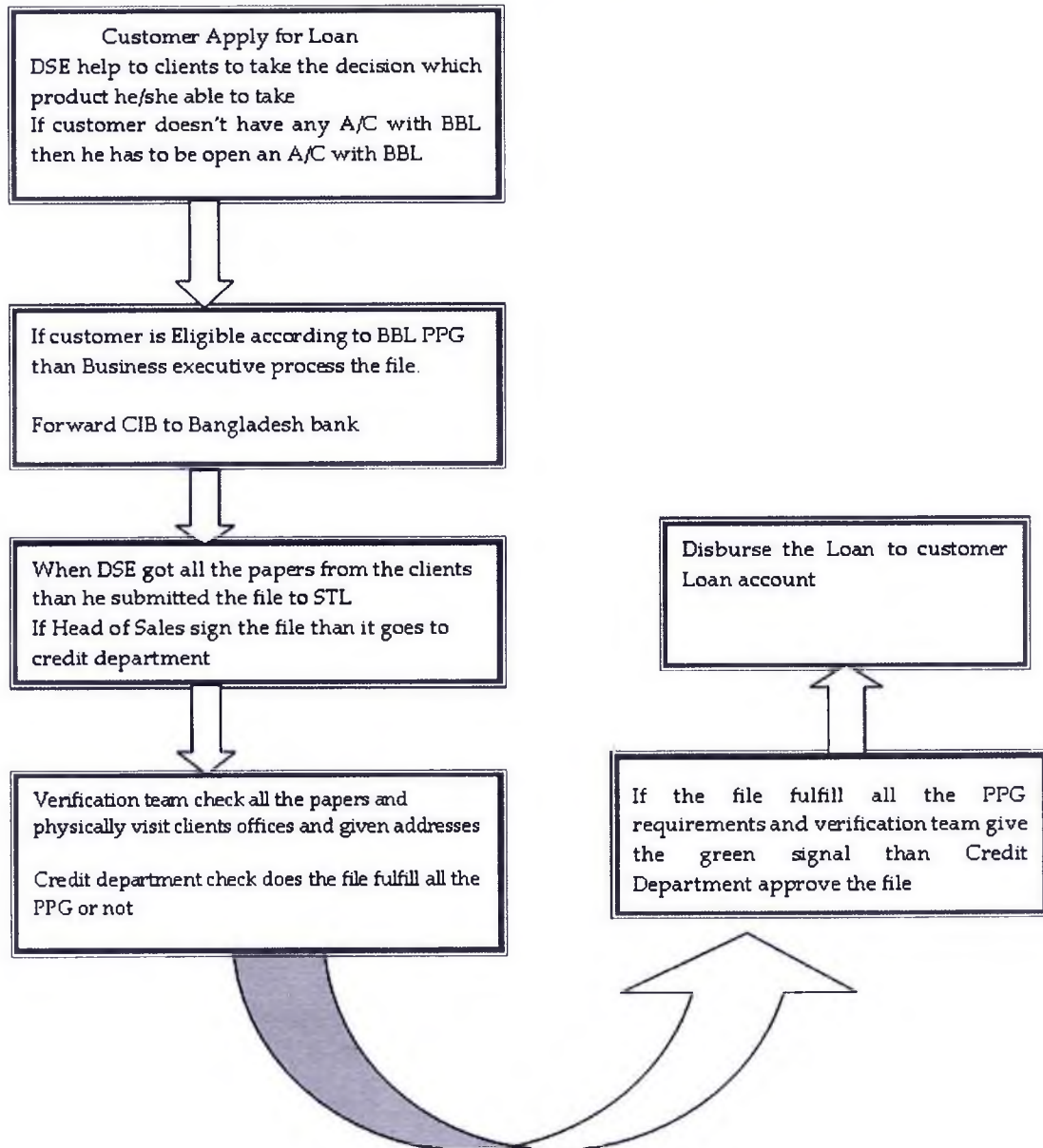
#### Super market

- Pink City
- Rupayan Golden Age
- DCC markets
- Bashundhara City
- UAE market
- Rapa Plaza
- Metro Shopping Mall

Shopping mall

- Nandan
- Best buy

The total process flow of selling personal product is as follows:







**Strategic Wings:** After I joined in BRAC Bank our strategic wings did some corporate sign with top corporate bodies for helping each other. I worked during signing with few corporate partners these are given below:

**HASHEE:** BRAC Bank recently has done a signing with HASHE therefore if anybody want to buy HASHE product and they need money than BRAC Bank will finance and at the same time HASHE will continue all banking transaction with BBL.

**ACCER:** ACCER is one of the well known laptop brand in the world. BRAC Bank recently has done a signing with them therefore if anybody wants to buy ACCER product and they need money than BRAC Bank will finance and at the same time ACCER will continue all banking transaction with BBL.

**Proton:** Malaysia based motor brand. BRAC Bank recently has done a signing with them. They are selling brand new car.

**Executive Motors:** BMW is the world most exclusive and comfortable car in the world. In Bangladesh Executive motors is the authorized distributor of BMW car. BRAC Bank recently has done a signing with them. BBL financing for buy a BMW car maximum BDT. 2million.

## **7.2 DIFFERENT ASPECTS OF JOB PERFORMANCE**

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My supervisor's all time monitored my work what I am doing and how my team are working. He always supervised and advised me. He always is looking for the better performance from my team. He judge my performance in terms of different category like – either I followed the direction or not, my attitude towards work, am I self motivated or not, about my writing and communication skills, accurate and error free work, had the ability to confront problems, had good interpersonal skills, was flexible in the ability to work on several levels of job assignments and achievement of intern objectives.



### 7.3 CRITICAL OBSERVATION AND RECOMMENDATIONS

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To improve the consumer loan procedure BRAC Bank should take some necessary actions that are given below:

- **Strictly monitoring Verification team:** Few cases verification team doesn't go clients working or living places for verified documents they do it by sitting office over phone so sometimes they doesn't get the actual information about the clients. So, credit department should strictly monitor them.
- **Early CIB status:** To know CIB status credit department takes minimum six working days though it is depend on Bangladesh bank but if BRAC Bank introduce free-disbursement before getting CIB status for small amount of loan that clients will be benefited.
- **Show Flexibility to approve loan:** if credit department find a little bit miss-match clients documents with the BBL PPG than they directly decline the files without inquiry. So they should attitude positively towards the clients.
- **Interest rate:** BBL charging 18.5% effective interest rate that is higher than local other competitors so they should decrease their interest rate otherwise they couldn't keep the customer.
- **Increase Corporate Clients:** I faced some difficulties when I approached some one for loan who is working with big company. Because most of the corporate houses are taking banking facilities from HSBC or SCB so they providing loan to them with lower interest rate than BBL. So BBL should increase corporate clients by offering some exclusive product and services.

To improve the branch office culture BRAC Bank Limited may adopt some of the practices that are not practices currently. These are –

❑ **Serial wise client service**

Client service is the most vital for the bank if it's handled properly and smoothly because Bank's total goodwill depends on the client service. General Banking Department can start using serial wise client service so that client can know that how much time s/he have to wait for the service.

❑ **Authorization within very short time**

As we know that whenever clients make any transaction or opening accounts/FDR/pay order etc. it's need to authorization and as well as signature. If the authorized person delayed to give authorization and signature, client will be dissatisfied because all the clients don't have enough time to sit in to the bank hours after hours. So authorization should be complete as quick as possible.

❑ **Fully separated Clearing Department**

Clearing department of the branch should be separated from the General Banking Department. The clearing cheque should receive by the officer of clearing department so that the pressure is minimized from GB Department.

❑ **Introduced ATM booth in front of each Branch**

Everyday a huge number of clients came to the branch only for cash withdrawal. If the bank authority setup an ATM booth in front of each branch then the pressure of client handling may reduce.

❑ **Quick quarries and telephone service through the Telephone Operator**

Telephone operator should introduce branch wise for better and quick client service. It should not be a bank officer's duty to pick up the phone and solved all kind of problem through the phone.

□ **Alarm/fire exit and Armed Security Service**

Each and every banking organization should have high security. The bank authority should ensure about the armed security guard, good opportunity of fire exit as well as the alert system to overcome the situations.

## **CHAPTER 08**

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### **PROJECT: ANALYSIS OF CONSUMER LOAN IN BBL**

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- 8.1 CONSUMER LOAN PRODUCTS OF BBL**
  - 8.2 CONSUMER LOAN PRODUCTS OF HSBC**
  - 8.3 CONSUMER LOAN PRODUCTS OF SCB**
-

## 8.1 CONSUMER LOAN PRODUCTS OF BBL

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### SALARY LOAN

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Keep an extra 15 month's salary in your pocket. You can get BRAC Bank Salary loan, Loan against your salary. If you are a salaried individual working in Bangladesh, Please read on. Because Salary Loan from BRAC Bank has been designed with just you in our minds.

#### Who Can Apply?

---

- Employed as a regular salaried staff
- Have minimum age of 25 years, max - 53 years (at the time of application)
- If you earn a gross monthly salary of Tk. 10,000 \*

#### Maximum Amount

- Anywhere between 1.5 lac to 10 lac (maximum)

#### Features

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- Loan up to 15 times of your Salary \*
- No collateral of cash securities
- Loan processed just within 24 hours
- Flexible repayment Equal Monthly Installments (EMIs) over a period of 12 months to 60 months \*
- Person with salary account with BRAC Bank will enjoy 1% less than the prevailing interest rate



## Requirements

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- Last 3 month's bank statement
- Last salary slip/Letter of introduction
- Proof of identity
- Proof of residence
- Proof of employment of minimum 2 years at the current organization

## NOW LOAN

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'You choose while we pay'!! Life is good make it better when you can enjoy BRAC Bank NoW Loan. In case you need to purchase home appliances, furniture's, computer or other consumer durables for personal use, we offer you the most appropriate solution with our NoW loan.

## Who Can Apply?

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- BRAC Bank account holder aged from 25 to 55
- A salaried employee with minimum monthly income of TK 10, 000
- Employed in your current organization for two years

## Requirements

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### Salaried Person

- 3 months Bank statement (latest)
- Pay slip required if salary paid in cash

### For Business person

- TIN
- Business proof - 2 years

- 3 months personal and company Bank statement
- Permanent address must be where you operate

#### **Maximum Amount**

- 15 times of gross monthly income

#### **Features**

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- No Collateral / Cash Security
- 72 Hour Processing
- Small Monthly Installments
- Family members guarantee

#### **CAR LOAN**

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Why toy with your dreams when you can own one', BRAC Bank Car Loan can stop your dreaming and Start driving Whether you want to purchase a brand new car or a reconditioned one, we have the most customer-friendly car loan scheme available for you.

#### **Who Can Apply?**

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- Both salaried executives and business persons
- Age between 21 at the time of application to 60 at the time of maturity
- Minimum monthly income BDT 25,000
- Length of service/Age of business: Minimum 2 years

#### **Maximum Amount**

- 100% of the vehicle price
- Maximum BDT 2 million

## Features

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- 100% Car value financing
- Loan status in 72 hours
- Both unregistered Brand New/Reconditioned car finance
- Loan term: 12-60 months

Monthly installment schedule for Tk. 1 lac loan					
Months	12	24	36	48	60
Amount	9168.48	4993.23	3616.27	2938.50	2540.26

## TEACHERS LOAN

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Honest profession, Honest Service'. BRAC Bank Teachers' Loan provides a wedding or a dream holiday, financing a business or surviving an emergency, Teachers Loan can be yours just within three days of application!

### Who Can Apply?

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- A teacher of any reputed school or university
- Have a minimum length of service record of at least two years
- Have a minimum net salary of Tk. 5000
- Have a minimum age of 23 years

### Maximum Amount

- 10 times of your gross monthly salary
- The loan amount stretches from Tk. 50,000 to Tk. 10,00,000 (maximum)

## Features

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- Fastest Processing Time
- Small Monthly Installments

## STUDY LOAN

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'Your gateway to the world' BRAC Bank Study Loan gives your child deserves the best education and you have planned it ahead. But worried about financing? BRAC bank has the perfect solution for your child's future.

## Who Can Apply?

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- Parent/ financial guarantor of the student pursuing higher education locally and abroad
- Earning TK 25,000 per month
- Aged between 30 to 60 years

## Requirements

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### Business Person:

- TIN
- Company and personal Bank statement (latest) 6 months

### Maximum Amount

- 15 times of your gross monthly income

## Features

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- Small Monthly Installments
- Repayment scheme up to maximum of 5 years

- Multipurpose facility to meet living expenses, airfare, personal expenses beside tuition as well
- For both salaried and self employed
- Minimum Loan Documentation

## **TRAVEL LOAN**

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'It's time to fly', BRAC Bank Travel Loan opens the door for planning to take a trip abroad and worried about financing? Before you start packing your bags for vacation abroad, you have too many things to take care. Leave your money- matters to us while you pack your bags. Our fast and easy loan processing will simply add excitement to your travel plan.

### **Who Can Apply?**

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- An individual with minimum monthly income of TK 15,000
- A salaried or a self employed person
- Aged between 25 to 53 years

### **Maximum Amount**

- 8 to 10 times of gross salary

### **Features**

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- Small Monthly Installments
- 50% off on Foreign Currency Endorsement Fees
- For Salaried and self-Employed individuals



## Requirements

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- For salaried employees, tourist visa of the traveling country, last 3 month's bank statement, last salary slip/ letter of introduction showing salary, proof of ID, proof of residence, business card, photocopy of passport, quotation from travel agency regarding airfare, proof of employment of minimum 2 years, applicant's & employer's name in the address field family member guarantee.
- For a self- employed person, tourist visa of the traveling country, last six months bank statement, copy of trade license, TIN Certificate, proof of residence, spouse guarantee, business card, photocopy of passport, quotation from travel agency regarding airfare.

## CREDIT CARD LOAN

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When you have a credit card sky is your limit with BRAC Bank. Now, a credit card is all you need to get a loan from BRAC Bank. Loan can be used for any reason from buying consumer goods, automobile to vacation expenses. Just decide what to do and start planning for it.

### Who Can Apply?

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- A one-year-old local credit card with any institution
- A minimum of 12 months of satisfactory credit card relationship with any credit card issuer in Bangladesh

## Requirements

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### Salaried:

- Letter of introduction pay slip
- Latest 3 months Bank statement

### **Business Person**

- TIN
- Proof of 5 years in business
- Permanent address in the area where you operate
- Company and personal Bank statement 6 months (latest)

### **Maximum Amount**

- 5 times of credit card limit with a maximum of TK 1,000,000

### **Features**

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- Any Purpose Loan
- Status of the facility in just 72 hours
- Flexible repayable plan in equal monthly installment

### **Requirements**

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- Copy of credit card
- Last 3 month's credit card statements
- Proof of 1 year of credit card history
- Personal guarantee of immediate family member

### **捷TOP UP LOAN**

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Is your loan track record playing smooth? BRAC Bank Top Up Loan is easy loan for good borrower. This unsecured loan is designed to meet various personal needs without mentioning the purpose at all. Just apply according to your requirements

## Who Can Apply?

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- An existing retail borrower of a reputed financial institution with good repayment history
- A salaried or a self employed individual
- Aged between 30 to 55 years

### Maximum Amount

- Taka 10 Lac

## Features

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- No tiring paper work
- Facility status within 72 hours of application

## HIGH FLYER LOAN

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Enjoy life to the fullest and take benefit of the varied opportunities it offers you. BRAC Bank's HighFlyer Loan is for airline, GSA & Travel Agency professionals is to makes your long cherished desires an absolute reality.

## Who Can Apply?

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- Maximum 20 times of your net monthly salary.
- Minimum loan size is BDT 50,000, loan is available up to BDT 500,000.

### Maximum Amount

- 15 times of your gross monthly income

## Features

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- No Security
- Fastest Processing Time

### Secured Loan/ OD

## SECURED OVERDRAFT [SOD]

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A special scheme that allows you to avail cash at nominal interest rates. Your security is kept untouched in the Bank's custody as the value grows.

### Who Can Apply?

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- All BRAC Bank account holders aged from 21 to 65
- People from all income groups - salaried employees and self-employed business people with security in their possession

### Maximum Amount

- Maximum amount can go up to Tk 5 crores. We even allow loans up to even 100% of the value of your securities (conditions apply)

## Features

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- You repay only interest at quarterly intervals
- You are allowed to choose between the quarterly repayment option and the monthly installment option
- You can avail the facilities in single or in joint names
- Your interest will be calculated using reducing balance method

- A wide range of security is acceptable to the Bank. These are: Fixed Deposits at BRAC Bank and other Banks, ICB unit certificates and Wage Earner Development Bonds (special cases)
- Employer's Guarantee can be the security.
- Loan up to 5 years
- Attractive interest rate

## **DOCTORS LOAN**

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BRAC Bank introducing Doctor's Loan, an exclusive loan facility for the Doctor's fraternity. Now practicing Doctor's can avail this loan very easily to meet their professional needs. So prescribe yourself a dream today. Anti-Headache solution for Doctor's.

### **Who Can Apply?**

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- Having M.B.B.S. with 2 years of experience
- A salaried or a self employed Doctor's
- Aged between 25 to 55 years

### **Maximum Amount**

- Taka 15 Lac

### **Features**

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- Loan from BDT 2 Lac to BDT 15 Lac
- No Security Required
- Loan in 48 Hours



### Documents required for Loan

- Photo
- Visiting card
- ID cards photocopy
- Letter of introduction
- Bank statement
- Loan statement if any
- Salary slips:
- Cheques:
- Cheques photo copy:
- Personal profile Or A/C open from photo copy:
- Guarantor's photo& personal net worth:
- Telephone no:
- TIN copy:
- Permanent address proof:
- Experience certificate:

## 8.2 CONSUMER LOAN OF HSBC BANK

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### 捷 MY LOAN – HOME LOAN

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The decision to buy or renovate a home is one of the most important investment decisions you will ever make. HSBC's Home Loan facility will assist us in purchasing new apartment or renovate your home. "Home Loan Plus" package offers a discounted Personal Installment Loan to enable us to buy home appliances, furniture and other amenities that would complete our dream home. It offers a discount on the insurance premium as well to secure our home and at the same time make some cost savings.

## Benefits

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- ❏ No personal guarantee or cash security.
- ❏ Competitive interest rate that is calculated on a monthly reducing balance as opposed to an annual reducing balance, giving you a lower monthly installment amount with HSBC.
- ❏ A maximum loan amount of 70% of the total value of the apartment or BDT 2,000,000 for renovation and the loan size between minimums of BDT 750,000 and maximum of BDT 7,500,000.
- ❏ Financing for the registration cost and repayments by monthly installments of up to 15 years or prior to borrower's age reaching 60 years or retirement date, whichever is earlier.
- ❏ Partial prepayment and prepayment allowed and discount on the insurance premium from enlisted insurance companies to "Home Loan Plus" customer.

## Who Can Apply?

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- ❏ A well-established company should employ you for 2 years. If less than 2 years in current job, previous employment record will be considered.
- ❏ Minimum monthly income of at least BDT 40,000. Spouses may club their incomes together and apply as joint applicants.
- ❏ Self-employed individuals can also apply subject to adequate proof of income.
- ❏

## Requirements

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- ❏ Letter from employer from where we exist behind.
- ❏ Documents stated in the Application Form.
- ❏ We do not require any personal guarantee or cash security to support the loan.
- ❏ A registered mortgage in favor of HSBC and original title deed.
- ❏ Property insurance is required covering fire, earthquake, flood, and cyclone.

## 捷 MY LOAN – CAR LOAN

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Suppose a new automobile you've always wanted. Now comes the difficult part - arranging the funding. You approach banks and financial companies who want guarantees and securities against loans and you feel your dream slipping away. Now with a car loan from HSBC, you can realize your dream.

### Benefits

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- ✦ No personal guarantee or cash security!
- ✦ Wide range of loan amounts- the scheme covers loans ranging from BDT 100,000 to BDT 2,000,000 and no hidden costs with low processing fees.
- ✦ Competitive interest rate as well as partial security is also available against Loan.
- ✦ Loan can be repaid in 12, 24, 36, 48 or 60 months.

### Eligibility

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- ✦ At least 25 years of age
- ✦ Employed for at least two years by a well established company and minimum monthly income of BDT20,000

## 捷 MY LOAN – MOTORBIKE LOAN

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At last you've found the new motorbike that you've always wanted! Now comes the difficult part - arranging the money, with a motorbike loan from HSBC, you can overcome all the obstacles and realize your dream.

## Features

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- ✦ No personal guarantee or cash security.
- ✦ Loan amount ranging from BDT50, 000 to BDT200, 000 or a maximum of four times of your monthly income, whichever is lower.
- ✦ Competitive interest rates with low processing fees.
- ✦ Loan can be repaid in 12, 24 or 36 months.
- ✦ Documentation: quotation of the motorbike along with other documents.

## 捷 MY LOAN – TRAVEL LOAN

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Wish you had enough money to take an overseas vacation? Or travel to an exotic place of your choice? Now you can leave all your worries and enjoy a perfect vacation with Travel Loan from HSBC. Just provide your travel quotation along with income documents to avail the loan.

## Features

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- ✦ No personal guarantee or cash security.
- ✦ The loan amount ranges from BDT50,000 to BDT500,000 or a maximum of four times of your monthly income, whichever is lower.
- ✦ Competitive interest rates with low processing fees.
- ✦ You can repay the loan in 12, 24, 36 or 48 months and loan against partial security is available as well.
- ✦ Documentation-travel quotation along with other documents.



## 捷 MY LOAN – STUDENT LOAN

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Whether it is about securing your child's future or you getting a Graduate or Post Graduate degree or completing a professional degree while you are still working requires a considerable amount of investment. Now, with the Student Loan from HSBC, you can make your best investment decision without worrying about your cash flow.

### Features

---

- ✦ No personal guarantee or cash security.
- ✦ Loan amount ranging from BDT 50,000 to BDT 750,000 or a maximum of four times of your monthly income, whichever is lower.
- ✦ If you are an Auto Pay customer, you can get six times or if you are a CEPS customer you can get ten times of your monthly income up to a maximum of BDT 750,000.
- ✦ Competitive interest rates. Low processing fees.
- ✦ You can repay the loan in 12, 24, 36 or 48 months.
- ✦ Loan against partial security is also available.
- ✦ Facility for opening Student File is also available.
- ✦ To open a student file student has to provide copy of college/university admission paper and proof of formal acceptance by student along with other documents.

## 捷 MY LOAN – WEDDING LOAN

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Through HSBC, we will be able to take the pleasure of the following benefits by availing wedding loan.



## Features

---

- ✦ No personal guarantee or cash security.
- ✦ The loan amount ranges from BDT 50,000 to BDT 1,000,000 or a maximum of four times of your monthly income, whichever is lower.
- ✦ Competitive interest rates with low processing fees.
- ✦ Loan can be repaid in 12, 24, 36 or 48 months where partial security is available.

## 捷 MY LOAN – FURNITURE LOAN

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All the way through HSBC, we will be able to take the pleasure of the following benefits by availing furniture loan.

## Features

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- ✦ No personal guarantee or cash security.
- ✦ The loan amount ranges from BDT 50,000 to BDT 1,000,000 or a maximum of four times of your monthly income, whichever is lower.
- ✦ Competitive interest rates with low processing fees.
- ✦ Loan can be repaid in 12, 24, 36 or 48 months as well as the tenure may be extended to 60 months depending on the security provided by the customer.
- ✦ Loan against partial security is also available.

## 捷 MY LOAN – LIFESTYLE LOAN

---

All the way through HSBC, we will be able to take the pleasure of the following benefits by availing lifestyle loan.

## Features

---

- ❏ No personal guarantee or cash security.
- ❏ The loan amount ranges from BDT 50,000 to BDT 1,000,000 or a maximum of four times of your monthly income, whichever is lower.
- ❏ Competitive interest rates by means of low processing fees.
- ❏ Loan can be repaid in 12, 24, 36 or 48 months where partial security is available.

## 捷MY LOAN – PROFESSIONAL LOAN

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From end to end HSBC, we will be able to take the pleasure of the following benefits by availing professional loan.

### Features

---

- ❏ No personal guarantee or cash security.
- ❏ No personal guarantee or cash security.
- ❏ The loan amount ranges from BDT 50,000 to BDT 1,000,000 or a maximum of four times of your monthly income, whichever is lower.
- ❏ Competitive interest rates by way of low processing fees.
- ❏ Loan can be repaid in 12, 24, 36 or 48 months where partial security is available.

## 捷MY LOAN – CNG CONVERSION LOAN

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HSBC offers a low cost **CNG conversion loan** solution backed by local knowledge and global expertise where we can save the environment as we save money.

### Features

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- ❏ Competitive interest rates

- ❏ Maximum loan tenure 2 years
- ❏ No personal guarantee or cash security required
- ❏ Loan amount ranging from BDT30,000 to BDT50,000

## 8.3 CONSUMER LOAN OF SCB

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### Features of personal Loan

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- ❖ Available for any personal reasons ranging from purchase of consumer durables, educational expenses to medical treatment.
- ❖ 3 different repayment tenor option – 12, 24, or 36 equal monthly installments.
- ❖ Can be repaid in advance, anytime ahead of maturity date
- ❖ No cash Security
- ❖ No Down payment

#### ❑ Accessible

Standard Chartered understands people desire for achieving dreams. That is why SCB are offering a hand to reach out for the things that would make one's life more comfortable and convenient.

#### ❑ Flexible

SCB's Personal loans are the most flexible of their kind in the market with minimum documentation and security requirements, the product offers the customers the choice of a loan for any of the following purpose:

- ❖ Purchase of miscellaneous household appliances
- ❖ Purchase of Personal computers
- ❖ Purchase of refrigerators
- ❖ Purchase of audio-video equipment
- ❖ Purchase of furniture

- ❖ Hospitalization or other emergency medical needs
- ❖ House renovation purchase of office equipment/accessories
- ❖ Office renovation.
- ❖ Marriages in the family
- ❖ Advance rent payment
- ❖ Holiday expenses
- ❖ Education/professional training

□ **Helpful**

The loan amount may range from BDT 75,000 to BDT 10,00,000 and the best news is that no cash collateral is required to obtain the loan. This means the customers don't have to submit any fixed deposit or saving certificates to the bank for the period of the loan as security. Some documents from the customers employer or the guarantee will suffice.

□ **Convenient**

Monthly installments can be tailored to meet the customers convenience and budget. The customer can choose to repay the loan in 12 to 60 equal monthly installment depending on the loan amount.

□ **Efficient**

SCB is in a position to offer the customers a wide range of banking products, designed to meet most of the customers needs.

## 捷 CAR LOAN

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Standard Chartered Bank's auto loan offers flexibility, affordability and easy repayment options, all wrapped in a very convenient package.

□ **Accessible**



With 18 offices in 6 major cities in the country, SCB are accessible almost anywhere. Sales representative of SCB are available at a time and place of the customers convenience to discuss car financing needs and offer appropriate solution.

□ **Flexible**

Auto loan offers the customers complete flexibility in structuring the customers loan. It lets the customers choose loan tenure, cash security requirement, loan amount and even the interest rate. Auto loan also offers an option for early settlement or partial payment of the loan if the need arises.

□ **Tailored**

Auto loan from Standard Chartered Bank is a loan facility that has been custom- designed to realized the customer's dream. It lets the customers drive their car while providing them convenience of repaying the loan over a maximum period of 48 months for reconditioned vehicles and 60 months for new vehicles. One can have a maximum loan amount of 75% of the car value with a maximum loan of BDT 4,000,000. if the customer can provide a minimum of 30% of the car value as cash security, the loan amount will cover the total value of the car.

## Who Can Apply?

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To apply for an Auto loan all a customer need is to be:

- A Bangladeshi Citizen
  - Between 23 to 60 years of age
  - A salaried or self-employed person earning a minimum of BDT 25,000 per month
  - Maintaining a saving or current account with Standard Chartered Bank for at least six months or with another bank in Bangladesh for at least six months or with another bank in Bangladesh for at least a year
  - A resident of Dhaka or Chittagong
- **Helpful**



There is no requirement to provide guarantees or cash security to qualify for an Auto Loan. If the customer chooses to provide 30% or more of the loan amount as cash security, he or she will enjoy a higher loan amount and a discounted interest rate.

### **Brand New Car**

Under the Auto Loan scheme, standard Chartered Bank offers first class deals to buy Brand New Cars. Competitive interest rates, easy repayment options and a host of other value-added banking services will be available for the Auto Loan.

### **Reconditioned Car**

If the choiced car is less than 4 years old from the date of manufacture, the customer can get finance up to 75% of the assessed value of the car. The loan tenure can extend up to 48 months.

#### **□ Easy repayment option**

Auto Loan is designed to make life easier for the customer. SCB offers easy repayment options and the freedom to choose the repayment period – from 1 year to 5 years depending on the car. The customer has also the option of partially or wholly prepaying the loan after a minimum of 12 months of loan disbursement.

#### **□ Convenient**

There's no need to make repeated visits to the bank for the loan anymore. With Standard Chartered Auto Loan, the applicant doesn't need to visit the bank. The representative of the bank will come to the customers' home or office to help them in documentation and to take care of all the formalities.

## CHAPTER 09

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### PROCEDURES OF BRAC BANK CONSUMER LOAN

## PROCEDURES OF BRAC BANK CONSUMER LOAN

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### Loan Sanction activities

- **Apply for the loan:** clients apply to the bank for consumer loan than DSE/SSE start processing loan file.
- **Open clients accounts in the respective bank:** When the DSE/SSE decided the client is eligible to get the loan then respective DSE/SSE helps the client to open a bank account where BRAC bank operates. BRAC bank will disburse the loan through this account. On the other hand the client will repay by this account.
- **Filled up CIB form:** DSE/SSE give a CIB (Credit Information Burue) form to the client and the client fill and sign in it. In some case if the client is illiterate then the DSE/SSE fill the form on behalf of the client.
- **Sending CIB to Bangladesh Bank:** Head office collect all information and send the CIB form to Bangladesh Bank for clearance. Bangladesh Bank return this CIB form within 10-12 days with reference no.
- **CIB report from Bangladesh Bank:** In the CIB report Bangladesh Bank use any of the following reference no:
  - **NIL:** if the client has no loan facility in any bank or any financial institution then BB (Bangladesh Bank) use 'NIL' in the report
  - **UC (Unclassified):** if the client has any loan facility in any bank or financial institution and if the installment due 0 to 5.99 then BB use UC in the report
  - **SS (Substandard):** if the client has any loan facility in any bank or financial institution and if the installment due 6 to 11.99 then BB use SS in the report
  - **DF(Doubtful):** if the client has any loan facility in any bank or financial institution and if the installment due 12 to 17.99 then BB use DF in the report
  - **BL (Bad lose):** if the client has any loan facility in any bank or financial institution and if the installment due 18 or above then BB use BL in the report. This report indicates that the client is defaulter and the bank should not provide loan the client.

- **Loan decision considering CIB report:** Considering CIB report, BRAC bank decide whether it will provide loan the client or not. If the banks decide to provide loan then the head office keep all information and DSE inform the clients to submit all necessary charge documents.

## **Disbursement of Consumer loan**

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### **Pre Disbursement Manual Activities**

- **Prepare loan file:** Receiving all documents, Loan Administration Division prepare a loan file with all documents received from DSE.
- **Charge documents checking:** The loan administration division checks all charge documents. following charge documents are checked:
  - **Photo**
  - **Visiting card**
  - **ID cards photocopy**
  - **Letter of introduction**
  - **Bank statement**
  - **Loan statement if any**
  - **Salary slips:**
  - **Cheques:**
  - **Cheques photo copy:**
  - **Personal profile Or A/C open from photo copy:**
  - **Guarantor's photo& personal net worth:**
  - **Telephone no:**
  - **TIN copy:**
  - **Permanent address proof:**
  - **Experience certificate:**

- **Activation of the loan:** Loan administration division do the following tasks to activate the loan
  - Loan sanction details set-up
  - Repayment schedule set-up and printing
  - Loan activation
  - Disbursement and CC wise voucher print
  - Disbursement voucher posting

### **Post Disbursement Manual Activities**

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**Repayment schedule sent to unit office:** Completing the disbursement of the sanctioned amount the loan administration division prepare a repayment schedule in MBS and send it to the client's mailing addresses.

**Loan details MBS entry:** The loan administration division enters details information regarding the loan in MBS. Each officer has an ID no in MBS and if there is any error found then the respective officer will be responsible for it. So every body remains alert at the time of MBS entry.

**Send the loan file to archive:** completing all activities, loan administration division sends the loan file to the archive for future requirement. In future if any document of the loan account require then the bank can collect the file from archive and get the necessary document. If the client take repeat loan then it is not require to apply all documents because his all documents stored to the bank.



## **Consumer Loan Recovery Procedures**

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**Equal Monthly installments (EMI):** Borrower repayment the installment in his loan account bank decide client's monthly installment.

**Entry the installment information to MBS:** Loan administration division entry the repayment installment information to the banking software MBS.

**Cross Check and solve problems (If any):** The loan administration is responsible for all entry in MBS. If the there is any error found in future then the respective officer who is entering these information in MBS will be liable for it. It will be easily identified by user ID.

## **Closing procedures of Personal loan in BRAC Bank**

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### **i) Pre-closing manual activities**

**Receive SMS/letter requesting for closing:** The borrower repay the loan as per repayment schedule. When the repayment is being complete the borrower request the BRAC Bank to close his loan account.

**Bring the loan file from archive:** The loan account file of the respective borrower brought from the archive. Cross checked the documents of file with MBS record.

**Obtained approval from the concern authority:** it is require the permission of concerned authority to close the loan. If concerned authority approves the closing of the loan account then next initiatives are taken.

**Checking in MBS:** The loan administration division checks the loan status in MBS. If there is any difference found with the clients repayment sleeps and MBS then deposits sleeps are re-checked. Then the loan administration division calculates the total balance of the loan account (Ledger balance + buffer interest +Excise duty)

**Send closing letter to the clients:** Bank sends the final loan closing letter to the clients mailing addresses.

## **MBS entries for loan closing**

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Pre closing data entry: Completing the manual activities, the loan administration division enters some information to MBS for future requirement and complete following tasks:

- Interest/provision charging & print voucher
- Charges collection & print voucher
- Final repayment entry & print voucher
- Final repayment entry checking
- Repayment voucher posting

**Activate account closing in MBS:** Completing above mentioned tasks, the loan administration division finally close the requested loan account in MBS.

## **CHAPTER 10**

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### **COMPARATIVE ANALYSIS**

### **OF**

### **CONSUMER LOAN**

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**10.1 COMPARISON IN CONSUMER LOAN[PERSONAL LOAN]**

**10.2 COMPARISON IN CONSUMER LOAN[CAR LOAN]**

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Both the Standard Chartered and HSBC is the global bank. They are the leading banks among the few foreign banks operating in Bangladesh. These two banks can be considered to be the serious players in the market. The Standard Chartered Bank is the market leader with more than 60% market share of personal loan. The positive global image of these Banks helped them to make a strong position in the personal loan market in Bangladesh. BRAC Bank Ltd has entered in this market very recently. But in a very short period of time BRAC Bank Ltd achieved a good image in personal loan Banking compare to other local Banks like Prime Bank Ltd, DHAKA Bank, Arab Bangladesh Bank, Pubali Bank Ltd in Bangladesh. BRAC Bank has different kind of personal loan product comparative with other local and foreign banks.

## **10.1 COMPARISON IN CONSUMER LOAN[PERSONAL LOAN]**

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The information that is used for comparative analysis on consumer loan of Standard Chartered Bank, The Hong Kong and Shanghai Banking Corporation Limited and BRAC Bank Limited are categorized in different broad groups. Those are:

- Rate of Interest
- Minimum and Maximum Loan Amount
- Down payment & Number of Installments
- Processing Time
- Processing Charges
- Risk fund
- Early settlement fees
- Partial payment fees
- Age group
- Documentation by segment

### **□ Rate of Interest**



In simple sentence interest paid is the money one pays to a bank for borrowing its money or interest rate can be defined as the price of acquiring credit, usually expressed as a ratio of the cost of securing credit to the total amount of credit obtained. Interest rate sends price signals to borrowers, lenders, savers and investors.

Interest rate is the prime factor when people interested to take loan from the bank. S/he will compare some of the banks interest rate generally and then will decide that which bank is more convenient to take loan. It has been found that in case of personal loan BRAC Bank Limited give the personal loan to their clients in 18.5% interest rate. According to the EMI schedule client make the payment per month which is combination of principal loan amount and interest rate. In same way HSBC provide the personal loan to their clients with 19% interest rate and on the other hand Standard Chartered Bank give the personal loan with highest interest rate among the other two banks which is 20.5%. The following table illustrates the overall picture of personal loan interest rate –

**Interest Rate comparison (Personal Loan)**

Category	BBL	SCB	HSBC
Interest Rate	18.5%	20.5%	19%

The interest rate factor is totally depends on the nature of the loan amount and as well as the category of the clients job. It doesn't mean that BBL's interest rate is lower than other banks so, its better to take loan from that bank. It's basically depends on the customer the loan amount that s/he takes, number of installments payment and customer's salary or individual income.

**□ Minimum and maximum loan Amount**

In the case of personal unsecured loan the banks usually don't provide unlimited amount of loan to the customers because of the risk associated due to unsecured feature of the loan. Due to clients need its sometime become a factor that how much loan can provide by the bank to the customer. Because customer may interested to take loan a little amount or a



huge amount. So in that case client will make sure that the loan which is provided by the bank is up to the mark or not. It has been found that BBL provide personal loan BDT 50,000 to BDT 10, 00,000 for their clients. Standard Chartered give the personal loan started from BDT 75,000 up to BDT 10, 00,000. On the other hand HSBC provide minimum amount BDT 50,000 to BDT 10, 00,000. Now its client's duty to choose bank which one is convenient to themselves.

#### **Minimum & Maximum loan amount comparison (Personal Loan)**

Category	BBL	SCB	HSBC
Minimum/Maximum	50,000 – 10,00,000	75,000 – 10,00,000	50,000 – 10,00,000

#### **□ Down payment and Number of Installments**

All the three banks – SCB, HSBC and BBL don't claim down payment in providing personal loan to customers. This is one of the important factors that stimulate the personal loan market in the banking sector.

The number of installment of the loan amount ranges from 1 year to maximum of 5 years among the banks under the study. Now, these three banks have the opportunity to the clients to installments payments within 5 years. This installment payment is depends on the loan amount that how much you take loan from the bank. One thing should keep in mind that if you take little amount of loan for example – BDT 50,000 to BDT 95,000 then you don't have the opportunity to pay the installments over 24 months.

#### **Installment payment comparison (Personal Loan)**

Category	BBL	SCB	HSBC
Installment Payment (In Months)	12 – 60	12 – 60	12 – 60

#### □ Processing Time

Loan processing time is another important factor in determining the satisfaction level of personal loan customers. The lesser the processing time the more satisfied the customers will be. In availing loan from the banks the customers don't like to wait for too long. In considering this factor the BBL is far ahead than the other two banks under study. It takes only 72 hours for BBL to process the loan to the customers. HSBC takes 4 working days and SCB takes 10 working days.

#### Loan processing time comparison

Category	BBL	SCB	HSBC
Processing time (in days)	3	10	4

#### □ Processing Charges

In order to have loan form the banks the applicants have to bear some processing charges called processing charges in banking arena that vary among the banks under study. These processing charges are imposed on the customers due to make up the loan processing cost and also to mitigate the risk involved with lending money.

All the three banks under study charge some loan processing fees and it varies from bank to bank. In this case what ever the loan amount SCB charges BDT 1000.00 which is independent of the loan size. While HSBC's loan processing charge 1% of the loan amount or BDT 1,000.00 whichever is higher. On the other hand, BRAC bank's loan processing fees is 1.5% of total loan amount and additional BDT 500.00 for loan application fee which is not applicable for the other two banks.

#### Loan processing fees comparison for personal loan

Category	BBL	SCB	HSBC
Loan Charges	1.5% of loan amount + BDT 500 application fee	BDT 1,000.00	1% of the loan amount or BDT 1,000.00 whichever is higher

#### □ Risk Fund

Risk with various extents is associated in providing loan to the customers. To mitigate this risk some banks charge some fees while providing personal loan to customers. The Banks under our study don't claim such charges form their customers.

#### □ Early Settlement Fees

A customer has the option to settle the personal loan if he or she doesn't like to continue the personal loan liability any more. But this early settlement of personal loan incurs some costs and banks charge fees for this kind of settlement. Both the Standard Chartered Bank and The Hong Kong and Shanghai Banking Corporation Limited have same amount of early settlement fees of BDT1000.00. On the other hand BRAC Bank Ltd charges BDT 2000 early settlement fees and the customer will have to continue the personal loan at least 3 (three) month. Before the three month the customer has option to settle the loan but he or she has to be paid interest amount @ 10.5% for the remaining months before the 3 months.

#### □ Partial Prepayment Fees

Partial prepayment is another feature of personal loan. In the personal loan program of a bank, a customer has the option to pay the partial portion of the principal amount before the due date to get rid of the interest charge incurred in the loan amount. Both the SCB and HSBC claim charges of BDT 1000.00 in case of partial prepayment but BRAC Bank Ltd doesn't claim this fees if a customer wishes to pay early payment.

#### □ Age Group



There is age limitation in availing personal loan from banks. Standard Chartered Bank provide personal loan to the customers having minimum age of 18 years. On the other hand, the lower age limit starts at age of 25 years for Dhaka Bank Ltd and HSBC. But HSBC doesn't specify the upper age limit for availing personal loan. Minimum age limit for take loan from BBL is 23 and 55.

#### Age group Comparison

Category	BBL	SCB	HSBC
Age group (in years)	23 – 55	18 – 55	25 and above

#### □ Documentation by Segment

Documentation in loan processing is very important factor from the point of view of supplier of loans. The required documents for availing loan vary according to the market segment. Each market segment is required to submit different type of documents and loan processing documentation also varies bank to bank.

#### Comparison in Documentation for Salaried Individuals

Documents	BBL	SCB	HSBC
Passport Size Photograph	√	√	√
Passport Copy/Utility Bill Copy	√	√	√
Letter of Introduction	√	√	√
Bank Statement	3 Months	12 Months	6 Months
Opening of Bank Account	√	√	√
Tin Certificate	√	√	√
Service Length	2 year confirmed service	1 year confirmed service	2 Years
Salary Slip	Last three month If bank payee than need	6 month	6 month

	bank statement		
Post Dated Cheque	√	√	√
No. of Personal Guarantee	One	One	×

#### Comparison in Documentation for Business Person

Documents	BBL	SCB	HSBC
Passport Size Photograph	√	√	√
Passport Copy/Utility Bill Copy	√	√	√
Bank Statement	12 Months	12 Months	12 Months
Memorandum & Article of Association	√	√	√
Trade License	Last 5 years	√	√
Form XII	√	√	√
TIN Certificate	√	×	Form 88
Min no of years in Business	3 years	×	×
No of personal	One	Two	×

#### Comparison in Documentation for Self-employed

Documents	DBL	SCB	HSBC
Passport Size Photograph	N/A	Defined as same category as Business	Defined as same category as Business
Passport Copy/Utility Bill Copy	N/A		
Bank Statement	N/A		
Memorandum & Article of Association	N/A		
Trade License	N/A		
Form XII	N/A		
TIN Certificate	N/A		
Professional Certificate	N/A		



Opening of Bank Account	N/A		

According to the above information it's become clear that each and every bank have their own strategy to process loan to their customers. So, customer will take a look on it, compare each and every bank and make the proper decision which one will be convenient to them. BRAC bank doesn't offer any loan for self employed and they also providing only two category loan for businessman.

## 10.2 COMPARISON IN CONSUMER LOAN [CAR LOAN]

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In comparative analysis among the car loan, the following features have been found.

### □ Flexibility

The Auto Loan structure of The Standard Chartered offers more flexibility in compare to other players in the market. In this case the customer has the opportunity to structure his or her loan. Here the customers can choose their loan tenure, cash security and even the interest rate. Choosing the interest rate for the loan amount is comparatively rare feature in the market.

### □ Personal Guarantee

Only the BRAC Bank Ltd among the other banks under the study claims personal guarantee in order to have car loan from their bank. Finding a personal guarantee is little bit difficult job for all most all customers. And both the SCB and HSBC excluded this feature to make the car loan easier for the customers.

### □ Ownership

Under SCB car loan the ownership of the car titled as joint name that is both the customer and the bank are owner of the car. On the other hand in the case of HSBC ownership of the car goes to the client and for the case of BRAC Bank Ltd the ownership goes for the bank's favor. Having the joint name in case of ownership the Standard Chartered Bank gets congenial support if the customer fails to repay the loan amount.

□ **Lowest interest Rate**

Up to the current market situation HSBC offers the lowest interest rate for the car loan and the interest rate is flexible according to the security deposit for the car. Higher the security deposit, lower the interest rate will be.

## CHAPTER 11

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### CONSUMER LOAN & CUSTOMER SATISFACTION OF BBL

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## **CONSUMER LOAN & CUSTOMER SATISFACTION OF BBL**

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So far in this report the comparative analysis has been done from the Bank's point of view. To get a whole picture of BRAC Bank's customer satisfaction, it is necessary to discuss with the customers. How much the customers are satisfied with the personal loan providing Dhaka Bank Ltd. compare to other banks. Are the customers happy with the personal loan enjoying with the banks? Are the customers facing any problems for having personal loan from the banks? These sort of similar questions are needed to be answered. In this connection, a questionnaire has been developed and consumer loan from BBL under study have been interviewed.

The questionnaire has been developed in such a way so that it can understand the overall customer satisfaction level of Dhaka Bank Limited. In addition the other factors like – processing time, knowledgeable employees, about the products/services, interest rate & installments payment, processing fee, behavior pattern, problems are also considered to make recommendation.

### **Procedure of measuring satisfaction level**

The study has been conducted to get a picture about the satisfaction level of customers with the personal loan they are enjoying with the bank. To do this, the questionnaire has been framed such a way that helped the interviewer to get an idea about their satisfaction level. Each question in the questionnaire has three options to choose – 1. High 2. Medium & 3. Low

The customers had to choose any one of them in each question to express their satisfaction level. If the customer is very much satisfied about the parameter asked, he or she can choose the option high and if the customer is totally dissatisfied with the parameter, he or she can choose the last option. If the customer is neither satisfied nor dissatisfied, he or she has the option of choosing medium to express their satisfaction level.



## **CHAPTER 12**

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### **RESULTS & DISCUSSION**

**FROM**

**THE ANALYSIS & QUESTIONNAIRE SURVEY**

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## **RESULTS AND DISCUSSION FROM THE ANALYSIS & QUESTIONNAIRE SURVEY**

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Whenever people are interested to take loan from the bank, they will definitely compare the bank's according to the bank's requirements and other opportunity that banks give to the customer. From the above comparative analysis it can't say that particular one bank that is only BBL or SCB or HSBC is best in terms of overall factors. Because each and every bank try to give the opportunity to their clients as best as possible but for different reason or due to different strategy bank's can't provide every opportunity to their clients. In bank's point of view these things are vary bank to bank.

### **Discussion from Bank's point of view**

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From the above comparative analysis it can say that in terms of interest rate comparison right now BBL offers the most attractive rate for personal loan. On the other hand SCB's interest rate is much higher than the other two banks. So if people hard about the BBL's interest rate definitely they will feel interest to take loan from the BBL. But if anyone who are interested to take loan and there corporate banking maintain with HSBC or SCB than they could enjoy much lower interest rate with them than BBL. HSBC and SCB charging only 13% interest rate for their corporate clients where BRAC Bank offer only 1 % less interest rate for their corporate clients.

In terms of tenure

In other scenario, if people think about the installment payment then it can say that in terms of Car loan (new brand car only) BBL give the opportunity to their clients to make installment payments within 60 months. BRAC bank offer flexibility tenure limit for their clients. For BDT 1 to 3 lac BBL tenure 3 years and more than 3 lac tenure is 5 lac.

The other important point favoring the personal loan program of BRAC Bank Ltd is account opening. Only the account holders of SCB or HSBC are eligible to have personal loan from the respective banks. But BRAC bank doesn't have this type of requirement to enjoy the personal loan. Anybody from the two (Salary & business man) segment market mentioned earlier can avail the personal loan of BARC Bank after fulfilling the requirement of that segment. In this way BRAC bank welcomes huge potential clients who don't feel easy to fulfill the entire requirement to account opening in SCB or HSBC. In this way personal loan of BRAC Bank makes the whole procedure easy to make people's dream come true.

So, people can choose the bank according to their needs, banks requirements and easy loan procedure. That is how banks fulfill the peoples satisfaction to giving their best customer service.

### **Discussion from Customer's point of view**

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So far the comparative analysis of personal loan among BRAC Bank Ltd, The HSBC and The Standard Chartered Bank has been discussed. To realize the customer satisfaction level of BBL, a questionnaire survey has been done and customers of personal loan under study have been interviewed.

7 (seven) client's has been taken for the survey. They are already BBL's loan client.

According to their personal opinion the results are as follows -

☆ Are you satisfied with the Personal Banking Service of BBL?

- Very Good (4)       Good (3)       Average (0)

☆ How would you assess the greeting from the bank employee while you enter the Personal Banking Department?

- Very Good (2)       Good (4)       Average (1)

☆ How much time do you have to wait in the Bank to get your work done?

- Short time (2)       Long time (3)       Very long time (2)

☆ How friendly are the employee's of Personal Banking Department?

- Very friendly (3)       Satisfactory (4)       Not friendly (0)

☆ How knowledgeable are the employees of personal banking department in answering your enquiries/questions?

- Very good (6)       Satisfactory (1)       Poor

☆ Does the personal banking division always meet your agreed deadline in terms of service?

- Always (3)       Sometimes (4)       Never (0)



☆ Which services/product (personal banking) did you prefer in BRAC Bank comparatively better than any other Bank?

- Personal Loan (2)       Car Loan (5)       Other Loan (0)

☆ Are you satisfied with the installment procedure and interest rate that you have to pay after taking loan?

- Highly Satisfied (0)       Satisfied (5)       Not Satisfied (2)

☆ Do you satisfied with the time that takes for loan approval?

- Highly Satisfied (0)       Satisfied (4)       Not Satisfied (3)

☆ Do you have a banking relationship with some other Bank?

- Yes (6)       No (1)       Not Sure (0)

☆ If yes, how would you compare the personal banking services received by you from BBL?

- Very Good (1)       Good (5)       Average (0)

☆ If you asked by your family/friends/colleagues, would you recommend BBL to them?

- Definitely (5)       Probably (2)       Never (0)

## CHAPTER 13

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# RECOMMENDATION & SUGGESTIONS TO IMPROVE THE CONSUMER LOAN SERVICE

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## RECOMMENDATION & SUGGESTIONS TO IMPROVE THE CONSUMER LOAN SERVICE

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- **Strictly monitoring Verification team:** Few cases verification team doesn't go clients working or living places for verified documents they do it by sitting office over phone so sometimes they doesn't get the actual information about the clients. So, credit department should strictly monitor them.
- **Early CIB status:** To know CIB status credit department takes minimum six working days though it is depend on Bangladesh bank but if BRAC Bank introduce free-disbursement before getting CIB status for small amount of loan that clients will be benefited.
- **Show Flexibility to approve loan:** if credit department find a little bit miss-match clients documents with the BBL PPG than they directly decline the files without inquiry. So they should attitude positively towards the clients.
- **Interest rate:** BBL charging 18.5% effective interest rate that is higher than local other competitors so they should decrease their interest rate otherwise they couldn't keep the customer.
- **Increase Corporate Clients:** I faced some difficulties when I approached some one for loan who is working with big company. Because most of the corporate houses are taking banking facilities from HSBC or SCB so they providing loan to them with lower interest rate than BBL. So BBL should increase corporate clients by offering some exclusive product and services.
- **Branch Support**

The personal loan department of BRAC Bank Ltd is totally centralized in their Head Office. All the loan application is processed in the head office. The Direct Sales Executive (DSE) is used to market the personal loan on a fixed commission basis. It has been observed that these DSE don't get much logistic support from the branch level. As they are not the permanent employees of BRAC Bank Ltd, they have not been given much attention from the branch level. As a result these negative attitudes from the branch level create a bad impression on the customers mind and which is a one of the prime factor for the slow expansion of personal loan of BRAC Bank Ltd. Branch should provide all kind of logistic and infrastructure support to these direct sales Executives for the better management of personal loan.

- **Processing Time**

Longer processing is one of the prime factors for customer dissatisfaction with the personal loan.

- **Interest Rate**

Within very short period of time BRAC Bank Ltd has performed well in personal loan program. But still the major market share has been occupied by the two leading foreign banks –The Standard Chartered Bank & the Hong Kong and Shanghai Banking Corporation Limited. The other local private commercial banks are coming up with diversified personal loan products and lower interest rate on the products. The market is becoming more competitive day by day. So BRAC Bank will have to reduce the interest rate for their personal loan products other wise it would be difficult for them to survive in this competitive market.

- **Processing Fee**

BBL's personal loan processing fee is comparatively higher than the other two bank that is Standard Chartered and HSBC.



- **Easy Procedure**

To arrange all the required documents and to follow all the procedure of having personal loan from BRAC Bank makes the customers in uncomfortable situation. The whole procedure should be easy and customer friendly. For business person they have to have own house in Dhaka city that's very unfair because most of the business person still living rented houses in Dhaka so only for this requirements they can't able to take the loan from BBL.

- **Introduce new features in the loan products**

Introducing new features in the product may attract the customer to take loan from the BBL. The new features may be minimum loan amount, maximize installment payment, may offer attractive gift and so on. People will more flexible if they get the maximum opportunity from the Bank.

## **CHAPTER 14**

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## **CONCLUSION**

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BRAC Bank is the fastest growing bank in the country. It's also going to be a multinational financial institute very soon. It's already started its operation in Afghanistan and going to operate China, Dubai and South Africa. But BRAC bank has to be more diversified and have decrease its interest rate otherwise they couldn't maintain their growth rate because more banks are coming up and banking law has been becoming more rigid for the banks. Money laundering, loan defaulter, corruption, volatile capital market, classified loan, unstable world economy, terrorist attack, all these issues are becoming very crucial for the banks to make their vision, mission, policy, procedure. That's why all the banks in the world are now diversifying their business introducing new products and services and increasing their productivity and efficiency. Therefore, BRAC Bank Ltd will have to bring more customized technology and improve their quality of service if they want to make a stable position in this market. The happiest thing is that BRAC Bank already started world most expensive and effective banking software FINACLE.

↓  
Doesn't conclude  
on Consumer loans

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## Appendix

### Questionnaire Survey

I am a student of BBA program of BRAC Business School, BRAC University. This survey is conducted only for Academic purpose. Information provided here will be kept confidential.

☆ Are you satisfied with the Personal Banking Service of BBL?

- Very Good                       Good                       Average

☆ How would you assess the greeting from the bank employee while you enter the Personal Banking Department?

- Very Good                       Good                       Average

☆ How much time do you have to wait in the Bank to get your work done?

- Short time                       Long time                       Very long time

☆ How friendly are the employee's of Consumer Banking Department?

- Very friendly                       Satisfactory                       Not friendly

☆ How knowledgeable are the employees of personal banking department in answering your enquiries/questions?

- Very good                       Satisfactory                       Poor

☆ Does the personal banking division always meet your agreed deadline in terms of service?

- Always                       Sometimes                       Never

☆ Which services/product (personal banking) did you prefer in BRAC Bank comparatively better than any other Bank?

- Personal Loan                       Car Loan                       Other Loan

☆ Are you satisfied with the installment procedure and interest rate that you have to pay after taking loan?

Highly Satisfied       Satisfied       Not Satisfied

☆ Are you satisfied with the time it takes for loan approval?

Highly Satisfied       Satisfied       Not Satisfied

☆ Do you have a banking relationship with some other Bank?

Yes       No       Not Sure

☆ If yes, how would you compare the personal banking services received by you from BBL?

Very Good       Good       Average

☆ If you are asked by your family/friends/colleagues, would you recommend BBL to them?

Definitely       Probably       Never

☆ Is there anything you would like to see improved in the Personal Banking Service?

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