

Report On
Analyzing the factors that influence customer service quality in IFIC Bank PLC

By
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An internship report submitted to the Brac Business School (BBS) in partial fulfillment of the requirements for the degree of [Bachelor of Business Administration (BBA)]

Brac Business school
Brac University
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Declaration

It is hereby declared that

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

Student's Full Name & Signature:

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Senior Lecturer, BRAC Business School

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Letter of Transmittal

Tanzin Khan
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BRAC Business School
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66 Mohakhali, Dhaka-1212

Subject: Internship report submission on the topic “Analyzing the factors that influence customer service quality in IFIC Bank PLC”

Dear Sir / Madam,

This is my pleasure to display my entry level position provide details regarding Recruitment and Selection Procedure of IFIC Bank PLC’, which I was appointed by your direction.

I have attempted my best to finish the report with the essential data and recommended proposition in a significant compact and comprehensive manner as possible.

I trust that the report will meet the desires.

Sincerely yours,

Nowrin Humaira
Student ID: 20104058
BRAC Business School
BRAC University
Date: 4th April, 2024

Non-Disclosure Agreement

This agreement is made and entered into by and between IFIC Bank PLC and the undersigned student at Brac University or intern, Nowrin Humaira, and the company IFIC (International Finance Investment and Commerce) Bank PLC. This non-disclosure agreement claims that the intern is undertaking a 2-month internship program with the mentioned company. The contract expresses some confidential information that is accepted by the undersigned student as any technical or non-technical data revealed to the receiving party by the disclosing party. The obligations of the recipient beneath this agreement do not conceal any publicly known material, identified or generated by the addressing party prior to disclosure, attained through some authentic resources that are announced by the revealing party with the written approval mentioned above. This written provision of the internship project includes the requirements on nondisclosure, severability, integration, and appraisal of resistance, which are the vital facets. Even after the expiry of the NDA, the nondisclosure agreement must be sustained effectively, and the access gainer of this sensitive information must maintain the discretion of the personal data up until the acquiring party gives the release in a written document to the divulge party or the agreement is no longer certified as intellectual property.

Acknowledgement

I am content with having accomplished this internship report within the designated timeframe specified by the bank. This internship report would not have been accomplished without the essential practical knowledge, support from papers, websites, and original data, among other resources. It expanded my understanding of analyzing the aspects that impact customer service quality of IFIC Bank PLC.

I would like to express my sincere appreciation to all individuals who have supported and guided me throughout my internship and the preparation of this report. I am especially grateful to my supervisor, Tanzin Khan, a Senior Lecturer at BRAC Business School, for her inspiring motivation, helpful guidance, and insightful recommendations.

I was assigned to serve as an intern at IFIC Bank PLC from February 1st, 2024 to March 31st, 2024. The members and management of IFIC Bank PLC were quite cooperative and supportive. They assisted me by giving a diverse range of facts, information, and direction. I express my heartfelt gratitude to M.O.G Habibul Islam Chowdhury, the Relationship Manager of Corporate Business of IFIC Bank PLC, Agrabad Branch, for his collaboration and essential support.

Furthermore, I would like to extend my gratitude to Mrs. Hargis Akter, the Custom Service Manager of IFIC Bank PLC, Agrabad branch, for overseeing my two-month internship programme. I am also appreciative to all the other employees in the Customer Service and Operations Unit.

Subsequently I would like to express my sincere appreciation to BRAC University, specifically my supervisor Tanzin Khan, my co-supervisor Ummul Wara Adrita, my on-site supervisor Hargis Akter, and the organization IFIC Bank PLC for their valuable assistance throughout my internship. The knowledge and skills I have acquired from this internship training will remain permanent in my memory.

Executive Summary

This paper is the outcome of my two-month internship programme at the IFIC Bank PLC, Agrabad Branch, Chittagong. International Finance Investment and Commerce Bank PLC is classified as a first-generation bank. It has already established an image among the users. The bank conducts its operations from the Agrabad Branch. Consequently, the branch is responsible for managing both commercial and non-commercial clients. Hence, the branch involves individuals of various ranks operating in distinct divisions.

My internship program focused on gaining a comprehensive understanding of the operations and activities of the General Banking Trade Service Center and Credit Section. The primary objective of the study is to determine the factors that influence the customer service quality of IFIC Bank PLC and impact the customer satisfaction level. In order to effectively engage with consumers and assess their perceptions and interactions with the firm, I gained a thorough understanding of the employees' practical responsibilities and tasks. In order to get the information I needed, I did my best to ask the employees, both directly and indirectly. I was assigned the duty of analyzing the elements that impact the quality of customer service at the Agrabad Branch of IFIC Bank PLC. My research for this paper relied on both primary and secondary sources. Finding out what makes IFIC Bank PLC's Agrabad Branch's customer service so good was the driving force behind this investigation. Therefore, it proved to be the intended goal of the investigation. Previous research has found that a bank's customer service quality is significantly influenced by various interconnected factors, including the type of customer service, user behavior, financial knowledge, and empathy. Although there may be varying viewpoints among employees of the business regarding the purpose, its findings indicate that there are various factors that influence customer satisfaction in the banking industry.

Keywords: Internship, IFIC Bank PLC, service quality, customer satisfaction, General Banking, Trade Service Center, Credit Section

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List of Acronyms

AD	Authorized Dealer
Acronym	Description
DMS	Document management system
GB	General Banking
IFIC	International Finance Investment and Commerce Bank
LC	Letter of credit
LR	Literature Review
NDA	Non- Disclosure Agreement
POD	Prove of Delivery
TSO	Transaction Service officer
WLC	Watch Check list

Chapter 1

Overview of Internship

1.1 Student Information

Name: Nowrin Humaira

ID: 20104058

Program: Bachelor of Business Administration (BBA)

Major: Human Resource Management (HRM)

Minor: E-Business

1.2 Internship Information

Organization: IFIC Bank PLC

Period: 2 months

Address: Agrabad Branch, Chattogram

Department: General Banking Activities,

1.3 On-site Supervisor

Name: Hargis Akter

Designation: Custom Service Manager

Organization: IFIC Bank PLC, Agrabad

1.4 Job Responsibilities

Departmental Section	Topic
General Banking Activities	20 Jobs from Account Opening to Endorsing Foreign Currency on Passport
Credit/Loan Section: Marketing and Sales	Retail and Corporate (RMG and Non-RMG)
Foreign Trade/ Trade Service Center	This section includes pool of LC applicants consultation, LC Bank guarantee issue, LC scrutiny, Report to Bangladesh Bank Monitoring System, LC Payment

Table 1.1: Job Responsibilities

IFIC Bank PLC is primarily divided into three department areas. Each departmental sector has specific job responsibilities to maintain productivity within the organization.

The general banking activities section primarily includes 21 various services offered to customers, including cash receiving, cash withdrawal, deposit, RTGS (regular, custom), pay order, BL (Bill of lading), account opening, cheque book issuance, card collection from requisition, FDR (Fixed Deposit Receipt), DRDS (Double Return Deposit scheme), Bank Statement provision, Positive pay initiation, MIS (monthly income scheme) for benefit encashment, and endorsing foreign currency on passports.

Additionally, the credit/loans and advances section can be classified into two distinct types: retail and corporate. There are two types of retail products: liability and asset. The liability deposit rate is 9.75% and the asset deposit rate is 13.11%. The retail products are classified into six categories: Home Loan, Premium Overdraft, Flexi Loan, Amar Account Overdraft, and Secured Overdraft. The Corporate loan consists of three types (fixed term loan, demand loan, continuous loan)

Finally, the trade service department primarily handles LC candidates. Their services involve providing consultation to LC applicants, offering bank guarantees, scrutinizing documents,

recording information on the Bangladesh Bank Monitoring system, and facilitating LC payments when the exporter finally receives goods or vice versa in terms of importer.

1.4.1 Different Aspects of Job Performance

- 1) I gained experience in banking operations, and it was helpful in teaching me about banking activities.
- 2) It has elevated my banking knowledge, it has also provided me with the opportunity to acquire new abilities.
- 3) I successfully accomplished all specified tasks assigned in all three departments.

1.4.2 Personal Observation

During this internship period, my overall observations at Agrabad Branch, Chittagong, IFIC Bank PLC are as following :

- 1) The workplace is just an optimal balance of professional for our clients and friendly for the employees.
- 2) If the work is not completely mandatory, tasks are never put off until the next day.
- 3) The relationship and custom service manager and head of trade service demonstrated kindness and actively encouraged me to learn from my colleagues, fostering a supportive learning environment.
- 4) The general banking department continues to experience a significant task burden. As the location of the branch office is in a central area of Agrabad. The large number of people makes the workplace stressful for employees. This takes up most of the time that was set aside for one customer to get care.
- 5) The workflow in the trade service and credit/ loan department is smooth. Since, in terms of work distribution in both the departments, every individual employee in the retail, corporate and SME & Agri, here is allocated in a team.

1.5 Internship Outcome

The main objective of this internship period was to learn and apply my institutional knowledge to my real life work experience. During my 2 months internship period, my perspective was to comprehend something new on a day to day basis. This perspective did encourage me to become professional in my workplace. On account I am privileged to be granted this window of internship opportunity. In view of that, it enabled me to perceive learning from my head of trade services and senior co-workers and field supervisor. This presented me with challenging outlooks and varying inputs which I can utilize in my job career.

On the flip side, work and academic life is downright with one another. In the course of my academic life I did mostly studies theories and formulas. I was ambiguous about how learning these theories, mathematics behind how a theory is proved will come beneficial to me. Thus, this internship in IFIC Bank PLC, affirmed me to manifest this learning of theories in the workplace.

Throughout my internship, I did learn the 20 different types of bank services, then how to handle an LC applicant in the trade sector when he/she receives a proforma invoice from the beneficiary party. The gratitude belongs to my Relationship Service Officer and Head of Trade and Service. Sir allowed me to explore the learning of basics and the overall workflow process in his trade service department. Initially Sir, gave me a briefing about the process. In addition, the trade service work was smooth and easygoing. Based on the expertise of individual employees, their work was subdivided into different sections. Thus, learning about their individual workmanship intrigued my interest in that field. The overall experience in the trade service, credit section and GB department enabled me to learn the work process of how a bank functions. This knowledge of my internship will be beneficial and helpful to me when I work for any bank as an officer.

Initially, the first week working in the GB, I made some minor mistakes. But thanks to the senior employees and other officers who corrected me everytime. They made sure to give me proper feedback. Their feedback had been of great assistance and encouraged me to improve by learning from the mistake and constructive criticism. Though, it does take time and patience to learn their type of services offered.

The combined knowledge of 3 departments did make me more skillful, multitasking, being openly able to communicate with different age groups of customers, confident and being more presentable. Thus the overall internship program did allow me to learn the direct way of dealing with customers on the spot, and have broader knowledge about the workplace ethics and organizational development. The employee (Officers) in the General Banking did assist me to

become a better communicator and also a team player when dealing with a rush of customer crisis.

Moreover, my overall experience working as an intern by rotating in three different departments was enlightening. From my standpoint I believe internship is a remarkable prospect for students to put into practice their academic knowledge to real life work experience. This also allowed me to become professional. Besides, during my internship phase I became friends with all the colleagues. This internship platform also provided networking opportunities. This phase is basically like a training period and one of the crucial aspects before entering the job market.

1.5.1 My Contributions

Since joining on February 1st, I have consistently upheld a high level of professionalism. As I represent BRAC University, it is crucial to uphold workplace ethics. Furthermore, it is necessary to uphold the esteemed status of my University. Because when new interns join, they can quickly adapt to the work atmosphere. So that when other interns join they can get adjustable with the work environment. Besides, my commitment towards the bank was of high caliber. So, no one would be able to question my accountability towards my internship.

During my internship phase, in order to acquire an overall experience I worked in three different departments. Though, I was mostly engaged in the General Banking Department day to day dealing with customers regarding cash receiving, cash withdrawal, deposit etc. Everyday I learn something novel. I manually filled up the Account Opening form of 7 customers of IFIC Bank PLC using their NID verification TIN(Tax Identification Number), Income Tax and other necessary documents required. In the clearing cheques, I have also assisted in giving 4 seals, the 1st one is the (IFIC Bank Special Cross Seal in the front side), the other 3 seals are given as one seal where there is (UV checked, Authorized Signature, Payees A/C credited Receipt Payment). Besides, I also contributed in filling up the cost memo of BL(Bill of Lading). Meanwhile the BL papers are handed to the Senior Officers where 2 seals are given (signature verification, and the officer receiving name seal). The BL papers are received during the shipment of goods within a 48 hour time period. In addition, I have also coordinated and assured one on one interviews with the 20 employees of IFIC Bank PLC.

1.5.2 My Benefits

The two months internship opportunity in IFIC Bank PLC in three departments encouraged and motivated me in a multitude of ways. Before the start of my internship I did not have prior knowledge about the services and products. The work environment was somewhat challenging and new to me. However, once I started my internship, gradually I became acquainted with their basic workflow process. During my internship phase, I was assigned varying sorts of responsibilities. All these responsibilities helped to develop my organization skill, time management skill, multitasking, communications skill etc. I learned the skill of negotiation when dealing with customers, and being more responsive. The work pressure undoubtedly allowed me to become a better learner.

Moreover, now working in the bank I am now knowledgeable and more confident enough to handle bank related services and customer queries. The learning about the bank services types, products and the skills I acquired about the work behind the three departments, will surely benefit me when I apply for a job in the bank industry. For example, the in-depth process I learned when a cheque is cleared. Initially, when a person comes to give 3 High Value(5 lakh or above) clear cheque from another bank like PUBALI Bank PLC. The first process, TSO (Transaction Service Officer) collects the cheque and checks the (4 apparent tenor) the date, cheque amount both in figure and words if they match, and (pay to name). Then the second process, is the cheque is handed over to a senior officer, who in the BACH (Bangladesh Automated Clearing House) MICR (Magnetic Ink Character Recognition) does 2 key steps (Upload the scan of cheque, Data entry by maker). In the 1st step, the cheques must have an MICR (like the transaction code etc), then cheque scans are uploaded. In the second step Data entry of the 3 cheques by the checker are done. Then another senior officer does the data verification by checker. Then all the cheques go to Bangladesh Bank House where the cheques are processed.

1.5.3 Problem/ Difficulties

The problems I faced during my internship period are as follows-

- 1) The bank has a specific time schedule from 9.00 am to 5.00 pm. It took around a week for me to adjust with their time schedule.
- 2) For an intern there is no specific task allocated. Different tasks are assigned at different times. It is difficult to stick around one employee for 8 hours. Also I had to take help from other TSO officers when there was a rush of customers. In order to understand how to handle the customers with different queries.

3) Initially, when I sat at the desk with other TSO officers, customers approached me to withdraw and deposit cash, as well as receive their cheque book etc. Thus, I had no prior expertise, but within a week, I gradually learned the basic procedure and their policy of how to deal with customers.

4) Accommodating a completely new environment was a challenging task for me. Since I did not have much of a prior experience or knowledge of the workflow process of how a bank works. Thus, being familiar with the services and process was complex for me. The colleagues provided continuous support to me which further helped me to overcome the obstacles.

5) The fast-moving working system was initially complicated for me. Since I was a beginner, when I joined as an intern, it took some time for me to adapt. But gradually, after I learned the basics of the 21 services of GB (General Banking), the work pressure was starting to be somewhat easy going and comprehensible. However, compared to GB the trade services were less complicated and simple.

In the nutshell, regardless of all these problems, I truly relished my 2 months internship time here at IFIC Bank PLC. The Customer Service Manager, Relationship Manager, Head of Trade Services and the considerate colleagues accompanied me to overcome the hardships. I believe the practical knowledge I have obtained will benefit me in my future career aspects. I am obliged to IFIC Bank PLC for offering me this incredible internship opportunity.

1.6 Recommendations

From my observations and experience, I recommend IFIC Bank PLC for future internships.

- 1) Since this is a branch office, they should recruit a group of 5-10 members as an intern.
- 2) The contents for the intern must be specified
- 3) A proper guideline should be provided to the interns about the time duration he/she stays in the 3 departments, and the person to instruct and report to.
- 4) The workforce is in good condition, but it is rather small in size. Therefore, it is necessary to increase the number of individuals engaged in this branch.
- 5) Another suggestion I have is to enhance the computers, operating systems, and software in order to speed up and improve the work process.

IFIC Bank PLC has promising prospects and should prioritize the advancement of technology in order to maintain their esteemed levels of quality within the banking sector.

Chapter 2

Overview of Organization

2.1 Introduction

The primary focus of this chapter is to comprehend IFIC Bank PLC's internal work environment of all the three departments. These encompasses the management practices, marketing practices, financial performance and accounting practices, operating management and information system practices and Industry and competitive analysis.

2.2 Overview of the company

IFIC Bank, also known as International Finance Investment and Commerce Bank PLC, is a banking institution that has been legally established in the People's Republic of Bangladesh. It is a privately owned organization. As an agreement between the government of Bangladesh and private sector investors, it was set up by the government in 1976. Its goal was to work as a finance company in Bangladesh and open joint venture banks and other financial institutions abroad. Once the government allowed private banks to operate in 1983, IFIC successfully transitioned into a fully operational commercial bank. The Central Bank of the People's Republic of Bangladesh currently holds a 32.75 percent stake in the bank. A group of directors and sponsors with a lot of experience in business and trade owns 11.31 percent of the company's shares. The public owns the rest of the shares.

2.2.1 Mission

The core objective of IFIC Bank is to provide consistent and high-quality service to all customers, guided by a team of skilled and dedicated professionals in the back-end. The unique combination of their expertise, proactive approach, and competitive edge sets our position apart from other banks in the sector.

As the business environment is dynamic and constantly evolving the IFIC team looks forward to the well-being and economic growth of the people, the society. As they offer incentive and

support, individuals are encouraged to continue in their efforts to achieve financial stability. The primary focus is on the growth and profitability of every individual involved.

2.2.2 Vision

IFIC aims to establish itself as the primary financial provider with a commitment to innovative, sustainable, and inclusive growth. It is focused on delivering the best value to all stakeholders involved (IFIC Bank PLC, 2021)

2.2.3 Core Values

IFIC Bank has four primary basic values. They are as follows:

- 1) Integrity: means that the bank always and consistently acts in a straightforward manner in all of its activities.
- 2) Fairness: They intend to give customers the best service possible in a fair and reasonable way.
- 3) Innovation: Encourage and enhance creativity.
- 4) Commitment: They collaborate to provide excellent customer service and improve shareholder value. IFIC Bank PLC (2022)

2.2.4 Goal of IFIC Bank PLC

Our objective is to offer unique financial products and services that go above and beyond what our customers believe while simultaneously making a significant impression so that our shareholders may feel valued and get the most out of their hard work. The objective is to sustain a competitive advantage in terms of production and profitability in the long term.

2.2.5 Product and services of IFIC Bank

Deposit Product			Loan Product
CASA	Term Deposit	Scheme Deposit	Aamar Bari
			Aamar Rin
Aamar Account	Fixed Deposit	Aamar Bhoishawt	Premium Overdraft
Shohoj Account	Monthly income Scheme (MIS)	Pension Saving Scheme (PSS)	
Savings Account			
Current Account			

Figure 1: Retail Products

	Loan Products	Deposit Products
SME	Shohoj Rin	Joma
	IFIC Prantonari	Orjon
	Protyasha	
	Shilpo Shohay	
	Krishi Shipo	
	Banijjik Bastu Rin	
	Working Capital Loan	
	Easy Commercial Loan	
	Transport Loan	
	Bidders Loan	
	Contractors Loan	
	Letter of Guarantee	
	Letter of Credit	
	LIM	
	LTR	
Agriculture	Aamar Subornogram	
	Krishi Saranjam	
	Sech Saranjam	
Sustainable Finance	Green Earth	

Figure 2: SME Products

2.2.6 Credit Rating System of IFIC Bank PLC

In 2020, the Credit Rating Agency of Bangladesh Limited (CRAB) maintained IFIC Bank PLC's long-term rating at "AA" and its short-term rating at "ST-2" in 2021. CRAB conducted the rating assessment using audited financial records till December 31, 2021. The table below shows the published ratings.

Particulars	31-Dec-21	31-Dec-20
Rating Company	ECRL	ECRL
Long Term	AA	AA
Short Term	ST-2	ST-2
Outlook	Stable	Stable
Date of Rating	June 29, 2022	June 29, 2021
Validity	June 29, 2023	June 30, 2022

Figure 3: Credit Rating Policy

It is very easy for commercial banks with an AA rating to keep their financial promises. They are only slightly different from the best-rated commercial banks. The creditworthiness of 'AA' is assessed to be exceptionally high, indicating a minimal danger of default.

"AA" means that the credit risk is low and the quality is very good. Commercial Banks that rate ST-2 are thought to have a strong ability to make payments on time and a good situation when it comes to liquidity, private fund generation, and exposure to other income sources.

2.2.7 Customer Service and Operation Unit (General Banking Department)

The primary focus here is the General Banking Division IFIC Bank PLC. All of the regular banking activities revolve around this. A wide variety of services are carried out daily by this division. It takes deposits from customers and fulfills their cash needs through various means such as cheques, new accounts, cash transfers, pay orders, RTGS (Fund Transfer), etc.

The operations of this department are as follows:

- 1) Account Opening, Closing Section
- 2) FDR section
- 3) Cash Withdrawal and Deposit Section
- 4) Clearing cheques
- 5) Issuance of Pay Order
- 6) Customer Service

2.2.7.1 Account Opening

The target customers of IFIC Bank PLC. are as follows:

- i) Individual Person

- ii) Sole Proprietorship
- iii) Partnership Firm
- iv) Private Limited Company
- v) Public Limited Company
- vi) Government and Semi Government Organizations
- vii) Bank employee

2.2.7.2 Account Opening Process

Each type of account has multiple forms available. The customer is required to complete the form for the specific type of account they plan to open. The account can be opened digitally or manually, depending on the customer's preference. To open an account, the following information is necessary.

- Name of the applicant (s)
- Profession
- Permanent and Present Address
- Introducer Name and Account Number
- Specimen signature in the signature card
- If it is a partnership firm then the partner's name, address and signature is required.
- Photocopy of Passport/ Ward Commissioner's certificate/ Chairman certificate of Union Parishad/ Employer's certificate regarding identification and nationality of the person(s) concerned.
- Two copies of photographs of applicants and one copy of nominees is required. The applicant is required to choose a person to nominate.

The officers in charge review the account opening forms of the clients. The customer can open an account as long as all the necessary information is given. He/she needs to hand over specific documents required, which are different for each type of account.

2.2.7.3 Minimum Deposit For Opening an Account

To open an account each customer must make a certain amount of deposit.

Type of Account	Deposit Amount	Interest Rate
General Savings and 10 Taka Savings Account	1000	2.00%
Current Account	5000	
Short Notice Deposit (SND)	5000	a) Less than Tk 1.00 Cr.- 2.00% b) Tk.1.00 Cr and above but less than Tk.25.00 Cr. - 2.00% c) Tk.25.00 Cr. and above but less than Tk.50.00 Cr.- 2.50% d) Tk 50.00 Cr. and above but less than Tk.100.00 Cr.- 3.00% e) Tk 100.00 Cr. and above – 3.50%
Fixed Deposit (FDR)	50,000/-	a) FD 1 month - 7.00% b) FD 3 months - 9.75% c) FD 6 months - 9.75% d) FD 1 year onwards - 9.75%
Double Return Deposit Scheme (DRDS)	50,000/-	5 years 9 months- 12 %
Monthly Income Statement - (MIS) Protimash & Arjon (1,2,3 Years)	50,000/-	a) 1 year - 10.00% b) 2 year - 10.50% c) 3 year - 11.00%
a) PSS b) PSS Joma c) IFIC Amar Bhubishawt	500 and above	a) 7.75% b) 8.00% c) 10.00%
IFIC Amar	1000	a) Below 25,000.00 - 0.00% p.a b) 25.001.00 to 500,000.00 - 4.00%

		<p>p.a</p> <p>c) 500,001.00 to 20,00,000.00 - 5.00% p.a</p> <p>d) 20,00,001.00 to 50,00,000.00 - 5.25% p.a</p> <p>e) Above 50,00,000.00 - 5.50% p.a</p>
IFIC Shohoj (Individual and Business)	10	<p>a) Below 5,000.00 - 0.00% p.a</p> <p>b) 5001.00 to 25,000.00 - 2.75% p.a</p> <p>c) 25,001.00 to 100,000.00 - 3.75% p.a</p> <p>d) 100,001.00 to 5,00,000.00 - 4.00% p.a</p> <p>e) Above 5,00,000.00 - 4.25% p.a</p>

Table 1.2 Minimum Deposit For Opening an Account

2.2.7.4 Closing Procedure of an Account

There are basically two reasons to close an account.

1) By Banker- If a client does not/ is unable to perform any transactions with the account for six months and the account balance falls below the minimum level, the banker has the right to close the account.

2) By Customer- At first the customer has to apply for closing his/her account by coming in person. Then the cheque book will be returned to the customer by the bank. The closing charges are-

a) Amar Account- 300 Tk/- + 15% Vat = 345 Tk/-

- b) Savings Account- 200 Tk/- + 15% Vat = 245 Tk/-
- c) Shohoj Account- No charge

The remaining balance in the customers respective account if any will be returned to the customer by a payment order. The pay order cuts off some commissions and vat from the individual's account.

2.2.7.5 Opening of FDR

The depositor must complete a Term deposit application form. The necessary information and documents are the same as when you open an account. Some sample signatures of the depositor are taken and matched with the sigcap. The FDR database contains the crucial entries of the applicant.

2.2.7.6 Premature Encashment of FDR

A premature FDR involves a reduction in the interest rate of a fixed-term deposit by a specific percentage from the initially agreed upon rate. Typically, the savings rate is utilized in place of the FDR rate.

2.2.7.7 Liquidation of FDR

1. The account holder and the authorized individual are solely allowed to liquidate the Fixed Deposit Receipt (FDR) upon its maturity.

2. If it is a joint account then it is required that both individuals provide verification.

3. If there is any Survivorship clause – everyone has the ability to liquidate.

4. If the FDR holder dies, the surviving individual cannot access the funds in the FDR account, even if there is a joint account holder. In order to gain access, a deed of trust certificate from the court is required.

5. If requested prior to maturity, the most recent expired period is taken into account for interest payment.

2.2.7.8 Cash Section

One of the most significant and sensitive components of the branch is the cash section. This section deals with every form of cash transactions in the branch. This is an integral part of the GB (General Banking) department. Initially this section starts each day with cash in the vault.

The CSO (Custom Service Officers) hands over a certain amount of cash from the vault to the cash officers.

When a customer comes to the counter to deposit their money in the cash counter, they have to fill up the deposit slip beforehand. So, necessary information like the Depositor's Name, Phone no, Depositor's Address, Account no, cheque number and date, also the sign. Then if the cheque amount is above or equal to 50,000/- Taka to be withdrawn or deposited, documents like NID, driving license, needs to be shown. Now, if the amount is over 5 lakh documents and a short kyc is required.

The cash payment is based on the demand of the customer. It makes payment against issued authorized cheques. It also accepts cash deposits from customers in the form of cash. When the valued client deposit their money at the cash counter they must have to full fill the deposit slip his/her own, then they sign at the depositor option then they deposit their money through cash officer at the cash counter

2.2.7.9 Procedure for Cash Payments

- a) The first step is the employee collects the cheque from the customer in the cash counter when his/her token number is called upon.
- b) The second step is the verification process that the cash officer does on the computer software. The 4 apparent tenor is verified and the cash payment or withdrawal process are as follows-
 - i) Date of the cheque (from current date within 6 months of the issue date)
 - ii) The cheque to be issued from the current branch.
 - iii) The amount written in figure on the cheque is matched with the amount written in words.
 - iv) The signature of the customer is matched on the sigcap, to make sure it is the same as written on the cheque.
 - v) The cheque handed over by the customer is not torn or mutilated.
- c) The third step is that the officers make the payment/ or the customer withdraws money.
- d) The last step is that the cash received seal is given on the deposit slip on the cheque, and the receipt is handed over to the customer.

2.2.7.10 Clearing House- (Cheque Clearing)

Scheduled Banks in Bangladesh are members of the clearing house as defined in Article 37(2) of the Bangladesh Bank Order of 1972. The clearing house facilitates the process of clearing cheques among scheduled banks. On a daily basis, IFIC Bank PLC., Agrabad Branch receives a total of 350-350 checks from various banks. IFIC Bank dispatches these cheques over to the Clearinghouse of Bangladesh Bank via its Head Office. All scheduled banks are included in the Clearinghouse.

The representative of IFIC Bank PLC hands the cheque to the branch representative. Within a time frame of one or two days, the bank that the cheque is drawn on sends a notification to Bangladesh Bank on the authenticity of the cheque, which includes details about the account and the deposited amount.

The clearinghouse assembles once daily. Unhonored checks are processed and communicated to the appropriate persons on the following day. Upon receiving a request for a cheque return, the officer will document the request and the party will sign and collect the cheque. If the party fails to return the cheque, the officer will retain it and add it to the dishonored cheque list. Engage in conversation with the individual who possesses the account in order to act on behalf of the check. This process involves the clearance of cheques using Magnetic Ink Character Recognition (MICR) technology.

2.2.8 Non MICR Cheque

Cheques that do not have Magnetic Ink Character Recognition (MICR) are sent for the purpose of collection. After the collection is made, the IFIC Agrabad Branch collects the payment and immediately transfers the amount to the client's account. It takes around 7-10 business days, based upon the location to where the tool was dispatched for recovery. IFIC Bank has established worldwide affiliations with many countries to facilitate the collecting of local remittances, given its worldwide activities.

2.2.8.1 Pay Order

A Pay Order is a procedure used to move funds inside the specified clearing zone. The pay order can only be collected at the branch where it was issued. There are two methods for executing a pay order. Initially, by providing physical currency and subsequently by electronically transferring cheques.

2.2.8.2 Pay Order Method

- 1) Giving Cash
- 2) Transferring cheque

2.2.8.3 Initiating a Pay Order

The process for issuance of a Pay order is as follows:

- 1) Customers provide the Pay order form to the officer, together with either cash, a cheque, or a transfer cheque.
- 2) The required information is then recorded in the bills paid register, including the payee's name, date, PO number, and other relevant details.
- 3) The officer inputs the data into the IFIC website.
- 4) After the required inputs are provided, a pay order log is generated and subsequently given to an authorized officer for signing.
- 5) The pay order and log are handed over to the customer.
- 6) Lastly, the customer signs their name and phone number in the other page of the pay order form. This acts as a proof that the customer has received the pay order.

Rate of commission and vat for Pay Order:

Up to Tk	Commission	VAT
Below 100,000/-	20/-	3/-
Tk 1,00,000 to Tk 500,000	100/-	15/-
Tk 500,001 and above	150/-	23/-

Any cancellation charge of Pay Order is 75/-.

2.2.8.4 Customer Service

This department is affiliated with GB. It includes both debit cards and credit cards. Customers have the option to request a debit card by completing the application form either at the time of creating their account or at a later date. It is not obligatory to possess a credit card account with IFIC bank. The primary prerequisite for obtaining a credit card is the Tax Identification Number (TIN) certificate. The further necessary documents are as follows-

For individual — Salary statement, Voter ID, bank statement, utility bill for address verification, bill copy of other bank's credit card, reference of two people,

For business —Additional document needed for business is Trade license.

2.2.8.5 IFIC Card Services

Customers are able to acquire Debit, Credit, and Prepaid Cards from IFIC Bank. All of IFIC's cards have the VISA Inc. logo on them. VISA Inc. is the world's biggest payment network. You can use your IFIC card at any terminal, merchant spot, or online store that takes Q-Cash, NPSB, or VISA. IFIC is the first company in Bangladesh to give a cross-currency debit card that can be used anywhere in the world. This card can be used with a single account to pay for things and automatically exchanges currencies. IFIC provides a safe way to make purchases, with a PIN for when the card is present and a One Time Password (OTP) for when the card is not present.



Fig 4: IFIC Card Flow Process

Transaction Type	No of Transaction (In Thousand)		Transaction Amount (In Crore)	
	2022	2021	2022	2021
ATM	7,025	3,167	6,519	2,822
Purchase	1,972	876	570	291
IBFT	805	-	3,908	-
Total	9,802	4,063	10,997	3,113

Fig 5: Card Transaction

2.2.8.6 Issuance of Cheque Book

- 1) The consumer will complete the cheque requisition form.
- 2) The Authorized Officer evaluates all of these Cheque requisitions and submits them to the Head Office along with a cheque requisition application.
- 3) The head office dispatches a checkbook to the branch. The entry of the Cheque book is recorded issuing Register.

- 4) The number of pages in the Cheque book being given out will be verified to guarantee that all the leaf and the requisition slip are present and undamaged. Additionally, the name and account number will be written on each leaf of the Cheque book and on the requisition slip.
- 5) The customer's name and account number must be included in the Cheque book register alongside the specific series of Cheque books.
- 6) A customer then comes to the bank to obtain a Cheque book. Subsequently, the officer initiates the website and starts the dispatch procedure.
- 7) Following that, the Cheque book is delivered to the customer upon obtaining the confirmation on the request slip.

2.2.8.7 Dispatch Section

First, the customer receives a message from the bank that their debit card/ cheque book has arrived in the bank. Then the customer comes to receive his/her debit card or cheque book from the bank. The officer at the cash counter, collects the account number from the customer and searches the name in the IFIC website under the query tab. Then the details of his cheque book/ debit card appears if it is in the courier or it has arrived in the Agrabad branch etc. Then if on the website the cheque book/ card has arrived, they are collected from the place where all the cheque books are kept. Thus, the officer then finds out the date and name of the customer on the cheque book. After that from the website a sheet is printed out where there are the details of the cheque book, receiving date etc. Then the customer's signature is taken on the printed sheet over the Account Holder name. Lastly, the officer matches the signature on the sigcap website. If the signature matches then the cheque book/ card is handed over to the customer.

2.2.8.8 Common Services

1. 24- Hour Call Centre:

The IFIC Bank provides call center services to its customers on an ongoing basis. The primary objective of this Call Centre service is to provide a comprehensive solution for the banking needs of those who have bank accounts and credit cards. Customers can obtain answers to any queries by contacting us via telephone at 16255.

2. Any Branch Banking:

The "Any Branch Banking" service is available to clients of IFIC Bank PLC. All around the country, customers can find one of the 1243 branches. Customers are free to complete their transactions at any nearby branch; they are not restricted to using a specific branch.

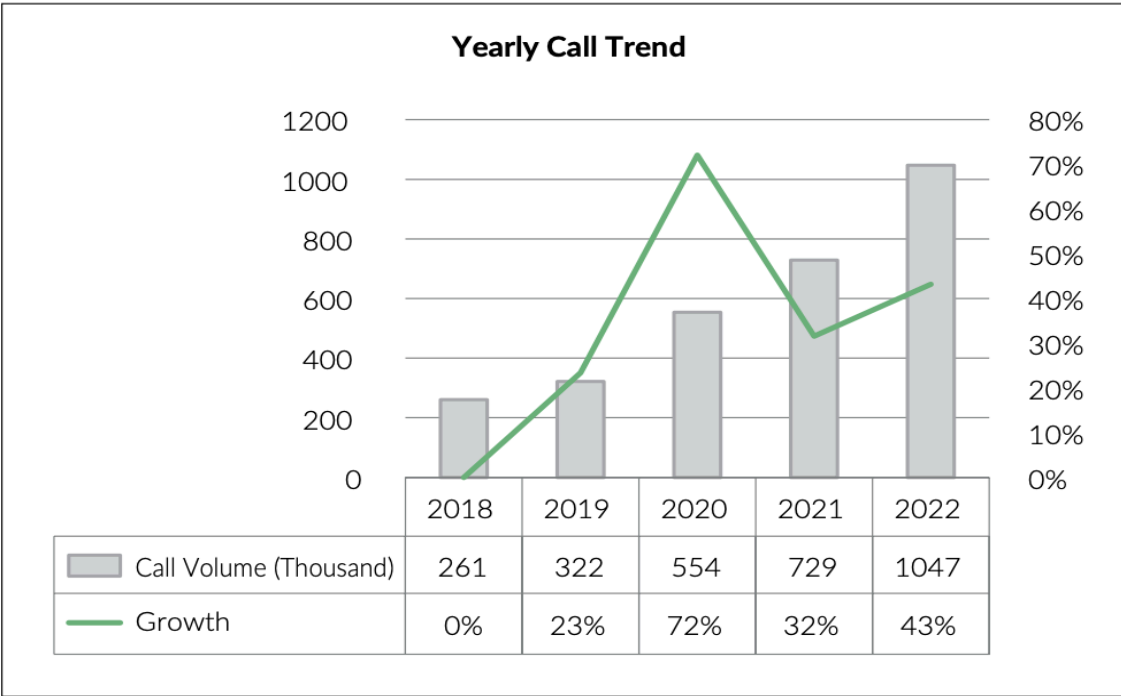


Fig 6 : Call Volume Trend of IFIC Contact Center

3. Evening Banking

Starting from 6 to 8 o'clock in the evening, customers can attend the service at any of the IFIC branch locations. Customers can do a variety of activities, such as deposit cash or checks and withdraw cash, during additional banking hours. They can choose to write checks for the next day in the evening.

4. Account Codes: There are multiple account codes offered by IFIC bank. The codes are listed below:

Saving Account - 031

Current Account - 001

PSS/DPS - 251- 255

IFIC Amar account - 811

FDR (Savings, Amar, Shohoj) - 200-201

2.2.8.9 IFIC Internet Banking

IFIC Internet Banking offers users the convenience and security of accessing their account information from the comfort of their homes or offices. The IFIC Bank account is now accessible to individuals at any time, 24 hours a day, 7 days a week. The features are as follows:

- View account balance
- View transaction details
- Print Account Statement (In the form of short & for a particular period)
- Cheque Book Inquiry
- Detail Product lists & Product information
- Change Password

How to Use IFIC Internet Banking:

Customers who want to use IFIC Bank PLC. Internet Banking must fill out an Internet Banking Form and bring it to the office that is closest to them. The bank will give you a User ID and Password after you send in your application. To use Internet Banking, users must first get a User ID and password, and then go to <http://www.ificbank.com.bd> to log in. For security reasons, users are required to change their password after their initial login with the given password. The IFIC Internet Banking service is accessible 24/7 from any location worldwide.

2.2.8.10 SMS Banking

The sms banking service is accessible 24/7, every day of the week. Access up-to-date banking information and maintain constant communication with IFIC Bank using your mobile device. The IFIC SMS Banking Service offers users the ability to access their account balance, account details, and mini account statements.

The SMS Banking service is provided at no cost to the user.

In order to use the SMS Banking service, all account holders of IFIC Bank are required to complete an Application Form and submit it to the nearest IFIC Bank branch. To obtain the information, simply send an SMS to the number 6969.

Account Service

- Balance Enquiry
- Mini Statement Request (Last 5 Transactions)

- Foreign exchange Rate enquiry
- Fixed Deposit Rate enquiry

To obtain the previously mentioned data, simply send an SMS to the number 6969.

2.2.9 Credit Management Section

This is the survival unit of the bank because until and unless the success of this section the survival is a question to every bank. If this section is not properly working the bank itself may become bankrupt. This is important because this is the earning unit of the bank. Banks are accepting deposits from the depositors in condition of providing interest to them as well as safe keeping their interest. Now the question may gradually arise how the bank will provide interest to the clients and the simple answer is ? Loan. Why does the bank provide loans to the borrowers ?

This is the bank's "survival unit" because every bank is in danger of going out of business if this fails to work. If this part does not work right, the bank could go out of business. This is essential because it's how the bank generates money. Banking institutions take deposits from people on the condition that they will pay interest and keep the income safe. Now, how the bank will pay interest to its customers; the solution is straightforward: loans. Why banks give loans to people who need them –

- a) To generate interest from the borrowers and to return the interest to the depositors
- b) To speed up the process of economic growth by offering a variety of industrial and agricultural benefits
- c) To generate employment opportunities by conducting the operation of industrial loans.

Building credit is an ongoing process. When you pay off one credit, it opens the door to another. Interest is a sort of income that banks get from this process of rotating funds. Funds from a bank can be invested in various ways. Commercial and industrialists can get loans and advances from banks. Credits might also vary in terms of the guarantees required, the criteria for distribution, and other factors.

- 1) IFIC Amar Bari
- 2) IFIC Amar Rin
- 3) Corporate Products

IFIC Amar Bari Loan Service Process for Retail Products

When a customer requests a loan, the loan department inquires about the purpose of the loan, such as building, construction, or renovation. The officers inquire about specific details regarding the loan, such as the property's land area, flat area, building permit, floor, plot, and the current condition of the land. The client's source of income is categorized as Rental + Business, Rental + Job, Personal, Proprietorship, or Service Holder. If their house is now semi-pucca, they are eligible to apply for the Amar Bari Loan based on their current property state. Three key factors need to be checked here. The plan must be legally valid for about 25 years prior to the approval date. If the approval date is 2024 and the plan date is 1999, the plan will be effective. Now, the date and years are valid. Upon receiving the CDA approval letter, the loan applicant must commence construction on the plan within 3 years, else the plan will be terminated. The applicant and co-applicant are verified thirdly. Their age restriction is 62 years. If the applicant is 62 years old, they will not be considered a suitable candidate, and the age of their co-applicant is then assessed. If the co applicant's age is 37, adding 25 years will suffice. He can thereafter submit an application for the loan. References are also necessary. The client will be fully informed about the loan facilities available and the associated fees during the loan period.

Next, we proceed with Account Opening. The candidate must establish a joint account with a co-applicant who is a blood relative. Alternatively, he can open a joint account with a guarantor. The joint-account system is compulsory for the loan application as the other person listed on the joint-account is responsible for repaying the loan if the applicant is unable to do so.

Once the account is opened, the client will provide one set of photocopy documents to the officer. The loan officer will print two additional sets of documents. One set will be given to the bank lawyer for verification of the chain of command of RS, PS, BS Khatiyani, and to review all other documents for any potential difficulties. The officer will provide the most recent copy of the document to the surveyor, who is a third party of the bank's enlisted company. The surveyor will examine the Mouza Map document and measure the property. The loan client will sign a branch sanction advice. There are six factors that the client has to follow strictly. These are as follows-

- | | |
|------------------------|-----------------|
| 1) Installment | 4) Charge |
| 2) Tenor | 5) Grace Period |
| 3) Disbursement period | 6) Overdue |

The client's profile is examined in the Online CIB (Credit Investigation Bureau) Inquiry System to determine if they have any prior loans from other banks or IFIC Bank. The terms of the previous loan, whether it was repaid on time or not, etc. The inquiry system only provides three-digit FI code, not the names of the banks. The loan officers can identify if the client has a

past loan by referencing code 045. If a credit card option is available, it indicates that a debt is still in the process of being repaid. If the credit card option displays "terminator," then there is no outstanding loan.

Two forms of value are determined: present/market value and force/distress value. The distress value rate of 10% is determined for loans that are considered bad due to repayment or other concerns. The market value is determined as 70% of the loan amount requested by the client.

The debt-to-income ratio is measured to assess qualification for loans and credit cards. It indicates the client's creditworthiness to meet current obligations. A proposal is generated in the Loan Origination Software. The process of originating a home loan consists of 7 steps:

a) Maker's End-

- 1) Application Details- Location Address, Estimated Cost, Present Market Value, Distress Value, Schedule of property, Applicant and co-applicant + Guarantor's - CIB Income and Expense details, personal net worth
- 2) Drawdown and Repayment- Tenor, Moratorium Period, Drawdown details, Repayment details, Repayment Frequency and details.
- 3) Liabilities and Securities- Customer Exposure, Manually Added Customer Exposure, Existing IFIC Loan Information and Other Bank Loan Information, Customer Liabilities.

The loan officer must complete all the relevant information columns provided above.

b) Checker's End

- 4) Application Summary: Once the client's brief profile is completed and the application is submitted, it is then forwarded to the main office by the Retail Risk Management (RRM) team.
- 5) The checker is an individual with restricted access to only the application summary. If there are any errors in the summary, the checker can enable a request option for the officer to make the necessary modifications.

c) Credit Admin Division's End

- 6) Assessment Decision- Approval / Approved
- 7) Offer - Issue Offer then Accept Offer.
- 8) Documentation - Once the Non-Encumbered Certificate (NEC) is received from the applicant, the mortgage is provided, and the Loan Documentation Cheque List is sent to the Head Office for disbursement. Other than home loan, the premium overdraft has 6 steps, excluding the drawdown and repayment option.

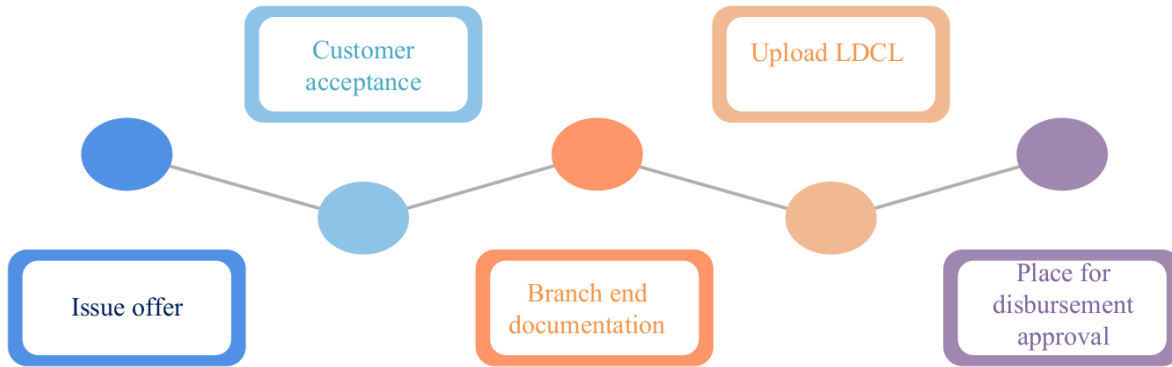


Fig 7: After a loan application is approved

2.2.9.1 Retail Products

- 1) Home Loan
- 2) Premium Overdraft

Home Loan Classification

- 1) Tenure- Salaried 25 years, Professional 20 years maximum
- 2) Loan amount up to taka 2 crore
- 3) No processing fee or loan takeover

Construction, Finishing	Purchase (Flat, Building)	Semi-Pucca (Construction and finishing)	Renovation (Semi pucca/ Building)	Take Over
1) Building construction and finishing work. 2) Loan limit up to 2 crore ((as per work requirement)	1) Only flat/ Building purchase 2) Both flat/ building purchase and fresh loan amount	1) Construction and finishing work 2) Maximum Loan limit is 50,00,000 (as per work requirement)	1) Renovation work for semi-pucca house, Maximum Loan limit is 50,00,000 (as per work requirement) 2) Renovation work for flat/ building, Loan limit up to 2	1) Flat/ building takeover 2) Flat/ building takeover and fresh loan amount 3) Semi-pucca house takeover

	3) Loan limit up to 2 crore (as per work requirement)	3) Amount per square feet is BDT 1559.00	crore (as per work requirement) 3) Amount per square feet is BDT 1559.00	4) Semi-pucca house takeover And fresh loan amount
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Table 1.3 Home Loan Classification

Premium Overdraft

- 1) Continuous Loan
- 2) The loan amount can not supersede home loan within 2 crore
- 3) Bank Processing fee of loan amount below 50,00,000 is 0.50% or maximum 15000 + vat (whichever is lower)
- 4) Bank Processing fee of loan amount over 50,00,000 is 0.30% or maximum 20000 + vat (whichever is lower)

Debt to Burden Ratio for Home Loan and POD +Amar Bari

Monthly Income Range	Monthly Acceptable DBR
Tk 35,000-49,999	40%
Tk 50,000-69,999	50%
Tk 70,000-99,999	55%
Tk 100,000+	65%

Table 1.4 Debt to Burden Ratio for Home Loan and POD +Amar Bari

According to the Annual Report of 2022, IFIC Amar Bari Loan provided was 82,580 taka + 45.3%



IFIC Amar Bari
₹ 82,580 m
+45.3%



Loans & Advances
₹ 354,454 m
+16.2%

Fig 8: Loan Statistics

IFIC AMAR RIN

This loan is of two types.

- 1) Unsecured Loan : Amar Account OD, Salary Loan
- 2) Secured Loan : Flexi Loan, Auto Loan, Amar Account OD, Easy Loan.

i) Easy Loan will be backed by financial securities

ii) Flexi Loan, Auto Loan, Amar Account OD will be backed by collateral security. Eligible collateral securities include land, finished/unfinished registered flat/building

iii) Amar Account OD, Easy Loan will be offered as both secured and unsecured based on the amount of loan mentioned in the below table.

IFIC AMAR RIN	Tenor	DBR	Loan Type	Security	Limit
Flexi Loan	1 year to 5 year	Maximum 55%	Term	Collateral	20 lac
Auto Loan	1 Year - 5 Year	Maximum 55%	Term	Collateral	40 lac
Aamar Account OD	1 year (Renewal at maturity)	N/A	Overdraft	i) Without collateral security ii) Without Security	i) Without collateral security : 20 Lac ii) Without Security: 5lac
Salary Loan	1 Year - 5 Year	Maximum 50%	Term	Unsecured	5 lac
Easy Loan	1 Year	N/A	Overdraft	Financial Security	i) Highest 85% of security face value of MIS ii) Highest 95% of security face value of other fixed and scheme deposit

Note: If any existing Aamar Bari customer wants to take Flexi Loan, Auto Loan, Aamar Account OD by providing the same mortgaged property, he/she will sign in the ‘Undertaking of Binding’ only. No further mortgage of Property and Guarantee is required.

Table 1.5: IFIC AMAR RIN

2.2.9.2 Corporate Products

There are different departments within the corporate products which are small, medium, cottage, large and micro. The department is divided into two sections.

- 1) RMG
- 2) Non-RMG

Continuous Loan and Fixed Loan are paid on Lump Sum Repayment with fixed Expiry There are 4 categories of loans which are as follows-

- 1) **Continues loan**(Working capital loan)
 - Cash Credit (hypo)

- Cash Credit (pledge)
- Secured Overdraft
- Premium Overdraft-hl together
- Aamar Account OD (Unsecured and Secured)

- a) Based on the withdraw amount interest rate is given
- b) Tenor period-1 year both maximum and minimum
- c) Loan can be renewed after maturity based on certain requirements

2) Demand Loan- Revolving and One Off

- a) Loan Disbursement will take place one time only
- b) Tenor period- 1 year maximum but minimum ½ months depends
- c) After loan disbursement repayment is due within the assigned period.
- d) Can never be renewed

3) Fixed Term Loan -

Term loan

- Industrial loan
- Agriculture loan
- House building loan
- Transport Loan
- Loan general (Easy Loan)
- Flexi Loan

- a) Repayment of Term Loan is on monthly basis
- b) Loan type-Installment Basis
- c) Tenor period- more than 1 year or 6 months
- d) This type of loan can be exceed 1 year time period
- e) In case of the Fixed Term Loans, the calculation for determining past due/overdue for classification will be as follows:

Repayment Due = Reference Date – Date of first repayment due + Frequency (in months)

Past Due/ Overdue

- i) Any **Continuous Loan** if not repaid/renewed within the fixed expiry date for repayment or after the demand by the bank
- ii) Any **Demand Loan** if not repaid/renewed within the fixed expiry date for repayment or after the demand by the bank
- iii) Any installment(s) or part of installment(s) of a Fixed Term Loan if not repaid within the fixed expiry date for repayment, the amount of unpaid installment(s) will be treated as Past due/Overdue after 06(Six) months of the expiry date.

2.2.10 Trade Service Center

A L/C is a commitment by a bank on behalf of the buyer (importer) that payment will be made to the beneficiary (exporter), provided that the terms and conditions have been met, as verified through the presentation of all required documents.

CHARACTERISTICS OF A LETTER OF CREDIT

- 1) **Applicability:** Recommended for use in new or less-established trade relationships when you are satisfied with the creditworthiness of the buyer's bank.
- 2) **Risk:** It is spread between seller and buyer provided all terms and conditions are met.

Advantages

- a) Payment after shipment
- b) A diversity of payment, financing and risk mitigation options

Disadvantages

- a) Process is complex and labor intensive
- b) Relatively expensive in terms of transaction costs

Parties of letter of credit:

- 1) Applicant
- 2) Beneficiary
- 3) Advising bank
- 4) Confirming bank

Different types of Letter of credit (LC)

- 1) Revocable letter of credit
- 2) Irrevocable letter of credit
- 3) Confirmed letter of credit
- 4) Back to back letter of credit
- 5) Revolving letter of credit
- 6) Standby letter of credit
- 7) Sight letter of credit
- 8) Red clause letter of credit
- 9) Transferable letter of credit

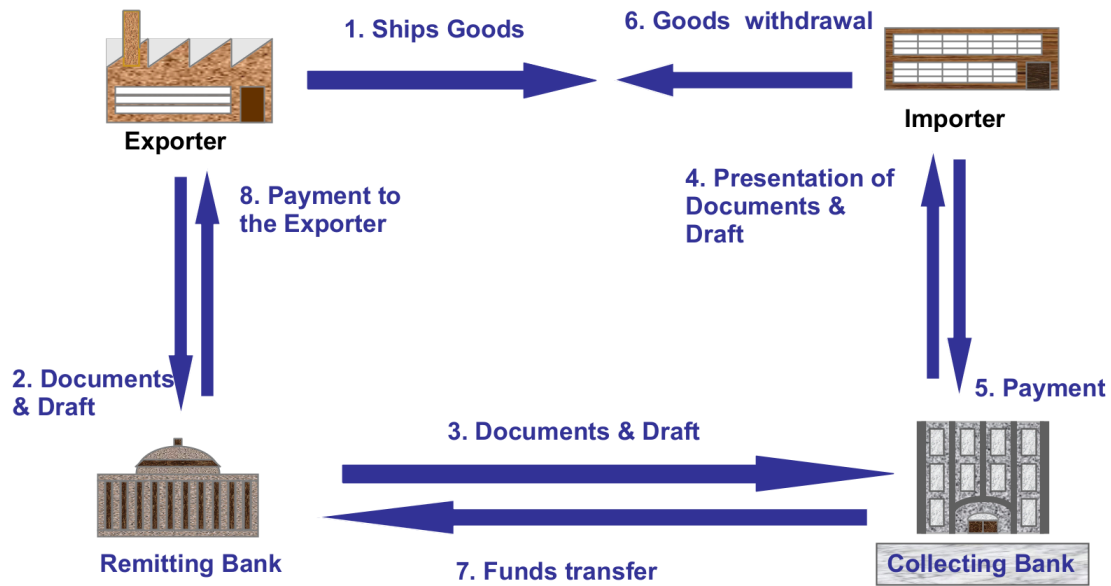


Fig 9: LC Process

LC Payment Methods

- 1) Cash in Advance
- 2) Open Account
- 3) Documentary collections
- 4) Documentary credits

The method of documentary collections is most in practice in our bank.

Payment Risk Diagram

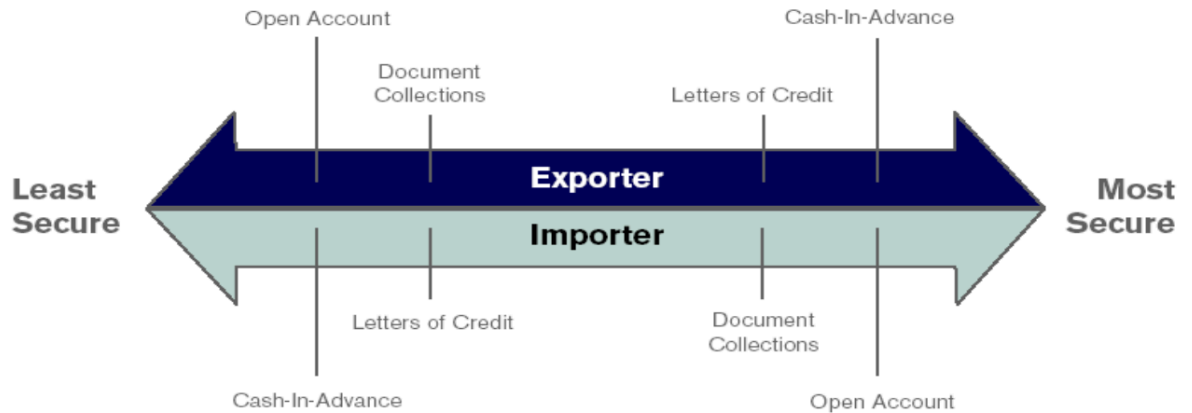


Fig 10: Payment Risk Diagram

There are two types of LC that are most commonly used in our bank.

- 1) Sight Letter of Credit
- 2) Back to Back LC
 - a) Back to Back L/C (Inland and Foreign):
 - b) Foreign LC Sight (Export Development Fund)
 - c) Foreign LC Usance
 - d) Local LC Sight (Export Development Fund)
 - e) Local LC Usance
 - f) EPZ Sight (Others)
 - g) EPZ Usance

Back to back letter of credit

A documentary credit (Credit A) is issued in favor of a trader at the request of the ultimate buyer (beneficiary). The trader uses this documentary credit as a means by which to request a bank (usually the advising or confirming bank of credit A) to issue a separate documentary credit (credit B) on its behalf in favor of the supplier.

When credit B is issued it is referred to as a back to back documentary credit. This is because the advising and confirming bank of credit A issues credit B on the back of credit A. It is also commonly referred to as the baby credit.

Sight Letter of Credit (LC)

It means when the shipper ships the goods covered by the L/C, and presents the documents to the bank for negotiation. When the documents are sent by the negotiating bank to the L/C opening bank, the L/C opening bank will effect payment to the negotiating bank immediately. Such L/Cs usually say “AT SIGHT” which means “pay when the bank sees the documents”.

Organizational principles of IFIC Bank PLC

IFIC Bank PLC has a flat and flexible organizational structure with a shorter chain of management, a wide span of control, and project teams and task forces. A horizontal communication network is in place to ensure responsibility under the supervision of the manager. The management clearly defines duties and objectives. Also, the structure made it clear how fast operations were progressing and who was liable for what, which put a major emphasis on efficiency. IFIC Bank PLC follows a top-down line of command when making significant decisions for the organization. IFIC Bank's administration implements a centralized approach where the Head Office constantly supervises and evaluates all branches.

2.2.11 Organization Hierarchy

Managing Director (MD)

Deputy (MD)

Senior Executive VP

Executive VP

Senior VP

First VP

VP

Senior Assistant VP

First Assistant VP

Assistant VP

Senior Principal Officer

Principal Officer

Senior Officer

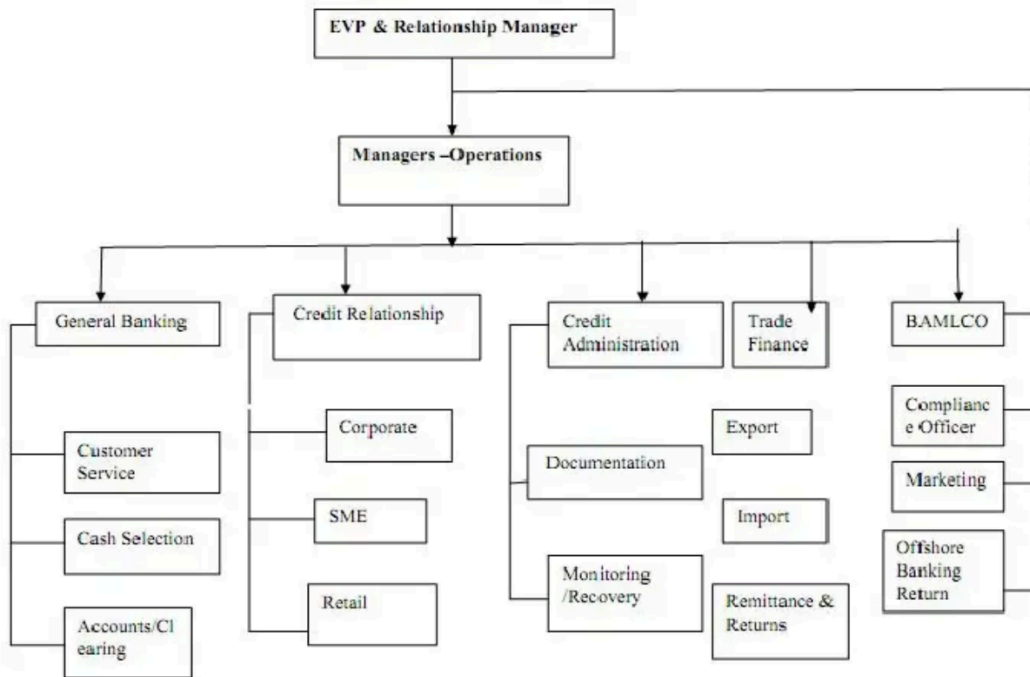
Officer

Junior Officer

Assistant Officer

Trainee Assistant Officer

2.2.12 Organogram



2.3 Management Practices at IFIC Bank PLC

Management is the most precious and crucial resource for any financial or non-financial firm. Efficient management enables the firm to achieve its long-term goal. Each branch has the ability to strategize based on the objectives set by the corporate level.

2.3.1 Leadership Style

IFIC Bank PLC organized leadership seminars to establish a pool of potential leaders. IFIC Bank has conducted leadership workshops with the involvement of both local and foreign experts. Local and international resources have been organized into leadership programs by IFIC Bank. Leadership Teams and Core Empowerment TTT are just two of the ANZ Institute's programs that have helped our staff members grow as leaders and managers. Indoor and outdoor leadership development workshops, including those focusing on sales and negotiation, team building, and leadership, were also often offered.

2.3.2 Human Resource Planning Process

Human Resources is the most important strategic tool and most valuable asset for any business. IFIC Bank determines that great ideas and breakthroughs come from having good employees. This leads to products and services that are the best on the market and gives companies a competitive edge.

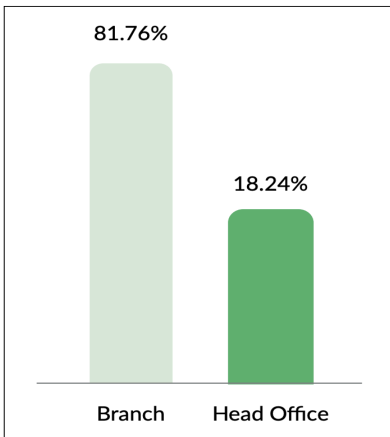


Figure 11: Distribution of Human Resources



Fig 12: Growth of Human Resources

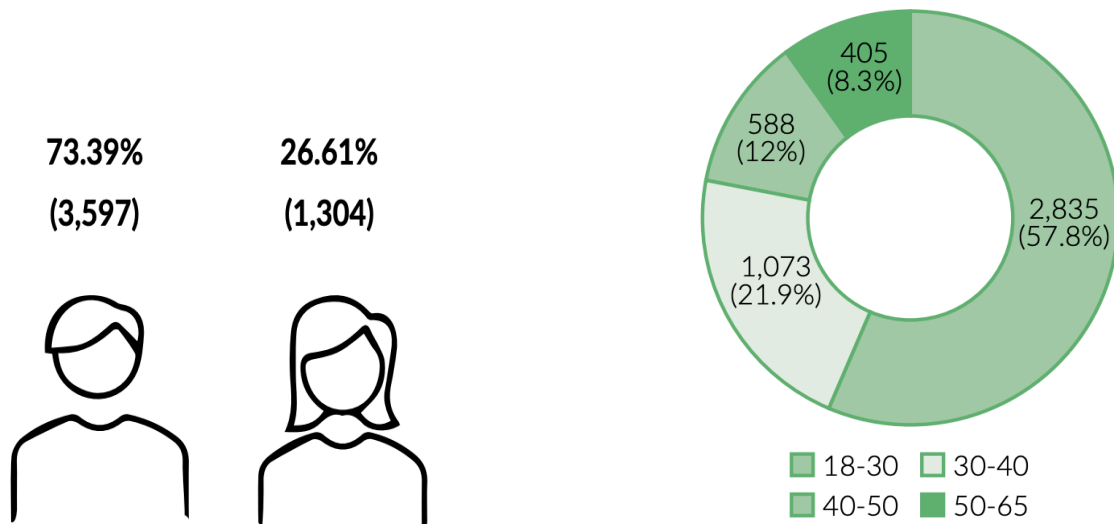


Figure 13: Gender Wise Distribution of Human Resources **Fig 14:** Employee by Age

The Human Resource Management Division of IFIC Bank acts as an intermediary between the bank and its workers by handling administrative tasks and driving efforts to build a welcoming workplace that values honesty, hard effort, and success in the workplace. The recruitment of talented individuals is a top priority at IFIC Bank, and the bank actively encourages its employees to develop personally and professionally. As an investment in its employees, it provides ongoing training so that individuals can improve their skills and consistently produce excellent results.

As a private business bank, IFIC creates more jobs than any other organization in the country. This helps the economy of the whole country. By using up-to-date human resource management policies and strategies, the bank creates a diverse workforce for its employees. This makes the employees live brand ambassadors for the bank.

2.3.3 Recruitment and Selection Process

IFIC emphasizes attracting talented individuals for key roles and enhancing their skills through training, mentorship, and creating a positive work environment and culture.

There is a straightforward system for hiring at the bank that gives each employee a chance to show what they can do. IFIC Bank works hard to build an active team that is ready to take on any task, and the company always puts an emphasis on developing its own workers.

The whole hiring process was aligned with the Bank's long-term goal of launching over 1,000 Uposhakhas that included employing a new Transaction Service Officer and a Management Trainee. The team handled every step of the hiring process in a way that was both efficient and cost-effective, and in 2022 they were able to hire 1,521 people.

2.3.4 Compensation System

Benefits and compensation are crucial parts of an employee's job happiness because they have a direct effect on how well they do their job and how motivated they are to work.

The IFIC Bank always makes sure that its pay packages are competitive and that its workers get both short-term and long-term benefits. It does this by strictly following the rules and instructions of the government and meeting the minimum wage standard. It has come up with a way to pay bank workers based on how well they do their jobs, along with some benefits that will encourage them to do a better job.

2.3.5 Training and Development Initiatives

The analysis-based training not only assists in reducing the skill gap but also facilitates the development of a desired organizational behavior. IFIC Bank focuses on providing extensive training for its employees to enhance their job performance. Furthermore, individuals can stay informed about the rapidly changing banking industry.

IFIC Bank offers a diverse range of training sessions in general banking, credit, and trade conducted by internal trainers. In addition, external resources from BBTA, BIBM, and other well-known Institutes are often invited. Every fourth month, the Management Trainee Development Program is held. The program offers training in soft skills as well as hard skills. Participants also work with different cross-functional departments of the bank to learn about real-life issues and risks in business.

2.3.6 Performance Appraisal System

The HRM Division works to come up with practical Key Performance Indicators (KPI) that will help employees meet their own goals and help the Bank reach its strategic goals. In 2022, the HRM Division improved and simplified the online-based e-PMS. This made performance reviews more efficient and led to a more engaged and performance-based work culture. Evaluations of performance every three months help bank managers keep track of employees' work over the course of the year and make strategic choices.

2.4 Marketing Practices

IFIC Bank carried on with its focus on the aggressive marketing & selling of IFIC Aamar Account, IFIC Shohoj Account, IFIC Aamar Bhubishawt, IFIC Shohoj Rin and IFIC Aamar Subornogram. The Bank continued its effort on the aggressive marketing & selling of IFIC Aamar Bari- the collateral based Home Loan Product.

2.4.1 Marketing Strategy

Marketing is the process by which a business informs potential buyers about its products, develops relationships with those buyers, and ultimately encourages them to make a purchase. In terms of combined advertising, the promotional mix strategy has been consistently used by IFIC.

IFIC Bank PLC uses a combination of digital and traditional mix of (product, price, place, and promotion) marketing strategies to advertise its products and services, however the specific strategies may change over time based on the current market conditions.

2.4.2 Target Customers, targeting and positioning strategy

The bank also implements a comprehensive market coverage strategy by targeting several geographical locations, including urban, suburban, and rural areas. The targeting approach is strengthened by a vast network of over 1300 branches and sub-branches around the country.

The bank's positioning strategy is to establish itself as a reliable source of financial services by being honest, fair, innovative, and dedicated to its stakeholders. In order to reach their target areas, IFIC Bank uses an intensive distribution strategy to make its banking products and services accessible to its target customers (Saravanan, R., & Rao, K.S.P. 2007).

2.4.3 Marketing Channels (for product as well as services)

Ific Bank PLC uses various marketing channels in order to promote their products and services. These channels are as follows-

1) In-person branches- Ific Bank PLC's physical branches are important ways to sell its goods and services. Bank employees talk to customers directly and give them information about products and services, help them open accounts, and give them personalized advice and suggestions.

2) IFIC Official Website- IFIC keeps a well-designed and comprehensive website where clients can find out more about the bank's services, products, and offerings etc.

3) Mobile Application- In today's highly competitive digital banking environment, Ific Bank PLC probably provides its customers with an application for mobile banking that allows them to conveniently access their financial services while they're at home or work. Potential features of the mobile app include the ability to view account balances, receive notifications and personalized offers etc.

4) Social Media Channel- IFIC Bank PLC uses sponsored events, and social media promotion on platforms like Facebook, LinkedIn, and Instagram in order to advertise their products and services.

2.4.4 Product/ New product development and competitive practices (if any)

Kotler (2000) states that anything available for purchase or consumption in the market is considered a product. The word "product" can mean either goods or services depending on the company. Both tangible and intangible products are possible. There is no fair way to compare all of the products. IFIC Bank continued its emphasis on the strong marketing and sale of IFIC Amar Account, IFIC Shohoj Account, IFIC Amar Bhubishaw. Take for example, IFIC Amar Account has both saving and loan facility in one single account.

The purpose of a service product is to meet the wants, requirements, and requirements of the consumer (Tan, L. H., Chew, B. C., & Hamid, S. R. 2016). According to (Taherdoost,

Sahibuddin, & Jalaliyoon, 2014) a service is a set of features and benefits that a market offers. IFIC bank has both products and service products as well.

Those are as follows-

1) Deposit Products:

- Savings Accounts
- Current Accounts
- Fixed Deposit Accounts
- Special Savings Scheme (e.g. Pension Savings Scheme, MIS)

Monthly Income Scheme (MIS)

Features

- A special Fixed Deposit product which offers monthly return on investment.
- Attractive Return on Investment
- Interest is paid on monthly basis
- Flexible Tenor: 1/2/3 years
- Credit facility up to 85%
- No Maintenance fees.

Requirements

- Photo of Applicant - 2 copies
- Copy of National ID/Smart ID of the Applicant
- ETIN (if available)
- Letter of Introduction from the company (For Payroll Customers only)
- Photo of Nominee - 1 copy
- Copy of Nominee's any ID
- Legal Guardian's Photo ID and Photograph (If Nominee is Minor)
- Proof of address – Copy of Utility Bill

2) Loan Products:

- Personal Loans
- Home Loans (Mortgages)

- Business Loans (for SMEs, Corporate clients)
- Overdraft Facilities
- Loan Against Property

3) Card Products:

- Debit Cards
- Credit Cards
- Prepaid Cards

4) Retail Banking Services:

- Account Opening and Maintenance
- ATM Services
- Cash Withdrawal and Deposit Facilities
- Online Banking
- Mobile Banking
- SMS Banking
- Telephone Banking

4) International Banking Services:

- Trade Finance Facilities (Import and Export Services)
- Foreign Currency Exchange Services
- Letters of Credit
- Foreign Remittance Services

2.4.5 Branding activities

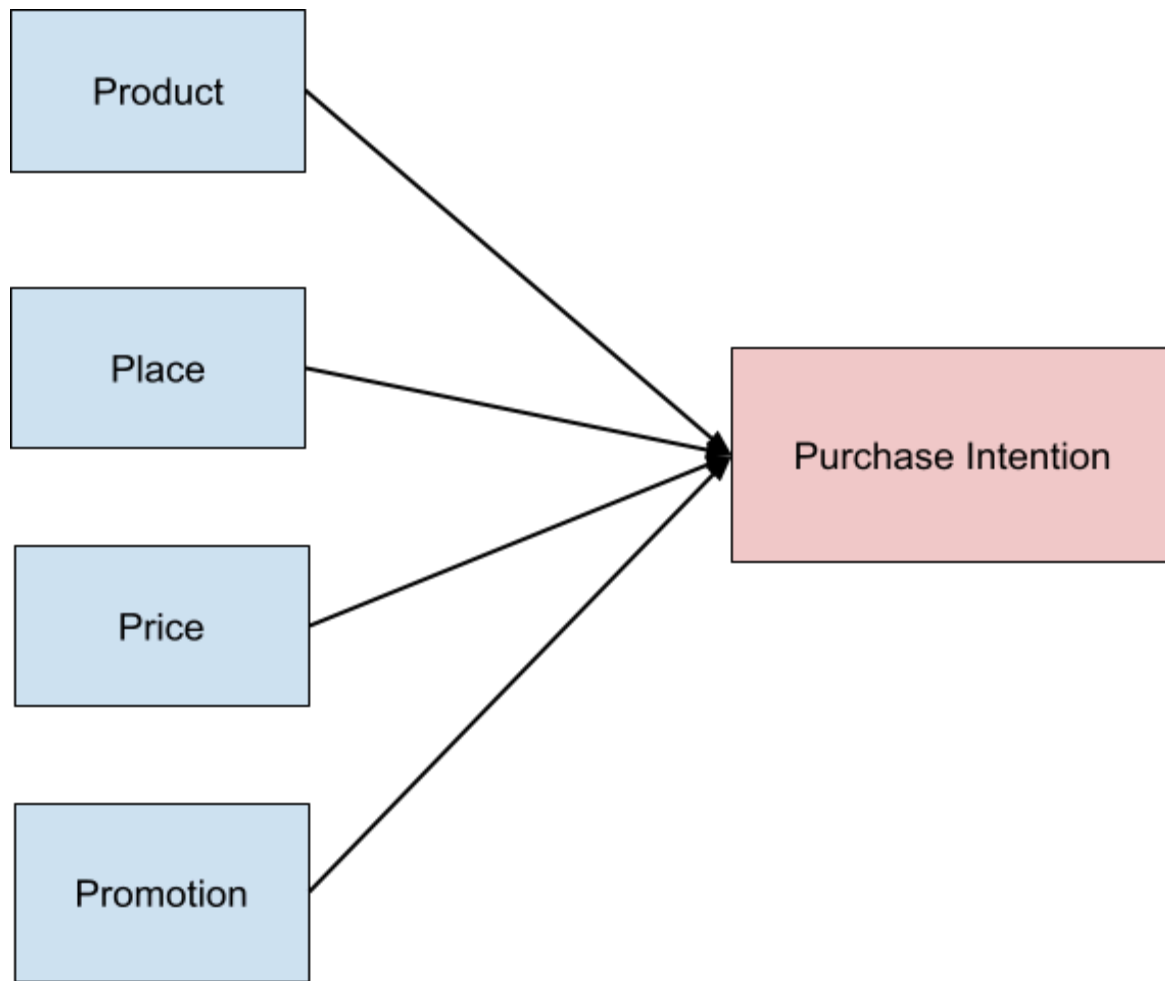
IFIC has its own official website at: <https://www.ificbank.com.bd/> . The website has details about the company: its history, various banking services, currency rate, employment opportunities, annual report, news and reports, board of directors, and much more. As a result, their website is occasionally useful as a branding activity for the organization in a good way. Customers have a positive initial impression of the bank and have faith in the bank because of the website. With

good SEO (Search Engine optimization), more people looking for banking services online will be able to find the website through search engines like Google and Bing.

2.4.6 Advertising and promotion strategies (with specific commentary on social media and digital marketing)

The primary objective of advertising is to create brand value and its unique identity. The company's marketing initiative identified its unique selling points, such as its one-stop service (where customers can get all of their banking needs met at a single counter) and the convenience of having both debit and credit accounts in one account.

Digital marketing is an integral aspect of IFIC's marketing strategy. IFIC Bank PLC uses sponsored events, and social media promotion on platforms like Facebook, LinkedIn, and Instagram in order to advertise their products and services. The bank's promotional strategy is inter-connected.



2.4.7 Critical Marketing issues and gaps

The banking industry is dynamic. All banks must have to abide by the rules and regulations of the Bangladesh Bank. Thus, if there are any changes in the rules, IFIC has to apply that change to their bank as well. This change is critical in terms of providing service to the customers. Some marketing issues and gaps are as follows-

- 1) Online Digital Footprint- IFIC Bank PLC may have trouble building a strong online footprint compared to its competitors (Agrani Bank PLC, Rupali Bank PLC) etc. As the world becomes more digital, it's important to have a strong online presence through websites, mobile apps, and social media. This makes it easier to reach and interact with customers.
- 2) Concerns about Complying: IFIC Bank PLC works in a very regulated field, and all of its marketing efforts must follow the rules set by law and regulation.

2.5 Financial Performance and Accounting Practices

2.5.1 Accounting Practices

"Accounting practice is the set of rules and procedures that an accounting department uses to make and keep track of business transactions." (Bragg, 2020) Being objective means doing things like checking information and making sure auditors aren't biased. An organization's annual report shows how accounting really works in the real world. In each branch of IFIC, an audit program is run every year to check the accounting standards and methods. We can see this from the auditor's report for IFIC Bank. As part of an ISA-based audit, auditors have to exercise their expert knowledge and stay cautious the whole time.

IFIC prepares financial statements using IFRS-compliant accounting policies, experts claim. IFIC Bank generates combined and separate financial statements. The internal audit, internal control, and risk management group highlights their significance in financial statements. IFIC consistently integrates and maintains financial statement quality. Legal requirements require the annual report to be truthful and fair. Financial statements integrate files and documents from multiple branches. IFIC Bank maintains the Capital to Risk-Weighted Asset Ratio (CRAR) to 12.78% as required by Bangladesh Bank. (IFIC Bank PLC, 2022).

2.5.2 Financial Performance

BDT in million				
Particulars	Y2022	Y2021	Growth	Growth(%)
Cash & Bank balance	41,218	30,474	10,745	35.3%
Investment	52,749	55,612	(2,863)	(5.1%)
Loan & Advances	354,454	305,061	49,393	16.2%
Fixed Assets	9,267	7,923	1,344	17.0%
Non-Banking and other Assets	7,584	6,808	777	11.4%
Total Assets	465,273	405,878	59,395	14.6%
Borrowing from other banks & FIs	20,621	14,562	6,059	41.6%
Subordinated debt	10,700	6,400	4,300	67.2%
Deposits	375,584	333,142	42,442	12.7%
Other liabilities	28,277	24,652	3,624	14.7%
Shareholders' equity	30,091	27,121	2,970	11.0%
Total liabilities and shareholders' equity	465,273	405,878	59,395	14.6%

Fig 15: Financial Position

Risk management, process redesign, digital banking transformation, new products, and asset maximization have all contributed to IFIC's ability to maintain its development pace in the face of numerous worldwide problems. In line with its long-term objectives, IFIC is actively growing its network of branches and sub-branch locations across the country. By the end of 2022, the number of branches had increased to 1,212, with 9 new branches and 313 new Uposhakha. The bank's balance sheet size had increased to 465,273 million BDT, up from 405,878 million BDT in 2021, a growth of 14.6%.

Loans and advances increased by 16.2% to BDT 354,454 million in 2022 from BDT 305,061 million in 2021. The number of loans issued increased because the bank worked hard and focused more on retail mortgage financing while also taking part in business credit. As a way to deal with the amount of risk, the Bank is putting more effort into making the stock balance more diverse. In the year 2022, the Bank's loans to businesses rose by 9.5%, adding a net of BDT 19,143 million.

In contrast, "IFIC Amar Bari" has a positive growth rate of 45.3% year-on-year, reaching BDT 82,580 million with a net profit rise of BDT 25,730 million. Following the lead of the Bangladesh Bank, the bank has spent much of the year focusing on loans to small and medium-sized enterprises (SMEs) and the agricultural sector.

In 2022, the Bank's SME & Agri inventory grew 6.7% to BDT 44,904 million from BDT 42,076 million. Even though the banking sector's recovery had been slowed by COVID-19, IFIC maintained its NPL ratio in the year 2022 at 5.61% [Year 2021:6.09%], which was lower than the 8.16% industry average.

There were some improvements in account upgrades that resulted in a lower non-performing ratio compared to the last year. With planning and interest suspense, the Bank covered its non-performing loan efficiently. As of December 31, the bank has made BDT 14,628 million in total provisions.

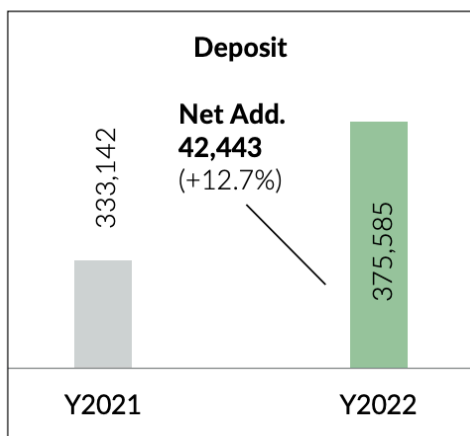


Fig 16: Deposit

The bank's deposit improved to BDT 375,584 million in 2022 from BDT 333,142 million in 2021. The net growth of BDT 42,442 million was made possible through its broad reach, representing a 12.7% rise from a year prior. The company's core product, the 'Aamar Account,' increased 25.4% to BDT 106,027 million since 2021, while its newest deposit product, the 'IFIC Shohoj Account,' has grown 55.0% year over year.

Particulars	Y2022	Y2021	Var	Var(%)
Net interest income (NII)	7,814	6,914	900	13.0%
Non-interest income	7,133	6,923	210	3.0%
Operating income	14,947	13,837	1,110	8.0%
Operating expenses	8,345	6,669	1,676	25.1%
Operating profit	6,602	7,168	(565)	(7.9%)
Provision	2,203	2,703	(499)	(18.5%)
Profit before tax	4,399	4,465	(66)	(1.5%)
Tax	1,429	2,490	(1,061)	(42.6%)
Profit after tax	2,970	1,975	995	50.4%

Fig17: Financial Performance

The bank's profit after tax (PAT) for 2022 was 2,970 million BDT, up from 1,975 million BDT the year before. The combination of a higher level of deferred tax income and a better NII (Net Interest Income) of 13.0% has caused the bank's PAT to increase by 50% compared to the prior year.

2.6 Operations Management and Information System Practices

Transaction officers are responsible for giving frontline service, also known as customer service, within the operations framework. Consumer service includes all types of services that require psychological skills to effectively handle consumer interactions. Certain customers exhibit a high level of politeness, while others display arrogance and engage in informal behavior by repeatedly asking irrelevant questions. The following are the departments responsible for service operations:

2.6.1 Account Opening

IFIC Bank offers a fundamental service. Account opening enables individuals to conduct financial transactions with this bank. The bank has established procedures for opening accounts. If the customer intends to fill up the account opening form manually. Then the process starts by providing new clients with a form to initiate an account. The provided form involves many areas that include the account title, phone number, current address, permanent address, source of funds, monthly income, and the signature of the account holder. Furthermore, the nomination includes the nominee's name, address, and their relationship with the account holder. In order to open an account with IFIC Bank, it is necessary to provide an NID or another kind of photo identification, along with two passport-sized photographs of the account holder and one copy of the nominee.

However, if the customer wants to create an account immediately, the service officer will initially gather all the required paperwork, including the NID and other relevant information. Next, the digital account is accessed, often requiring approximately 15 to 20 minutes.

I waited in the google meet during the given time from 4.15 to 4.40pm. I am writing to kindly request the arrangement of another meeting during your free schedule

2.6.2 Account maintenance

In order to maintain an active account, the account holder must make transactions within 6 months of the account opening. Failure to do so will result in the account being inactive or dormant.

2.6.3 Account closing

If an individual decides to terminate an account, they will be unable to receive or make payments from that account. To close it, one can make an application and all of their information will be deleted. They have to pay the account closing charge for the type of account they opened.

2.6.4 Issue of cheque book

The cheque book is handed over to the customer following request, and the customer is notified over phone by a text message regarding the availability of the cheque book.

2.6.5 Cash deposit and payment

Customers head to the bank on working days to do transactions like Deposit, transfer, or withdraw money from the account, etc..

2.6.6 Fund transfer, issue and encashment of payment order

Customers can transfer money from one account to another account. They can also issue cheques. There exist 3 varieties of cheque.

- 1.cash cheque
- 2.transfer cheque
- 3.clearing cheque.

In addition, they offer BEFTN service to customers. Moreover, our bank offers foreign remittance services and facilitates the sale and purchase of government purchase prize bonds. IFIC offers cards and ATM services as well.

2.6.7 Information system for consumer support

In IFIC, online Banking /Digital Banking has launched. Customers can take most of the services from home which is hassle free. They do not have to wait in a queue. They can get account related information. Account holder will be able to transfer money from his account, request for cheque book request in one click from home. They can also see transaction history. In addition, online banking notifies customers about nearby ATMs and branches.

IFIC has introduced online banking and digital banking services. Customers have the convenience of receiving the majority of services from their homes. There is no need for them to wait in a long queue. Users have the ability to access account-related information. The account holder will have the ability to transfer funds from their account and obtain a cheque book with a single click from the comfort of their own home. Transaction history can also be viewed by them. Online banking also informs users about the local branches and ATMs.

Three divisions make up the IFIC Bank Agrabad Branch's internal information system. 1. General Banking 2. Credit Section 3. Trade Service Center

IFIC employs a software application known as FINASTRA. This software includes three separate tools.

- i. FBEQ
- iii. BFT

FBEQ:

Every operation related to General Banking are conducted through the FBEQ homepage, which includes features such as sigcap, NID verification, watch list check, and Document Management system.

People Hub:

BFT:

BFT is commonly used in the banking industry to handle all operations. For example, Transfer funds, clear checks, cash deposit, cash withdrawal etc.

2.7 Industry and Competitive Analysis

Businesses and analysts utilize industry analysis as a market assessment tool to comprehend the competitive dynamics of a given industry. I used Porter's 5 forces for Industry Analysis.

- 1.Rivalry among Banks
- 2.Threat of New Entrants
- 3.Bargaining Power of Buyers
- 4.Bargaining Power of Suppliers
- 5.Threats of New Substitute

2.7.1 Porter's 5 forces Analysis

1. Rivalry among Banks

Factors that increase competition in IFIC Bank are lowering costs, improving service quality, and adding more products to the market. As a result of the presence of other banks in the market, IFIC Bank faces competition from other financial institutions such as Bank Asia, Prime Bank, Dutch Bangla Bank limited, Standard Bank, and others. Despite the fact that IFIC has already created its brand image and is currently in a superior position in the market. To ensure that they remain in a secure position, they consistently keep up with the demand in the market. They come out with new products and services based on what their customers want.

2.Threat of New Entrants

In order to enter a market, there are some factors that can be considered barriers, such as the brand name, loyalty, and goodwill of the company. Within the banking industry, IFIC faces competition from new entrants. Establishing a banking institution in Bangladesh does not pose significant challenges. However, there are specific consumers that are loyal to IFIC; they have confidence in this bank, which mitigates the risk that IFIC encounters. The banking sector faces substantial risks from emerging competitors.

3.Bargaining Power of Buyers

A consumer or buyer's purchasing power is increased when they are large or buy in quantity. As the number of buyers grows, prices fall. This impacts the production of generating profits. Rising prices allows businesses an opportunity to make a profit even when demand is low. The product offered by the Bank industry is loans, and the same applies to IFIC. Therefore, the negotiating power is determined by the number of loan takers and the potential risks of backward integration.

4. Bargaining Power of Suppliers

The depositors in an IFIC bank are the suppliers. They may look for better rates or another bank to make a payment. The supplier has more power because of this. It changes based on the number of suppliers and the risks of forward integration.

5. Threats of New Substitute

A substitute product is one that is available in the market as an alternative to the original product. This puts a corporation under stress and makes competition more frequent. The bank must invest in better products or new innovations if they want to maintain their market position. Finance companies can take out loans instead of IFIC banks. Banking services are being replaced by current, convenient payment methods like b-kash and nogod.

2.7.2 SWOT Analysis of IFIC Bank PLC

I used competitive analysis for SWOT Analysis. A SWOT analysis was carried out by conducting in-depth interviews with around 20 officers of all the three departments of IFIC Bank in order to evaluate and assess it with its local competitors (e.g Standard Bank. Export Import Bank of Bangladesh Ltd, BRAC Bank Ltd). During the SWOT analysis, employees identify significant strengths and weaknesses, as well as threats and opportunities, based on the varying challenges faced by the Bank.

<p>Strengths</p> <ol style="list-style-type: none"> 1) Strong brand recognition. 2) Offers a broad variety of products 3) Investment in innovative banking technologies and digital platforms 4) Highly skilled management team and efficient at making rational strategic decisions. 5) Employees are dedicated in the workplace 	<p>Weaknesses</p> <ol style="list-style-type: none"> 1) Dependency on Head Office slows operations 2) Marketing Activities are less performed. 3) Adapting to constantly changing rules and regulations as per Bangladesh Bank is challenging to deal with. 4) Less practice of teamwork at branches
<p>Opportunities</p> <ol style="list-style-type: none"> 1) Strong market acquisition 2) Growth of online banking services 3) Managers are highly competent 4) Network of branches covers the entire country 	<p>Threats</p> <ol style="list-style-type: none"> 1) Services and products offered by other banks may be similar. 2) Changes in exchange rates 3) Emerging banks (commercial, foreign etc) 4) Economic Instability due to recession, inflation, unemployment etc.

Strength

1. Strong brand recognition

Customer feedback indicates that IFIC is Bangladesh's most trusted name in financial services. Its solid brand identity and image have helped it gain a stronger position in the eyes of consumers. IFIC has been able to quickly strengthen its position in the banking industry of Bangladesh as a result of its strong brand recognition. The company culture is very intuitive. The office environment is friendly, convenient to use, and provides a great deal of guidance to new customers.

2. Offers a broad variety of products

IFIC Bank PLC offers a broad range of services and products to its customers. The services are current account, savings account, Home Loan, Online Banking Services, Mobile Banking services, ATM services, Trade Finance Services. The products are as follows: deposit product, Loan product, Amar Account, Shohoj Account, Investment Products (bonds), cards etc. These services and products differ from one bank to another. Thus the employees intends to satisfy the needs and wants of customers by providing a wide range of unique products and services in the highly competitive banking industry.

3. Investment in innovative banking technologies and digital platforms

At IFIC Bank PLC, employees proactively adapt and use up-to-date banking technology and online platforms. Employees participate in training and development courses to improve their knowledge and skill in efficiently using these technologies.

4. Highly skilled management team and efficient at making rational strategic decisions

The people who work at IFIC Bank PLC are guided by a management team that is competent and makes good strategic choices. The company is led by a management team that is skilled, determined, and forward-looking. This makes workers who trust management more likely to trust each other, work together, and come up with new ideas. The quick way decisions are made gives employees clear instructions and the trust they need to do their jobs.

5. Employees are dedicated in the workplace

Employees of IFIC Bank PLC demonstrate a firm dedication to the bank's objectives, principles, and customer-focused strategy. Their progressive approach to problem-solving, demonstrated by their ability to collaborate across departments and their commitment to continual skill development, showcases their dedication. Consequently, employees experience a sense of ownership and take satisfaction in their work, leading to increased motivation.

Weakness

1. Dependency on Head Office slows operations.

Since our office is a branch office, permission of head office is required in regards to every aspect. Take for example when a client applies for a home loan, all necessary documentation is first provided and viewed by the branch office. Then those are sent to the head office for further verification if he is an ideal candidate for the home loan. This takes up time and resources.

2. Marketing Activities are less performed

Currently, IFIC does not engage in any significant marketing efforts through mass media channels such as television. However, sponsored events, and social media promotion on

platforms like Facebook, LinkedIn, and Instagram are performed.

3. Adapting to constantly changing rules and regulations as per Bangladesh Bank is challenging to deal with.

Adjustments that are needed for regulations can sometimes have an effect on how the customer feels. For instance, Bangladesh Bank may make it more challenging and take more time for customers to use banking services by requiring more paperwork or extra steps for proof. Customers might become dissatisfied and unhappy because of this.

4. Less practice of teamwork at branches

Teamwork is very crucial when it comes to dealing with everyday tasks. In the general banking department when there is a rush of customers teamwork plays a significant role. The branch employees have less engagement in teamwork. Thus this has a negative effect on the customer service quality.

Opportunity

1. Strong market acquisition

IFIC Bank PLC is able to swiftly grow its entire operations within the country by acquiring a number of local banks that are already established and diversifying its presence within the country.

2. Growth of online banking services

The online banking services allows to reach a huge customer base, allowing customers to easily manage their financial transactions online.

3. Managers are highly competents

The competent management at IFIC Bank PLC is a major asset. In order to make its operations easier, IFIC has recruited experienced managers. Thus this facilitates the company's growth driven by these management teams in every branch.

4. Network of branches covers the entire country

IFIC has established an extensive network of branches across all divisions of Bangladesh to satisfy the needs of the country's population. IFIC's primary objective is to grow its business to cover every region of Bangladesh. Maintaining such a goal and objective and taking necessary actions will not only enhance IFIC's profitability but also ensure its long-term survival.

Threats

1. Services and products offered by other banks may be similar.

In the present era, various international and privately-owned financial institutions are also providing comparable products with nearly identical profit margins. Consequently, when all rivals engage in action using the same products, the inevitable outcome is a decrease in profit.

2. Changes in exchange rates

The unstable political environment and economic depression in Bangladesh have had a significant impact on the exchange rates, which can have negative consequences for IFIC Bank PLC.

3. Emerging banks (commercial, foreign etc)

The fast approaching presence of private, local, and multinational banks poses significant risks to the present financial network of IFIC. The level of rivalry among banks is increasing day by day. IFIC needs to develop tactics to effectively compete with and overcome this issue.

4. Economic Instability (due to recession, inflation, unemployment)

Bangladesh is a financially volatile nation. Floods, droughts, cyclones, and the threat of terrorism have become defining characteristics of our nation. In addition inflation, unemployment also contributes to a widespread economic downturn. These factors impose a negative influence on the demand for investing in capital resources.

2.8 Summary and Conclusions

Throughout the duration of my three-month internship program, I had the privilege of closely monitoring the internal environment of IFIC. In Agrabad Branch they have “All service available at one place”. Any customer entering Agrabad Branch will receive the services they require from the General Banking, Credit, and Trade Service Center departments. Furthermore, customers have the opportunity to engage in the buying and selling of "Government bonds" or "sanchayapatra" at our branch of the Bank. IFIC Bank is among the limited number of banks that possess the authorization to engage in the buying and selling of government bonds.

The bank's management is well-structured, making the organogram an effective tool. At present, there is a strong corporate culture, and all employees are committed to upholding the company's principles. Customers may complete all banking activities online, the bank follows GAAP

accounting standards, and the online banking experience is superior to other banks. The Agrabad branch has a comprehensive audit program that includes an external auditor, an internal auditor, and an auditor from the Bangladesh Bank. In addition to the deposit amount, IFIC bank also has assets, liquidity, and a favorable return on assets. The SWOT analysis has identified the strengths and opportunities that can be utilized to achieve success within the industry. The strengths and opportunities can be assessed and utilized to mitigate the weaknesses and threats of the bank.

2.9 Recommendations

Based on my observation, I offer some suggestions for this bank to enhance its improvement. They are as follows-

- 1) The Agrabad branch experiences lagging system performance, resulting in reduced speed for critical tasks such as DMS (data management system), Cheque clearing, and RTGS. It is necessary to utilize a high-speed operating system, such as Temenos Transact.
- 2) The duration for the delivery of cheque books and debit cards can be reduced to a range of 3 to 5 days. City Bank issues debit cards to customers within a three-day timeframe.
- 3) The SMS Banking system needs significant development. Customers often complain that they are not receiving SMS notifications following RTGS transactions or when charges are cut down by the bank.
- 4) The Agrabad Branch can get in touch with current users to bring dormant accounts back to activity.

Chapter 3

3.1 Introduction

The banking sector is regarded as one of the largest and fastest-growing industries in Bangladesh. Customers are the most important thing for a bank to stay open and grow in today's competitive market. The bank that gets people to connect with and stay with it will be successful and emerge amidst the banking industry. The most important plan in today's business is one that focuses on the customer. When banks think about how to make people satisfied they consistently deliver their best (Tien, 2017, 2019; Tien et al., 2019; Oliver, 1997).

Customer satisfaction is regarded as a key factor for success in the highly saturated banking industry (Siddiqi, 2011). Customer satisfaction is a non-financial data that measures the extent to which consumers are pleased with their banking product and service experience and how it compares to their expectation level and intended outcomes. Take for example, this is when they come to purchase products like government prize bonds, Aamar Account etc (Anderson, Fornell & Lehmann, 1994).

Customer satisfaction is the end result of a customer's evaluation of the benefits and drawbacks of a purchase, based on their expectations and the actual outcome (Verma 2012, p.17). When a client demands a loan product like (Home Loan). He/she expects that the loan facilities will be equal to the amount of loan he granted for.

Why did I choose this topic for research?

Customer satisfaction is a key determinant of success for all organizations. From my personal experience and observation, customers sometimes have positive or unpleasant interactions with the customer service quality. This form of interactions are due to factors (functional quality and technical quality) that influence the service quality of customers. However, there are three factors: service quality, product quality and price of a product that affects the customer satisfaction. Furthermore, current studies on the quality of customer service in the banking industry are lacking. Research studies on customer service quality are few and far between, with the majority concentrating on product and pricing quality. Finally, according to the regulations set out by the Bangladesh Bank, the service quality of various banks is always evolving, which is another factor that led me to choose this subject for my research. Loyal customers are treasured by each bank in their own special way. Although the products and services offered by various banks may differ, the software used by their employees is undoubtedly identical. The method of service delivery also affects the customer satisfaction.

According to various research studies it has been found that there is a direct relationship between customer satisfaction and service quality. In addition, some scholars suggest that customer satisfaction impacts service quality (Cronin & Taylor, 1992) while others say that service quality is a determining factor of customer satisfaction (Negi, 2009). Customer satisfaction is dependent on the service quality which is provided by the employees of IFIC Bank PLC (Saravanan & Rao, 2007).

A number of studies have established the key components of service quality and their correlation with client satisfaction in the banking industry of developed nations. However, there is limited literature review that has explored the relationship between service quality and customer satisfaction in other contexts (Van Quyet, T., Vinh, N. Q., & Chang, T. 2015)

problem statement, p related to training and development, p related to service quality of bank on overall customer satisfaction, product quality, rate has an impact on customer satisfaction.

3.2 Problem Statement and Objectives of the study

As we know, there are so many banks that are currently bringing changes in their FDR interest rates, deposit rates, coming up with new PSS (Pension Saving Scheme) to retain customers in their bank and many other reasons etc. Not acknowledging the factors that influence the customer service quality is a primary concern in the bank industry. Secondly, not incorporating and identifying the factors is a major cause for deceleration in satisfying and retaining the loyal customers. Thus as a result the study focuses on how different bank's products and services differ in terms of the service quality and the impact on the overall customer satisfaction in the banking industry.

Research Topic

Analyzing the factors that influence customer service quality in IFIC Bank PLC

Broad Objective

The broad objective of the study is to determine the factors that influence the customer service quality of IFIC Bank PLC and impact the customer satisfaction level.

Specific Objectives

- 1) Identify the relationship between service quality and customer satisfaction
- 2) Analyzing the role of mediating factors (Technical and Functional quality) in determining customer service quality.
- 3) Identifying and Analyzing the role of service quality, product quality and price quality factors directly affect customer satisfaction.

- 4) Analyzing the impact of situational factors and personal factors on customer satisfaction level.

3.3 Literature Review

Over the course of the past three decades, service quality has emerged as a notable research issue for a significant number of service providers and scholars (Baron, Harris and Hilton 2009, p.167). Service organizations are currently facing challenging conditions, and service managers have come to acknowledge the fact that enhancing service quality is essential for acquiring a first mover competitive edge over other banks (Baron et al., 2009).

According to (Prakash and Mohanty, 2013) high levels of service quality can yield significant benefits for service organizations like banks. They argue that as service quality increases, customer satisfaction level also increases, resulting in greater revenue and customer loyalty. Customer satisfaction is equal to customer's (Perceived Value) minus (expectation).

Service quality is a key determinant of a service organization's productivity, as stated by (Auka, Bosire, and Matern, 2013). A bank can distinguish itself from competitors by offering excellent customer service. Otherwise, customers will refrain from acquiring or employing themselves of the bank's service offerings. If the bank guarantees the quality of its services, then the consumer will exhibit loyalty towards the bank in order to make use of those services. Customers have a sense of security when they receive service of high quality (Hossain, A., Humayun K. Chowdhury, M., Hasan, S., Shamsuzzaman, M., Fahim, A. Y., & Yusuf H. Khan, M. 2020). The primary responsibility of the bank is to guarantee the delivery of high-quality services to potential consumers.

For a bank to thrive in the fiercely competitive commercial banking industry, the bank management needs to develop customer-centric initiatives. Increased customer retention leads to higher income and cost savings for banks (Clemes, M. D., Gan, C., & Zhang, D. 2010). Studies have demonstrated that delivering high-quality service to consumers not only keeps them loyal, but also attracts new customers, generates favorable word-of-mouth recommendations, improves the company's image, and ultimately ensures its survival and profitability.

Service quality mainly consists of two variables which are technical quality and functional quality (Boshoff and Du Plessis 2009, p.38). Technical quality refers to the level of service given by the service organization. For example, activities such as initiating an account or processing a home loan application. Functional quality refers to the way in which a service is provided. An example of this would be efficiently and consistently conducting the paperwork of a home loan application.

Garvin (1988) observed an imbalance regarding service quality, stating that it is an approach that is easy to comprehend but challenging to communicate. Service quality refers to a number of terms that focus on three primary components: compliance to service standards, fulfillment of customer expectations, and improving customer satisfaction.

If we consider service quality as a way to gain a competitive edge, it is crucial to clearly define the product or service and determine the specific level at which it will satisfy customer expectations and satisfaction. So, when we meet a client's service standards, customer satisfactions, expectations will be fulfilled by itself. These three variables are correlated to each other in terms of delivering a product or service. Thus, it appears to indicate that a buyer would be satisfied with a purchase if the benefits and applications were in sync with their expectations. Consumers evaluate a product or service's quality by comparing their expectations with its actual outcomes.

Hypothesis

H1- Banking service quality has a substantial impact on the overall customer satisfaction.

H2- Product quality has a positive effect on customer satisfaction

H3- Price has a positive effect on customer satisfaction

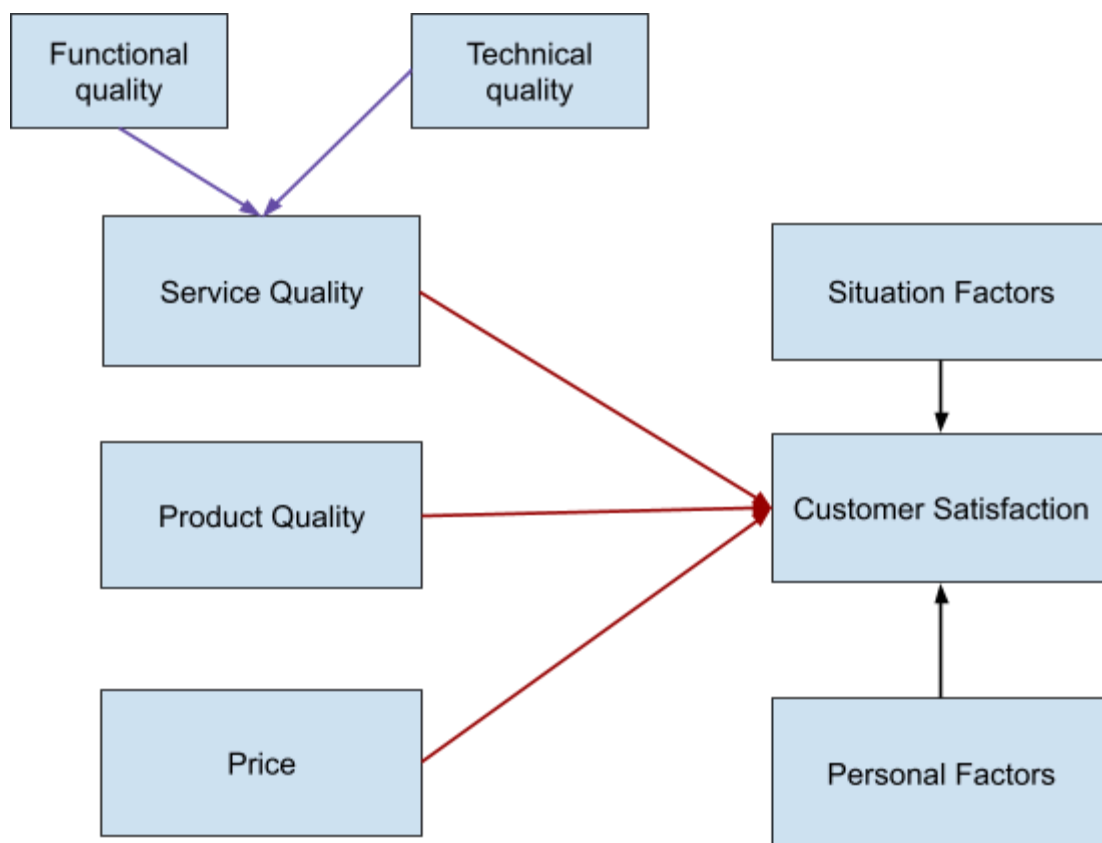


Fig 18 : Research Model

Source: Tien, N. H., Son, T. H., Anh, D. B. H., & Duc, N. M. (2021).

3.3.1 Significance

The bank's customer service quality directly affects the satisfaction of a client. By recognizing and comprehending the elements that contribute to favorable client experiences, IFIC Bank PLC could improve customer satisfaction levels, resulting in increased loyalty and retention within its customer base. By focusing on its strengths and overcoming its drawbacks, IFIC Bank PLC can achieve a first hand competitive advantage in the market.

Moreover, when a customer is satisfied with his/her service quality they are more inclined to make regular transactions, and stay with the bank for a longer period of time, recommend others about the bank, create an FDR, Pension Saving Scheme, make use of the bank's products and services etc. This will help the bank to retain existing customers and generate more revenue and improve its long-term profitability.

Thus, this will help the bank to effectively meet client needs, objectives, and their problem areas and keep ahead of changing market trends.

3.4 Methodology

According to Taherdoost (2022), there are three main types of research methods: quantitative, qualitative, and mixed. Using numerical and observational data, quantitative research is conducted. In contrast, qualitative research relies on interpreting previous data in order to draw conclusions. Because of how qualitative research works, there is always a probability that new ideas and theories will come up.

Moreover, we used a qualitative research method to write this report. By implementing a qualitative method in this report, it will help us to analyze the factors that influence the customer service quality of IFIC Bank PLC. We collected data through interviews and observations. The findings presented are non-numeric in nature. Questionnaires were used to conduct interviews with the officers of Agrabad Branch (all three divisions) of IFIC Bank PLC in order to get reliable data for the findings section.

Research Design

Developing research concepts serves as the initial stage of the research process, ensuring that the research stays focused and fits to the planned strategy. It also establishes the fundamental basis for all subsequent research works. This study employs an exploratory research strategy. Instead of testing hypotheses or drawing definitive conclusions, researchers engaged in exploratory research sought to better understand a phenomenon, obtain insights into it, and come up with new ideas. Because it does not assume any particular linkages or results, exploratory research is well-suited to this study since it allows for an analysis of the elements impacting customer service quality and customer satisfaction.

Measuring Method

Chapter 3 presents research models that outline several criterias used by researchers to assess the factors influencing customer service quality affecting customer satisfaction. In order to obtain more precise results regarding client satisfaction with IFIC Bank PLC, a questionnaire model is constructed using the following criteria (Tien, N. H., Son, T. H., Anh, D. B. H., & Duc, N. M. 2021)

- 1) Factors affecting customer service quality
- 2) Factors affecting customer satisfaction

Independent Variable- Functional quality and technical quality, age, education, time, place, income.

Dependent Variable- Service Quality

Type of the study:

Exploratory research has been used for the study.

3.4.1 Sources of Data:

This study has been generated using data obtained from both primary and secondary sources. The majority of data has been gathered from secondary sources, as compared to primary ones.

a) Primary Sources

- 1) Having unstructured conversations with customers during their free time when not dealing with customers. Since, structured documentation and secondary sources tend to capture every aspect of ideas, observations, and points of view expressed in informal talks.
- 2) Going through the handbooks of IFIC Bank PLC. It is easier to find the bank's official documentation and rules in the IFIC Bank PLC handbooks. There are also rules, procedures, organizational charts, and operational guidance related to the bank's activities in these manuals.
- 3) From announcements issued by IFIC Bank PLC's head office. Through this I was able to get the news about the current events (like the Pitha Uthsob celebrated in our branch bank on February 7th, 2024). And many other important news like - IFIC Bank has successfully reached the significant milestone of establishing 1200 Uposhakha branches.

b) Secondary Sources:

- a) Annual Report of IFIC Bank PLC.-2022-The report is projected to include financial statements, review of performance, strategic goals, and key highlights of the bank's operations during the year 2022. The objective is to offer investors, shareholders, and stakeholders with an in-depth overview of the bank.
- b) Publications of different documents like (quarterly reports, ect) of IFIC Bank PLC. These documents offer internal perspective, findings and statistics about the bank's operations.

- c) The circulars sent by Bangladesh Bank. The is considered as the central bank in Bangladesh, which releases circulars to supervise and imply policies, rules, instructions, and regulations to our bank and other banks operating within the nation. These circulars communicate rules and instructions from government agencies that impact the activities, observance, and decision-making abilities of all the banks. Banks depend on these circulars to guarantee consistency to legal objectives and to remain updated on adjustments. In order to abide by the rules and regulations.

3.4.2 Sampling Technique

The samples were determined using the convenience sampling method. This is a way of sampling that does not generate profits. In this category, data is gathered from a segment of the population that is readily available and willing to take part in the study. This study was also prepared by researching the annual reports of 2022.

Target population

Officers of Agrabad Branch of IFIC Bank PLC. It would appear that the officers of three departments are the intended participants of this research project.

Sample size: There are around 20 respondents for the interview.

3.4.3 Interview

There are two types of methods to collect data. These are surveys and interviews. Since this study is qualitative in nature, we have decided to conduct interviews. We decided to use a semi-structured format for the interviews. We had to prepare this report in a short amount of time, therefore we opted for semi-structured interviews.

In a semi-structured interview, the questions asked by the interviewer are not planned beforehand. A few questions have been thought out before, while the others are simply random. We were able to compare and contrast the interviewees and find patterns in their experiences because of this framework (Pollock, 2022). Using a semi-structured interview approach, it will help us to analyze the factors that influence the customer service quality of IFIC Bank PLC.

3.4.3.1 Interview Questions

1. How does the quality of service, product, price affect customer satisfaction in the General Banking department?
2. How do things like the location of the branch and the physical surroundings affect how satisfied customers are with your department?
3. How does the General Banking Department handle customer concerns and queries in a way that takes into account personal (age, occupation, income, education) and situational factors (time, place, circumstances) ?
4. Could you give some examples of how the General Banking Department ensures equal service quality when there are problems, like when there is a rush of customers or technology issues?
5. In terms of retail products, how does the Credit Section make sure that the loan process is legal and works well, from applying for the loan to receiving the money?
6. How does the bank's vast network and products like IFIC Aamar Account and other products and services enhance customer service quality and impact customer satisfactions in all the three departments?
7. In terms of the retail products, what challenges does the Credit/ Loan Section encounter when attempting to maintain service quality while simultaneously managing risk, and what solutions are utilized in order to overcome these difficulties?
8. What challenges has the trade service center faced in dealing with customers (LC clients) and how did they adapt to these changes, and how are they addressed?
9. How does the Trade Service Center make sure that the quality of the service, products, and prices meet the wants and expectations of the customers?

10. In terms of the corporate products, what challenges does the Credit/ Loan Section encounter when attempting to maintain service quality while simultaneously managing risk, and what solutions are utilized in order to overcome these difficulties?

3.5 Analysis and Findings

3.5.1 Impact of customer satisfaction on Service quality, product, price in the General Banking department

The 4 interviewee stated that

There are some factors that influence customer satisfaction in the General Banking Department.

The factors are -

i) Quality of Service- Services are the actions, procedures, and methods employed to generate value for consumers and meet their requirements and expectations. (Zeithaml and Bitner, 2000)

The sub factors that determine the quality of service are as follows

a) Reliability

We employees work hard to give the users banking services that they can count on. This includes making sure that transfers are handled quickly and correctly and that banking systems work well and are accessible when they're needed.

b) Responsiveness

Everyday there are customers who come to inquire about the banking services, scheme, deposit rate etc. We know how important it is to answer questions and meet the wants of the customers. So, we try to answer questions quickly and correctly whether they are asked in person at the branch, over the phone, via email, or online.

c) Accessibility

This means having a chain of offices and ATMs, as well as online and mobile banking services makes it easy to get to banking facilities. IFIC Bank wants all of its users to be able to use its banking services, no matter where they live or what their situation is.

d) Assurance

Customers want to know that in our bank if we employees are reliable and skilled. We give customers peace of mind by following the rules set by regulators, caring about data privacy and security, and having knowledgeable employees who can give financial help and services.

e) Empathy

We know that empathy is a key part of providing great customer service. We employees are given instruction to understand and relate to customers' financial problems, wants and to offer individualized help and support as required.

f) Tangibles

The general customer experience is also affected by things that can be seen and touched, like how branches look, how well banking facilities work, and how well banking products are designed. To improve the real-world aspects of its services, IFIC Bank spends money to keep its branches and digital banking systems up to date and well-equipped.

The other 3 interviewee discussed the other two factors

ii) Product

We offer various types of products from Aamar Account, Shohoj account, deposit products (deposit schemes like FDR,MIS,DPS), loan products etc. Every bank has their own products and services offered to customers. So, this product type is what differentiates our bank from other banks.

iii) Price of our product (interest charge and others etc)

Like for example the MIS (Monthly income scheme of 1/2/3 years) service we offer has a unique facility like the customer will get paid interest monthly. The customer basically gets a monthly return on investment, and Also, we have a double return deposit scheme (FDR) that is the amount in the customer's FDR will double within 5 years 9 months, interest is 12% and initial deposit of 50,000 tk/-. These products' interest rate and prices do vary when compared to other banks. Thus price has a significant impact on the overall customer satisfaction of IFIC Bank PLC.

3.5.2 Influence of Branch Location and Physical Surroundings on Customer Satisfaction

The 7 interviewee of the GB department stated similar views

A branch that is conveniently placed and looks nice may attract more customers and possibly make them happier. These are some factors which are as follows:

a) Accessibility:

Our bank is in a place where customers can find it easily, and it is close to public transportation, parking lots etc. So, more customers are likely to come for a service. There will be more influx of customers and thus this will increase the satisfaction of the customers of IFIC Bank PLC.

b) Ambience:

The atmosphere of the branch as a whole is very important for client's satisfaction. Our bank ensures to provide customers a place that is clean, friendly, and relaxing, with the right lighting and seating area. In order to assure that every individual customer receives equal quality service and treatment. So, if customers are satisfied with the ambience of the bank they will trust, rely and comprehend the place, employees and its service. Also, they may recommend their friends or family to open an account. Thus, this can also provide us with future loyal customers.

3.5.3 Factors (personal (age, occupation, income, education) and situational factors (time, place, circumstances) affecting Customer queries and concerns in the GB department

The 2 interviewees had a similar outlook-

1) We consider situational factors such as the time, place and circumstances of the customer. During the holy month of Ramadan we encounter the maximum number of customers in our Agrabad branch. And also during this time the banking transaction time is reduced from the usual time of 3.30 to 2.30 pm. But regardless of these factors we provide equal quality services to our customers. For example, there was a customer that arrived at 3.00 pm to deposit money of around 1 lakh taka. Our gate was closed down. So, that customer was shouting that it is urgent and all. But beyond banking hours we cannot provide service to our customer regardless of his/her urgency. Later, 2 of our senior officers went to calm him down. The situation then came to normal.

The 3 interviewees further discussed the details of situational factors. These are as follows-

When responding to consumer questions and complaints, the General Banking Department takes variables like location, time, and urgency into account in the following ways:

- a) Response Time- We make it a point to respond quickly to consumer inquiries no matter when they come in. Customer issues are addressed via a token system.
- b) Flexibility- The department provides a variety of contact methods, including phone, email, online chat, and in-person visits, to accommodate consumers who may contact from different places or during peak hours. Other than that, we ensure no query goes ignored, regardless of whether it's regular business hours or after hours.
- c) Service Availability: This division makes sure that consumers can get their hands on basic financial services whenever they need them, no matter where they are. Offering self-service options like ATMs, mobile banking, or longer business hours are all ways to meet clients' routines and needs.
- d) Ability to solve problems- The ability to solve problems is a key competency that allows us employees to efficiently respond to client inquiries, no matter how difficult the situation. Whether it's helping clients with technical challenges, processing urgent transactions, or

responding to emergencies, we adjust their approach to match the demands of their customers in different situations.

In general, the General Banking Department makes sure that situations like time, place, and circumstances are taken into account while dealing with customer problems and questions

2) The General Banking Department takes into account personal factors like demographic information (age, profession, income, and level of education) when responding to consumer inquiries and complaints.

The 4 interviewees of GB highlighted the personal factors associated with customer satisfaction.

a) Individualized Communication: When we employees talk to customers, we use words and phrases that are proper for the customer's level of education and understanding. For instance, we might break down complicated financial terms for customers with less financial skills/knowledge. In order to ensure that communication is transparent and clear.

b) Recommended Products and Services: We give customers suggestions for the best banking products and services like MIS, FDR based on their job title, amount of income, and financial goals. For example, also offer investments based on a customer's level of income and willingness to take on risk.

c) Help with Particular Tasks: We sometimes help customers with specific tasks based on their job or stage of life. For instance, we assist customers who are getting close to retirement, plan their finances (like suggesting a pension saving scheme) or help young people who are going to college with their loan choices.

d) Customer Interaction: We are polite and respectful to customers of all ages and races. We know that every customer's situation is different, so we treat every client with empathy and tolerance.

e) Accessibility: The General Banking Department makes sure that people of all ages and classes can use banking services. This could mean giving customers with busy schedules or limited movement other ways to communicate, like SMS banking or online banking.

Overall, the General Banking Department makes sure that customers get help and support that is specific to their wants and situations by looking at things like their age, occupation, income, and level of education. This method makes customers satisfied and helps to retain loyal customers with the bank for a long time.

3.5.4 Ensuring fair and consistent service quality during peak periods and addressing technological barriers

The 7 (TSO) employee of the GB department shared similar point of views

1) We provide services to our customers via a token service system. So if there is any error in our software. Take for example, the misys software (where payment, transfer, RTGS is done) is not working properly, so now a customer came to deposit 50,000 taka. So, since our software is down we will take the cash from the customer after taking his NID verification, then we will hand over the receipt to him, and give the posting later when the software is working up to date.

2) When there is a rush of customers, 2 of our senior officers handle the queue management system and resolve some of their queries and take small amounts of payments to another counter.

3) When our system is down, we ensure our customers that they will receive SMS banking on their mobile phone when their withdrawal, or deposit is posted in the system.

4) We strictly adhere to the token service system. However, if any customer has any urgency of money withdrawal/ deposit our senior officer handles the client.

3.5.5 Ensuring the safety and efficiency of loan procedures in retail products.

The 1st and 2nd interviewee shared a similar point of view regarding the legal procedure of the loan from the approval till the disbursement date.

The 1st interviewee stated that initially all the legal and regulatory rules must be followed during the whole process of loan approval and payment. The loan employee first consults with the client about the details of the loan type and his/her purchase either flat/building or renovation/construction etc. Their source of income, job type, age, previous loan with other banks if any and many other detailed information enquired etc.

The 2nd interviewee shared the documentation process of the loan client.

The bank employee who deals with the loan client (maker) will send 1 set copy of the loan documents to the Bank lawyer (who will verify the chain of command RS, BS, PS khatian) and 1 set copy to the surveyor. Also, CIB inquiry (of the loan applicant and his/her guarantor/s) will be done. This way the document verification process of the client is done. Then after that the loan documents and CIB is sent to the head office for approval. If there is any issue in the loan applicant's chain of command (RS khatian) the loan will not be approved.

Credit Section make sure that the LC (Letter of credit) loan process is legal and works well, from applying for the loan to receiving the money (Corporate products)

The 4 interviewee shared similar views that

- 1) The loan procedure is similar to the retail loan process, but the loan type (demand, continuous, fixed term) and facilities vary.
- 2) We assess the transaction risks of the loan ensuring that the client is credit worthy. Thus, will reduce the risk and assure the feasibility of the loan.
- 3) We track the employee's overall LC loan procedure till the end of all the money disbursement.

3.5.6 Utilizing networks and products to improve customer service quality and satisfaction throughout different departments

The 3 interviewees shared equal views about their banking products and services they offer to the customers.

1) Customers can easily access our internet banking and sms banking services and from anywhere. They can easily check their account services from the comfort of their home. This accessibility and convenience increases customer satisfaction. In addition, modern banking technologies, like ATMs, online banking platforms, and mobile banking apps, help us give our customers a safe and easy banking experience. These advances in technology make it possible for customers to do business anytime, anywhere, which makes them more satisfied.

2) We offer our customers various types of products and services like sanchaypatra services, sell government price bonds, Aamar Bari and POD (Premium Overdraft) loan facilities. Then Aamar Account, Shohoj Account services and many other services etc. They are able to select from a wide range of products, including savings accounts, current accounts, loans, and investment options. This makes the clients more satisfied, with the varying customer service quality we offer.

3) We have a token system to provide services to our customers. We cash officers at GB (General Banking) department offer personalized services to every individual customer based on their query. During the holy month of Ramadan, there is a significant influx of customers seeking services. Certain customers stand at the forefront of the lineup without collecting a token. However, as officers, we immediately get their tokens from them, verify their number, and begin to deliver the services as per the rules and regulations of our bank.

The 2 interviewees shared a similar point of views about the Aamar Account product facilities and brand reputation of our bank.

1) The IFIC Aamar Account offers added features and advantages that enhance the value of our clients' banking experience. The value-added incentives, such as attractive interest rates, cashback awards, and discounts on services, enhance total client satisfaction level.

2) We have a strong brand reputation in the banking business because of our large network and wide range of products. Users believe IFIC Bank PLC provides trustworthy and highly qualified banking services based on the customer's wants.

The 2 interviewee (retail loan officers) commented that

1) Loan is one of the most crucial assets of our bank, and liability is our deposit products. And the Aamar Bari and POD Loan we provide to the customers has unique facilities mentioned in the loan section above. Based on the customer's source of income, age and many other factors the loan is processed. The client gets a sufficient tenor and payback installments to repay back the loan. Moreover, we employees even visit the site to check how much work has been done as per the loan amount is disbursed. In terms of service quality, we employees first consult with the loan client to understand their needs and financial quality. We present our sincere concern and attentiveness, so that the individual loan client experiences a sense of importance and assistance throughout the loan procedure.

2) In terms of lending a loan, one substantial factor is clear communication of the terms and conditions of loan with the client. We make sure that the client understands the details of our loan facilities and vice versa. In this way we ensure that the customers are satisfied with the quality of our services.

The 6 interviewee (corporate loan officers) gave input that

1) We ensure to gather necessary paperwork from the loan client, doing detailed evaluations, and giving effective clearances or comments are all done so that the overall process is efficient.

2) Another factor is that we conduct CIB inquiry of both the loan client and their guarantors (meaning the person who will take the responsibility if the client is unable to pay back the loan, or other issues etc.) Thus upon doing the inquiry we learn more about the customer's background of loan if any from another bank. This provides us with a better understanding about the customer's loan history. Thus we will be able to then deliver transparent service and satisfy our customers with our loan facilities.

The 2 interviewee (Bank Guarantee, an LC consultant) of trade service center stated that

1) We first consult with our LC (Letter of Credit) clients regarding their proforma invoice, packing list goods, if they want to do export or import etc, and many other details of the LC.

2) We further work closely with LC clients to fully understand their unique trade finance needs and create custom solutions that meet those needs. We also give advice on trade paperwork, or helping with import/export deals. We employees work hard to make sure that each client gets the exact answer they need.

3) A crucial factor when dealing with LC clients. Suppose we are doing one (back to back LC). The (X) exporter (seller) from India enters into an agreement of sale of rice with an (Y) importer (Buyer). The importer expects to receive the delivery of the goods from the exporter within the due date. We make sure that LCs and other trade finance papers are processed on time, which keeps delays to a minimum and makes trade transactions more efficient for clients. Work that is done quickly and efficiently makes customers satisfied by letting them meet their business tasks on time.

The 4 interviewee (LC Payment) of trade service center stated that

1) A letter of credit (LC) is a type of trust that exists between buyers and sellers in different countries.

2) Another significant aspect of import/ export is the payment issue. We IFIC bank mainly acts as a guarantor. Take for example, a LC is issued by the bank on the buyer's behalf and the bank acts as a guarantee that the seller will receive the payment after he completes his end of

transaction. So, if the buyer (importer) is unable to pay to the issuing bank, then the bank is liable to pay to the seller.

3) But in order to be paid in full and on time, we employees suggest appropriate payment methods (Cash in Advance, Open Account, Documentary collections and Documentary credits) that must be selected to minimize the payment risk, but also accommodate the needs of the buyer.

4) In terms of advance, the seller needs payment to finance the goods ordered by the buyer. At time of shipment, the seller desires assurance of payment as soon as the goods are shipped. Also after shipment the seller is ready to wait for payment for a certain time after shipment, since he trusts the buyer.

5) In terms of advance, the buyer trusts the seller, knowing that the contract will be carried out as agreed, and therefore he is ready to pay in advance. At time of shipment the buyer doesn't want to take the risk of paying before being certain that the goods are shipped on time and that they are as stipulated in his contract with the seller. After shipment the buyer possibly wishes to sell goods before he pays the seller.

6) All these payment considerations are done to ensure that the client is satisfied at the end of the day with our service and LC product (back to back LC).

The 2 interviewee of (Document Scrutiny) of trade service center said that

1) We ensure that the proforma invoice (A pro forma invoice is a preliminary bill of sale sent to buyers in advance of a shipment or delivery of goods. The invoice will typically describe the purchased items and other important information, such as the shipping weight and transport charges) and other required documents are all up to date.

During the scrutiny step of Letter of Credit (LC) documents, bank employees conduct a thorough examination of all documents submitted by the (seller) or (buyer) in order to verify their loyalty

to the terms with the LC and international trade standards. This involves the process of ensuring the precision, honesty, and accuracy of information in order to minimize potential risks and conduct safe business operations.

3.5.7 Challenges Credit/ Loan Section encounter when attempting to maintain service quality while simultaneously managing risk (Retail Products)

The 1st interviewee stated that the loan client

1) May give misinformations (like hide information regarding their access road property measurement). They also added the misinformation was interpreted only when the employees went to site visit to determine the property measurements.

2) The loan client wrote wrong information about their Land deed measurement in the land deed documents. But during the physical survey the document was sent to the lawyer. When he/she viewed the loan documents, they found out that in the BS khatian the land area is less compared to the square feet mentioned in the land deed.

a) The loan applicant showed their income turnover more by repeating their cash transaction and withdrawal. This was viewed when their credit transaction history was seen.

b) There may also be a case that the father did not divide the Heba Deed to his child and he died. Now, one of his sons came to the bank for a loan to divide the property equally with his younger brother. But after the lawyer viewed their loan documents, it was found that their 2 sisters have no share in the property. The loan will be immediately canceled.

c) The loan applicant demanded that they require a high amount of loan. But after viewing their credit card transaction history, it was found that their income does not justify the loan amount as per demand. The loan gets declined.

The 2nd interviewee addressed some more challenges regarding loan process which are as follows-

a) Suppose, a loan applicant came and he has a gold business. Now, if they demand for a loan then their loan will be rejected because lending loan to a client who do gold business have huge risks like (theft, fraud, anti-money laundering and other issues etc)

b) For example, a loan applicant came and he does a ship breaking business. Again the loan will be rejected. Because, the activities of a ship breaker like who deals with scrap metal might be associated with legal and safety risks, ‘

c) A loan applicant came to apply for a loan for construction and finishing of his 3 story flat. Now, as mentioned above in fig () the maximum loan limit for construction and finishing is 2 crore taka. The client demanded 60 lakh taka for his flat. After all the document process is done, the loan is approved. He will receive money in 3 steps. So, he will get the first initial 20 lakh taka for brick wall construction of 3 floors. Then after we (employee) visit his apartment and see his work is done as per plan. Then the second phase 20 lakh taka will be disbursed for the rooftop completion. But, after we visited his flat, he completed the rooftop work of his 2 flat with the 20 lakh taka, excluding the 3rd flat. So, his loan will be now canceled because as per plan he did not complete the rooftop work of 3 flats. He will not get the remaining 20 lakh taka for the finishing anymore.

d) A loan applicant handed out his/her required loan documents for the purpose of a building flat in the CDA area. But after the surveyor viewed his mouza map measurements his plan and layout plan both were fake. The loan will be canceled.

3.5.8 Challenges in the the Trade Service Center (when dealing with LC clients)

Answer- The 2 interviewees that handles the document scrutiny part stated that

1) There are 4 types of documents (Financial, Commercial, Transport and Other documents). These documents when doing an LC are thoroughly reviewed in order to ensure that both the LC clients presented all the LC documents that are required to process the LC.

The other 5 interviewee shared similar views -

2) Under invoice- When the seller submits an invoice to the buyer through the LC that shows a value lower than what the products or services actually cost, this is called under-invoicing. This may occur when the seller on purpose desires to avoid paying taxes or import tariffs or to get around currency regulations. Both the importing country and the other party may face legal issues as a result of under-invoicing.

3) Over-Invoice- Over-invoicing is when the seller sends an invoice with a value that is higher than the goods or services that were actually given. This can happen for many reasons, such as raising prices to make more money, hiding payments that are not legal, or willing to get more money from the bank. When you over-invoice, the buyer may lose money because of higher customs fees and taxes.

4) Managing the exchange rate risk is one of the most significant challenges when dealing with LC clients. LC involves transactions with foreign currency, so there are always risks associated.

3.5.8.1 Addressing the Challenges

2) Employees thoroughly examine the actual value of the goods and services and compare them with the market value and make a comparison with the related transactions. If there is any error regarding under invoicing, then the transaction will be suspended until an acceptable explanation is obtained.

3) In regards to over-invoicing, the issuing bank performs thorough examination of documentation and verification procedures. In order to find any gaps employees also evaluate the stated amount with the industry benchmarks.

4) In order to manage the exchange rate risk it is essential to verify that all documentation regarding the transaction precisely matches the mutually agreed-on exchange rate and fits to the specific standards outlined in the Letter of Credit (LC).

3.5.9 Ensuring Customer Satisfaction in the Trade Service Center in terms of quality of the service, products, and prices

The 5 interviewee said that-

- 1) We provide priority base service to the LC clients based on their needs/wants.
- 2) We strictly follow all the rules and regulations so that there is no obstacle from both the party's ends (importer and exporter/ buyer and seller).
- 3) We ensure that all the operation run smoothly, so that there is a balance between both the organization and the customers
- 4) The practice of price monitoring involves the thorough observation of market trends and rival pricing in order to uphold competitive pricing while ensuring the preservation of product or service quality.
- 5) There are basically 9 types of LC products (Revocable letter of credit, Irrevocable letter of credit, Confirmed letter of credit, Back to back letter of credit, Revolving letter of credit, Standby letter of credit, Sight letter of credit, Red clause letter of credit, Transferable letter of credit). When a LC client comes into our bank to process an LC, we employees make sure that based on the client's wants, the purpose of the transactions, and the risks involved. We suggest them the suitable LC product.

3.5.10 Challenges the Credit/ Loan Section encounter when attempting to maintain service quality while simultaneously managing risk (Corporate products)

The 2 interviewees of the corporate loan section said that-

- 1) Payment on maturity- The date basically refers to when the buyer has a payment due to the seller as per the LC contract. The payment date is based on the LC type (deferred or not), form of LC product used etc. It is an agreement between the seller and the buyer.

So, the challenge associated is that if the buyer is sometimes unable to make the payment to the seller on the date specified in the LC.

2) Commitment during LC payment- This means that suppose the LC clients, for example the buyer is required to make due time payment within the allocated date. Now, if he fails to do so then the seller proceeds with a forced payment method in case of discrepancy found. If the seller presents an official request for force payment, the bank issuing the LC is required to make payment to the seller, regardless of gaps in the documentation provided. There was a commitment between the seller, buyer and the bank but the buyer failed to pay on due time to the seller. It can be due to the LC document not being in order. Now, the issuing bank has already made a commitment to the seller. So, the issuing bank creates a loan in the name of the buyer. This loan is referred to as the forced loan (against the buyer's decision). Now, the bank pays the seller with the forced loan amount he/she created. And he debits the seller account and adjusts the forced loan amount in the buyer's account.

The other remaining 3 employees of the corporate loan section agreed on the above challenges and stated 2 more-

1) Price Verification- This is one of the most important factors. We compare the prices of the packing list items of the LC documents with the market prices. This is done in order to verify that the prices are rational and logical.

2) We also face the under-invoice and over invoice challenge when dealing with an LC client in the credit loan section. These 2 challenges are similar to the one mentioned in the trade service center.

The under-invoice is a situation when the seller willfully presents a reduced value for the goods or services in the Letter of Credit (LC) documentation, deviating from their actual prices. The

buyer/seller does this in order to minimize customs duties, tax obligations, or to keep up with the pricing agreements that are not specified in the LC.

3) The practice of over-invoicing happens when the seller presents a value for the goods or services that exceeds their true value in the letter of credit (LC) papers. This can be done to falsely raise profits, secure additional funding, or for misleading reasons.

3.6 Summary and Conclusions

IFIC is a private sector bank that holds a significant market share in the industry. By effectively addressing weaknesses and exploring opportunities while considering threats, IFIC is capable of achieving its desired goal of becoming an influential bank. This can be accomplished through the implementation of secure and skilled leadership practices, following sound rules and regulations, and using updated computerized software. Firstly, the paper has shown that there is a correlation between a bank's service quality and customer satisfaction. In addition, the service quality factors (technical and functional) have a direct impact on service quality affecting customer satisfaction. Banking services quality is a key factor that drives customer satisfaction. Secondly, banks are focusing on retaining existing customers rather than attracting new ones. Because existing customers are loyal and have a good employee-customer relationship. This study has proven that customers expect banks to fulfill their commitments, deliver efficient services. Lastly, the bank's management team should constantly verify that employees are effectively addressing customer's inquiries and comprehending their concerns.

3.7 Recommendations

Given the limited experience gained in IFIC Bank PLC for 2 months and the complexity of the banking system, it is quite challenging to provide recommendations to improve the bank's output. Despite the challenges, we were able to find potential solutions to the issues at hand by analyzing data, observing the situation, consulting with experts, and relying on our own knowledge and decision making. Here are the recommended steps:

1) To maintain reliable and effective service delivery, IFIC Bank PLC should consistently invest in improving its technological infrastructure, considering the growing dependence on technologically advanced banking services. For instance, when there is an influx of customers,

the system does not lag and slow down during the transaction process. This includes upgrading the software like MISYS, SMS Banking systems etc. For example, when a customer submits a Fund Transfer Form (RTGS). Once the RTGS is done, the client receives a message. On the other hand, the message may arrive late at times. Therefore, the clients come to the counter and continue to inquire about whether or not their RTGS has been completed correctly.

2) IFIC Bank PLC needs to have a primary emphasis on simplifying customer service procedures in order to minimize wait times, decrease paperwork, and improve overall efficiency. By simplifying its internal procedures, the bank is able to improve the level of its technical services and give consumers with service that is both quicker and more precise.

3) To effectively and promptly respond to customer queries in the GB (General Banking) department, banks should employ more human resources. Since, during Ramadan time the number of customers are more compared to regular days.

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