



## Internship Report On

Current initiatives in restructuring retail banking business model by BRAC Bank  
Ltd.

Prepared For:

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## Letter of Transmittal

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Mohakhali, Dhaka.

Subject: **Submission of Internship Report.**

Dear Madam,

This is my pleasure to present my internship report entitled “**Current initiatives in restructuring retail banking business model by BRAC Bank Ltd.**”

I have conducted my internship program in BRAC Bank Limited, Head Office, 1 Gulshan Avenue, Gulshan-1, Dhaka – 1212, under your close supervision.

I believe that knowledge and experience I gathered during the internship period will be helpful in my future professional life. I will be grateful to you if you accept the report. I will be available for presentation on this report any time.

Your support in this regard will be highly appreciated.

Thanking you.

Sincerely yours’

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Hasib Shahriar (08104041)

## Acknowledgement

All praises to almighty Allah who has created me and has given me opportunities and strength to work with people. This internship report might never have been completed without the necessary practical knowledge, assistance of many articles, websites, and primary data. It enhanced my knowledge on customer centric banking and also overall activities of the bank. Thanks to all those persons, who have assisted me, providing me co-operation, with their knowledge's and thoughts. I would like to express my special gratitude to **Mr Jabir Al Mursalin**, Lecturer of BRAC Business School, BRAC University for his supervision, co-operation and advises.

I was placed in Supreme and Excel Banking under the department of Retail Banking of BRAC Bank Limited to work as an intern from June 25<sup>th</sup> 2012 to September 23<sup>rd</sup> 2012. The members of BBL (BRAC Bank Limited) management were very co-operative and helpful. They helped me through providing various data, guidance and direction. I am grateful to Mr. Mahbub Hossain, Associate Manager, business deral Support & Operation Helpdesk Department of BRAC Bank Limited for his cooperation and necessary support.

Finally I want to express my special thanks to Clary Robin Baul, Business Development Officer supreme banking, retail banking division for giving his valuable time and adequate information. I am also grateful to all other employees of Supreme and Excel Banking Department for their support and assistance.

## **Executive summary**

There are different types of banks such as; commercial Bank, Agricultural Bank, Industrial Bank, Savings Bank & Exchange Bank. Every type of bank maintains their customer in their own way. To conduct a descriptive research revolving the Customer relationship through Restructuring Retail Banking Business Model (RRBBM) of BRAC Bank Limited. The report also particularizes the internship research focus, which is the customer relationship through Restructuring Retail Banking Business Model (RRBBM) of BRAC Bank Ltd. This study will be of interest to retail customer groups to get better relationship and flexible banking facilities from the bank also in terms of realizing their right to claim such practices and facilities from important economic players as the banks. This chapter emphasizes on the historical background of the company under study, overview of the company, their product and services, customer base and market condition of BRAC Bank Ltd. With more than 1 Million Customers, the bank has already proved to be the largest SME financier in just 11 years of its operation in Bangladesh and continues to broaden its horizon into Retail, Corporate, SME, Probashi and other arenas of banking. It will be the Bank of choice both for its employees and its customers, the model bank in this part of the world. BRAC Bank Ltd recently has changed their business model from product centric to customer centric business model where there will be no traditional banking system and the latest customer wise different types of services will be provided. Customer-centric collections strategies usually aspire to deliver consistent treatment of customers across products, and ensure customer management decisions at customer portfolio level. A loan customer having 10 lac or above outstanding will fall under Supreme Banking for reporting purpose but the customer has to meet the deposit eligibility criteria to avail Supreme Banking facilities. An Easy Banking customer will be entitled to get fast and convenient transactional banking services through ATM, CDMs, IVR, bKash, etc. Segment of this model are Premium Banking, Supreme Banking, Excel Banking and Easy Banking We can see lot of new commercial banks has been established in last few years and these banks have made this banking sector very competitive. On this regard BRAC Bank has taken some initiative by taking a new project of Restructuring Retail Banking Business Model (RRBBM) to improve the customer relationship. They are the first one in banking sector of Bangladesh introducing customer centric business model instead product centric model. The BBL is a bank that confirms the best service to the customers. BRAC bank Limited is the fastest growing Bank in Bangladesh.

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## **Chapter 1: Introduction Part**

## 1.1 Introduction

Banking Industry is one of the most auspicious industries of our country. Generally by the word 'Bank' we can easily understand that the financial institution deals with money. There are different types of banks such as; commercial Bank, Agricultural Bank, Industrial Bank, Savings Bank & Exchange Bank. But when we use the term 'Bank' without any prefix, or qualification, it refers to the 'Commercial Bank'. Commercial banks are the primary contributors to the economy of a country. It helps to flow funds from surplus unit to deficit unit and through this it facilitated the efficient allocation of the resources as well as accelerated economic growth. This sector is moving towards new dimension as it is changing fast due to competition, deregulation and financial reforms. BRAC Bank Limited is a scheduled commercial bank in Bangladesh. It established in Bangladesh under the Banking Companies Act, 1991 and incorporated as private limited company on May 20, 1999 under the Companies Act, 1994. Its operation started on July 4, 2001 with a vision to be the market leader through to providing all sorts of support to people in term of promoting corporate and small entrepreneurs and individuals all over the Bangladesh. BRAC Bank, for the first time among local commercial banks, starts providing loan facilities to small and medium trading, manufacturing and service oriented enterprises all over the country. In this competitive banking industry, BRAC Bank is trying to differentiate them through their service and variety of products. BRAC Bank tries to provide service to its customers and gain the sustainable relationship with them. To attain the customer satisfaction BRAC Bank Ltd started to follow Restructuring Retail Banking Business Model. They are the first bank in Bangladesh who started to follow this model. This model is formed for the different types of customers, so that organization can provide their facilities more closely and monitor them frequently.

## 1.2 Origin of the report

Internship Program of BRAC University is a Graduation requirement for the BBA students, which is also a partial requirement of the Internship program of BBA curriculum. The main purpose of internship is to get the student exposed to the job world. Being an intern the main challenge was to translate the theoretical concepts into real life experience.

The internship program and the study have following purposes:

- ❖ To get and organize detail knowledge on the job responsibility.
- ❖ To experience the real business world.
- ❖ To compare the real scenario with the lessons learned in the University
- ❖ To fulfill the requirement of BBA Program.

To accomplish the internship, I was placed at BRAC Bank limited, Head Office, under the guidance of Mr. Jabir Al Mursalin my faculty advisor. The report topic was approved by the

faculty supervisor to satisfy the organizational requirements and fulfillment of the internship program. As a requirement of the completion of the internship program, I had to submit this report, which includes an overview of the organization and a research and analysis on RRBBM.

### **1.3 Objective of the report**

The objective of the report can be viewed in two forms:

- ❖ General Objective
- ❖ Specific Objective

#### **1.3.1 General Objective:**

This internship report is prepared primarily to fulfill the Bachelor of Business Administration (B.B.A) degree requirement under the Department of BRAC Business School, BRAC University.

#### **1.3.2 Specific Objective:**

More specifically, this study entails the following aspects:

- To provide a brief overview of BBL and their historical background.
- To outline the framework of BBL and its structure.
- To conduct a descriptive research revolving the Customer relationship through Restructuring Retail Banking Business Model (RRBBM) of BRAC Bank Limited.

### **1.4 Scope of the report**

The report plots a chronicle outline of BRAC Bank Limited and its operation. The information consists of the observation and the job experience acquired throughout the internship era. The report also particularizes the internship research focus, which is the customer relationship through Restructuring Retail Banking Business Model (RRBBM) of BRAC Bank Ltd. This report has been prepared according to the interviews of the customers/employees of the Bank, extensive survey, by telephone contact, and review of literatures.

### **1.5 Significance of the report**

This study is momentous to all the employer, employees, and management practitioners in BBL as they can all take my findings into account and understand the effects on their performance due to the implementation of the new business model. It will also help me to understand the cultural attributes of the customers. There is also a scope for further studies into this topic for other banking and financial organizations.

**1.5.1 To Employers:**

This report will help employers to realize the status as well as the fortunes of latest business model enable to customer centric business process. Employers may get an elementary base on which to judge the tradeoffs they will be facing from increased expenditures and increased revenues and not to mention the core advantages from efficient and effective performance of the employees to implement and maintaining relationship with retail customers through RRBBM.

**1.5.2 To Employees:**

Employees are important stakeholders, inseparable from both an organization and the society as a whole. Any benefit for the company or society has important implications in an employee's life. Therefore, this study will be of significance to an employee, as it will help them to understand the importance of business process reengineering or restructuring in their performance.

**1.5.3 To Management Practitioners:**

This research paper will aim to sufficiently educate management practitioners about the insights of customer centric model and its application in the work place. The management of any organization is the key role player in complying with guidelines. As it is up to them to incorporate changes in the business model and relationship with customers, this study will be of sufficient significance to them.

**1.5.4 To Customers:**

This study will be of interest to retail customer groups to get better relationship and flexible banking facilities from the bank also in terms of realizing their right to claim such practices and facilities from important economic players as the banks.

**1.6 Methodology**

The study will be conducted as a descriptive research. It describes data and characteristics about the population or phenomenon being studied. Descriptive research answers the questions who, what, where, when and how. The description will be used for frequencies, averages and other statistical calculations. This qualitative research is followed by answers of why the observations exist and what the implications of the findings are.

Relationship depends on so many other things that determines whether a customer will be sustaining with this bank or switch to other. In a precise sense sometimes relationship depends on the satisfaction of the customers but satisfaction is not the only thing to define relationship.

### **1.6.1 Sources of data**

I gathered data by two sources.

#### **1.6.1.1 Primary Source**

Data which I have collected from inside of the organization are referred as primary source data. Most of the information was acquired by discussing with the officers working in the Head office of BRAC Bank Ltd. Conducted survey questionnaire through different level customers of BRAC Bank Ltd. For information relating to customer relationship level, interviews and discussion sessions were conducted with related departments of the bank to gather basic information related to the products and a market overview from BRAC Bank's perspective.

Observation and work experience with different divisional in-charges and suggestions of many executives of the bank.

#### **1.6.1.2 Secondary Source**

Data which I have collected from the outside of the organization are referred as secondary sources.

- The organization's booklets of charges and fees, application forms and suggestions from the customer's feedback from customer relation unit.
- Various books, articles, compilations etc.
- BRAC BANK's website
- Newspapers and magazines regarding market and customer views on BBL,

### **1.6.2 Methods of Data collection**

For data collection, "direct and telephone interview method" has been used. Interviews were carried out with the different segmented customers of BBL through questionnaire. As the population size of customers is huge, it is difficult to determine a representative sample size. Only the supreme and excel segmented customers were surveyed for the convenient reach of many clients at a single place. The total sample size of customers that was interviewed is 20. The Customers were selected on a convenient basis for the face-to-face personal interview/telephone interview/mailed interview.

### 1.6.3 Sampling Method

Convenience sampling method has been performed for selecting samples.

**Sample size:** N = 20 respondents.

After collecting and analyzing all those data I always tried to find whether the customer are adapting with the new situation, what kind of measure can be taken to improve the banking facility of the country and whether the organization provides the facilities as they have promised.

#### Selection of the topic

*“Current initiatives in restructuring retail banking business model by BRAC Bank Ltd. ”.*

### 1.7 Limitations of the study

Time is the major constraint of this research report. Due to the time constrain I will focus more on company internal data and findings which are available within company and internet articles. Another limitation of my study could be the access of details in other company management system. The duration of my work was only three months. However, this period is not enough for a complete and clear study. It is because of the limitation of information some assumptions were made. Therefore, there may be some personal mistakes in the report. Although there were many limitations, I tried to give my best effort to furnish the report.

## **Chapter 2: Organizational Part**

## 2.1 Introduction to BRAC Bank Limited

This chapter emphasizes on the historical background of the company under study, overview of the company, their product and services, customer base and market condition of BRAC Bank Ltd.

## 2.2 Historical Background of the Company

**BRAC** started as a development organization dedicated to alleviating poverty by empowering the poor to bring about change in their own lives. In Bangladesh It was founded in 1972 and over the course of evolution, it has established itself as a pioneer in recognizing and tackling the many different realities of poverty of which **BRAC BANK** is one of the largest operational commercial venture with a **vision**:

*“Building a profitable and socially responsible financial institution focused on Markets and Business with growth potential, thereby assisting BRAC and stakeholders build a “just, enlightened, healthy, democratic and poverty free Bangladesh”.*

- BRAC Bank Prospectus

BRAC Bank Limited is a scheduled commercial bank in Bangladesh. It established in Bangladesh under the Banking Companies Act, 1991 and incorporated as private limited company on 20 May 1999 under the Companies Act, 1994. BRAC Bank will be a unique organization in Bangladesh. The primary objective of the Bank is to provide all kinds of banking business. At the very beginning the Bank faced some legal obligation because the High Court of Bangladesh suspended activity of the Bank and it could fail to start its operations till 03 June 2001. Eventually, the judgment of the High Court was set aside and dismissed by the Appellate Division of the Supreme Court on 04 June 2001 and the Bank has started its operations from July 04, 2001. BRAC Bank Limited, with institutional shareholdings by BRAC, International Finance Corporation (IFC) and Shore cap International, has been the fastest growing Bank in 2004 and 2005. The Bank operates under a "double bottom line" agenda where profit and social responsibility go hand in hand as it strives towards a poverty-free, enlightened Bangladesh. The management of the Bank believes that this sector of the economy can contribute the most to the rapid generation of employment in Bangladesh. In the years ahead BRAC Bank expects to introduce many more services and products as well as add a wider network of SME unit offices, Retail Branches and ATMs across the country. BRAC bank will be knowledge-based organization where the BRAC Bank professionals will learn continuously from their customers and colleagues worldwide to add value. It will work as a team, stretch, they will innovate and break barriers to serve customers and create customers loyalty through a value chain of responsive and professional delivery. The bank promotes broad-based participation in the Bangladesh economy through the provision of high quality banking services. BRAC Bank will do this by increasing access to economic opportunities for all individuals and business in Bangladesh with a special focus on currently under-served enterprises and households across the



rural – urban spectrum. BRAC Bank believes that the pursuit of profit and developmental goals is mutually reinforcing.

BRAC Bank is one of country's fastest growing banks, with 152 branches, 12 Apon Shomoy, 313+ ATMs, 30 CDMs, 399 SME Unit Offices and 7,695 (as on 15th July 2012) human resources, BRAC Bank's operation now cuts across all segments and services in financial industry. With more than 1 Million Customers, the bank has already proved to be the largest SME financier in just 11 years of its operation in Bangladesh and continues to broaden its horizon into Retail, Corporate, SME, Probashi and other arenas of banking. In the year: 2010, BRAC Bank has been recognized as Asia's most Sustainable Bank in Emerging Markets by the Financial Times and IFC.

Recently BRAC Bank has achieved the **International award for "Excellence in Retail Financial Services"**.

BRAC bank Limited, with institutional shareholding by **BRAC, International Finance Corporation (IFC)** and **ShoreCap Exchange**, has been the fastest growing bank for last several years.

## 2.3 Values- CRYSTAL

**C** stands for being **Creative**, Be a person of innovative ideas in solving issues, thinking different ideas to reach one destination; do new associations between existing ideas or concepts for the organization's overall growth.

**R** stands for being **Reliable**, Be worthy of reliance or trust at work so everyone could depend on you.

**Y** stands for remaining **Youthful**, Be a person of freshness and vibrant characteristic at work. Feel young at HEART and project enthusiasm during performing duties.

**S** stands for being **Strong**; Be a person of willing to move forward and apply conscious choice, willpower, discipline and passion at work.

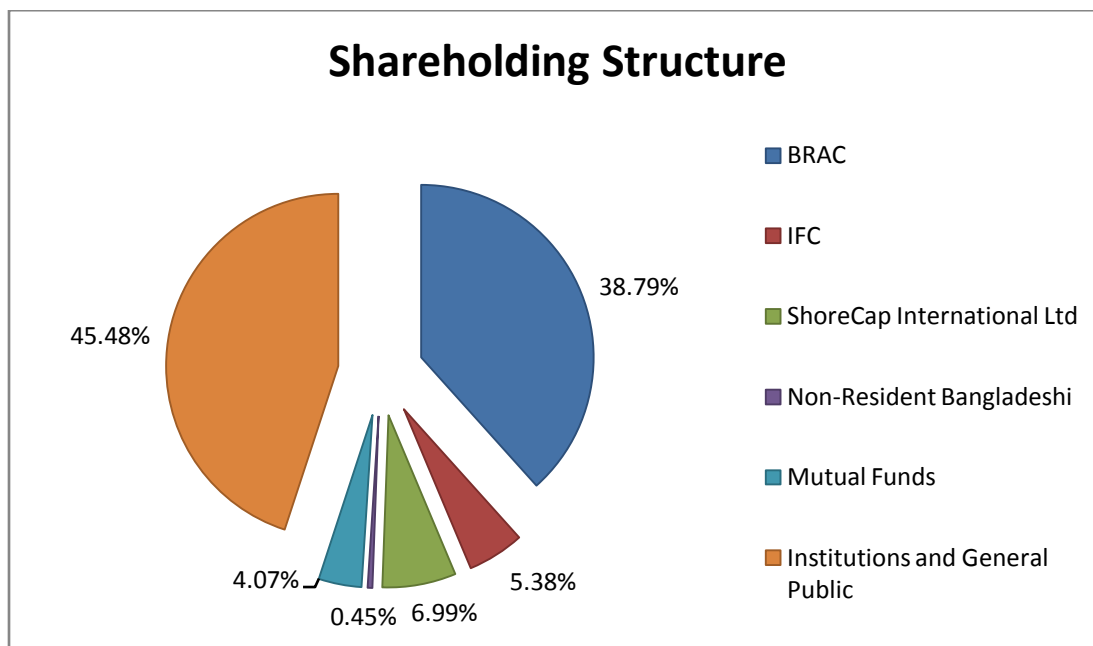
**T** stands for being **Transparent**, Be transparent at work at all level both internally and externally. Show openness and honesty through communication to bring transparency

**A** stands for being **Accountable**, Be accountable for own actions and take responsibilities for the outcome of the actions; be responsible and answerable towards customers, organization, regulatory bodies as well as the society.

**L** stands for being **Loyal**, Be loyal to the organization by being compliant at work, taking ownership and create belongingness which will carry your brand as your pride.

## 2.4 Shareholder Structure

Name of Shareholder	% of Shareholding
BRAC	38.79%
International Finance Corporation	5.38%
ShoreCap International Limited	6.99%
Non-Resident Bangladesh	0.45%
Mutual Funds	4.07%
Institution and General Public	45.48%



## 2.5 Board of Directors

The Board of Directors of BRAC Bank Limited includes:

<b>Mr. Muhammad A (Rume) Ali</b> (Nominated By BRAC)	Chairman
<b>Mr. Shib Narayan Kairy</b>	Director
<b>Mr. QuaziMd.SharifAla</b> (Nominated By BRAC)	Director
<b>Ms. NihadKabir</b>	Independent & Depositor Director
<b>Dr. Hafiz G.A. Siddiqi</b>	Depositor Director
<b>Ms. Tamara Hasan Abed</b>	Director
<b>Mr. Syed MahbuburRahman</b>	Managing Director and CEO

## 2.6 Corporate Mission

- Sustained growth in Small & Medium Enterprise sector.
- Continuous low-cost deposit Growth with controlled growth in retail assets.
- Corporate Assets to be funded through self-liability mobilization. Growth in Assets through syndications and investment in faster growing sectors.
- Continuous endeavor to increase non-funded income.
- Keep our debt charges at 2% to maintain a steady profitable growth.
- Achieve efficient synergies between the bank's branches, SME unit offices and BRAC field offices for delivery of remittance and Bank's other products and services.
- Manage various lines of business in a full controlled environment with no compromise on service quality.
- Keep a divers, far flung team fully controlled environment with no compromise on service quality.

→ Keep a diverse, far flung team fully motivated and driven towards materializing the bank's vision into reality.

## 2.7 Corporate Vision

*“Building profitable and socially responsible financial institution focused on Market and Business with Growth potential, thereby assisting BRAC and stakeholders to build a just, enlightened, healthy democratic and poverty free Bangladesh”.*

## 2.8 Objectives

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

- Building a strong customer focus and relationship based on integrity, superior service.
- To creating an honest, open and enabling environment.
- To value and respect people and make decisions based on merit.
- To strive for profit & sound growth.
- To value the fact that they are a member of the BRAC family – committed to the creation of employment opportunities across Bangladesh.
- To work as a team to serve the best interest of our owners.
- To relentless in pursuit of business innovation and improvement.
- To base recognition and reward on performance.
- To responsible, trustworthy and law-abiding in all that we do.
- To mobilize the savings and channeling it out as loan or advance as the company approve.
- To establish, maintain, carry on, transact and undertake all kinds of investment and financial business including underwriting, managing and distributing the issue of stocks, debentures, and other securities.
- To finance the international trade both in import and export.
- To develop the standard of living of the limited income group by providing Consumer Credit.
- To finance the industry, trade and commerce in both the conventional way and by offering customer friendly credit service.
- To encourage the new entrepreneurs for investment and thus to develop the country's industry sector and contribute to the economic development.

## 2.9 Goals

BRAC Bank will be the absolute market leader in the number of loans given to small and medium sized enterprises throughout Bangladesh. It will be a world - class organization in terms of service quality and establishing relationships that help its customers to develop and grow

successfully. It will be the Bank of choice both for its employees and its customers, the model bank in this part of the world.

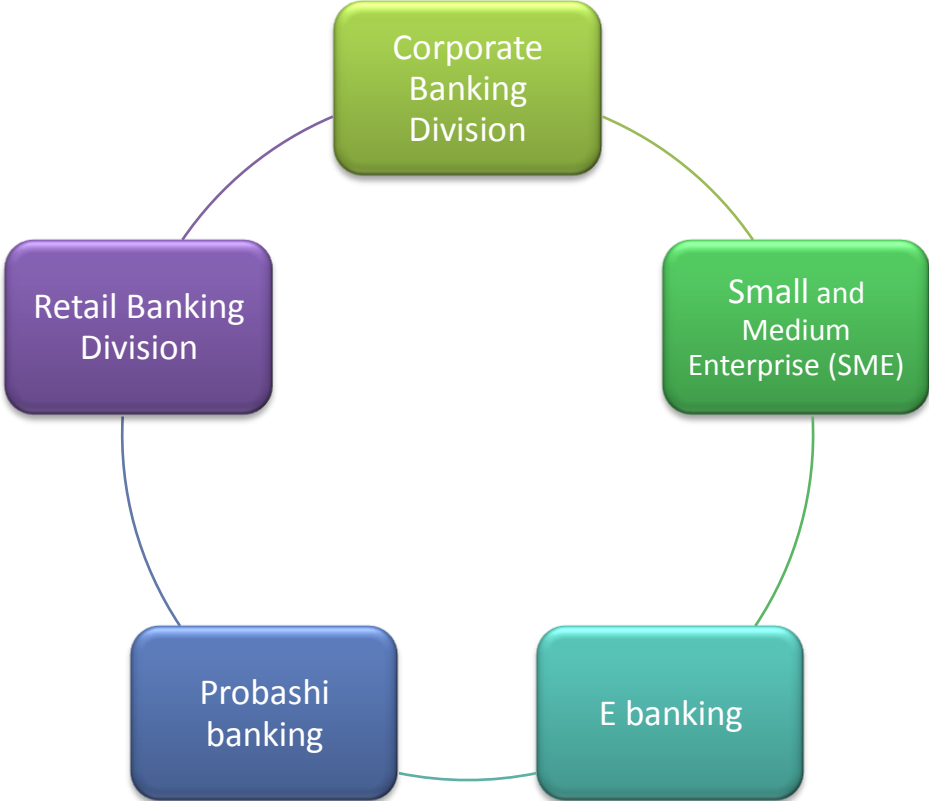
## 2.10 Core Values

BBL's motivation and promise to give top quality service to its customers emanates from the partial owner - BRAC. This means, BBL will hold the following values and will be guided by BRAC as they do their work.

- Value the fact that one is a member of the BRAC family.
  
- Creating an honest, open and enabling environment.
  
- Have a strong customer focus and build relationships based on integrity, superior service and mutual benefit.
  
- Strive for profit & sound growth.
  
- Work as team to serve the best interest of our owners.
  
- Relentless in pursuit of business innovation and improvement.
  
- Value and respect people and make decisions based on merit.
  
- Base recognition and reward on performance.
  
- Responsible, trustworthy and law-abiding in all that we do.

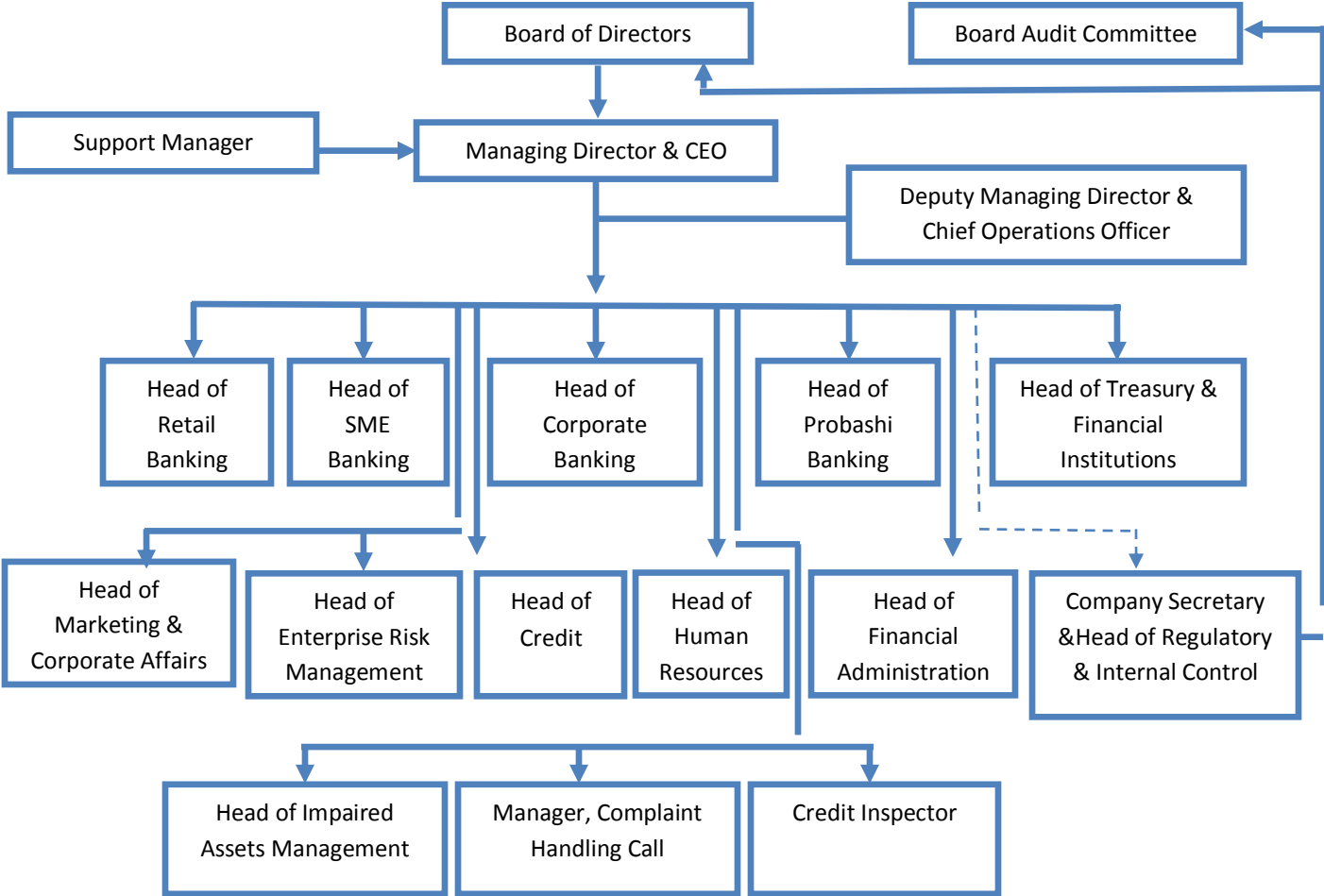
### 2.11 Wings of BRAC Bank Ltd.

BRAC Bank Limited consists of five major business divisions namely:



## 2.12 Organizational Structure

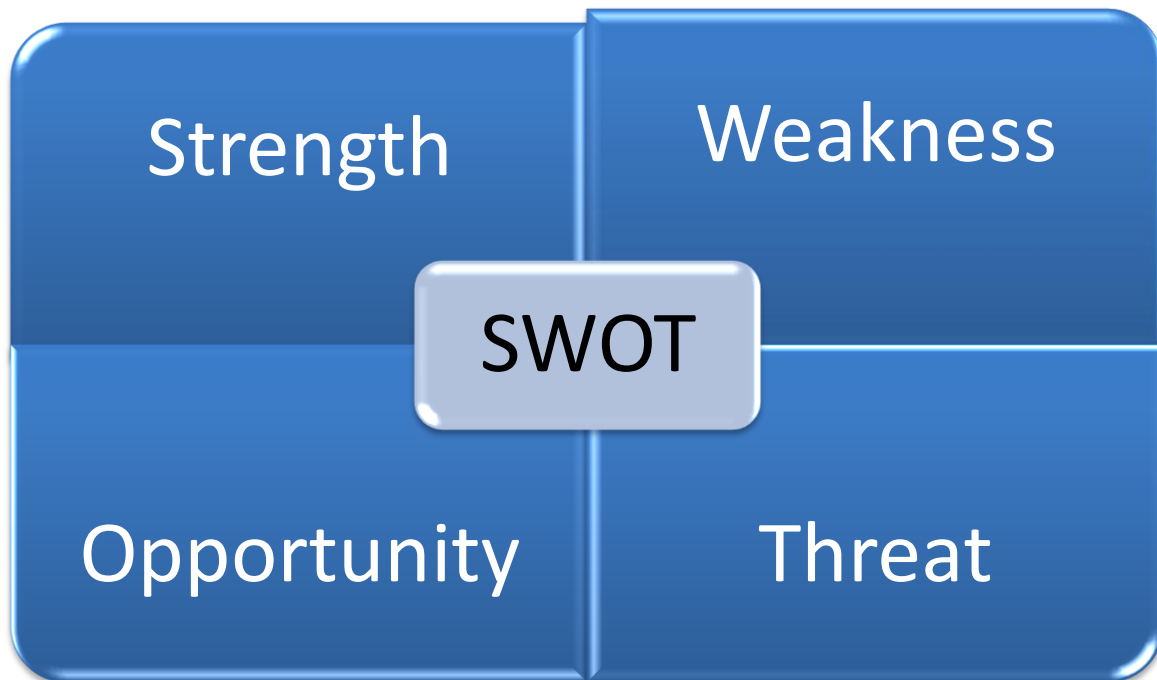
### Organogram of BRAC Bank Limited:



Source: Collected from BRAC bank computer.

## 2.13 SWOT Analysis

According to Wikipedia a SWOT analysis is “a technique for matching organizational strengths and weaknesses with environmental opportunities and threats to determine the organization’s right niche”. SWOT analysis is an important tool for evaluating the company’s Strengths, Weaknesses, Opportunities and Threats. It helps the organization to identify how to evaluate its performance and scan the macro environment, which in turn would help organization to navigate in the turbulent ocean of competition. With this tool, we will be able to determine, though not perfectly, since we are not internal members of this organization, the internal strengths and weaknesses of BBL as well as the opportunities and challenges that the changing external environment provides.





## Strength

### ***Good financial backing***

Ample source of finance means it is in a better position to serve and market its products & also it has the financial resources to grow its business.

### ***Favorable reputation in the banking industry***

BRAC Bank has a favorable reputation in the banking industry that helps BBL to grow fast.

### ***Several retail credit products than others bank***

BBL has different types of credit products and variety of offers for its customers which one kind of competitive advantage of BBL.

### ***Innovative & Modernize electronic banking service***

In this IT era continuous innovation and modernization is must. Without these things success is elusive. BBL has both of these.

### ***Different types of SME credit Scheme than others***

BBL is known as a SME bank because of its different types of SME credit Scheme and it is a strength of BBL

### ***Tremendous growth in the profits and deposits***

BBL has a tremendous growth in profit and deposits than other banks in the country

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**Weakness**    ***Slow Network System***

Slow network system is a vital problem not only for BBL but some others also. A strong bandwidth is needed for a good banking communication.

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***High default rate***

Its bad to hear but true that the default rate is highest for BBL. That is of course a weakness of BBL.

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***Pressure on interest rate***

There is a hidden pressure on interest rate of all commercial banks from the central bank of Bangladesh. This pressure is a weakness of the bank.

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***Low remuneration package***

The remuneration package of BBL for its employees is competitively lower from other banks that's why the employee turnover rate is also high in this bank.

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***Facing a stiff competition persisted in the market to deposit mobilization***

BBL faces a stiff competition persisted in the market to deposit mobilization.

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## Opportunity

### ***Card Service***

Card service of BBL can be improved & brought a variety like others bank.

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### ***Large share of market***

There is huge market for banking sector in Bangladesh. BBL should go for grab the market.

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### ***Branding***

Branding can raise its market share dramatically as this sector is much backward in branding.

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### ***Quality Service***

Quality service can be a good opportunity to develop.

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### ***Credit Portfolio***

Having a credit portfolio may be a opportunity for the bank.

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## Threat

### ***High competition with Foreign Banks***

Present era is called the era of competition. In any business competition is must to face. In fact copetition with the foreign banks is a vital threat and also challenge for BBL.

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### ***Slow Market Growth***

Banking market depends greatly on the overall situation of the country. For which the growth of the market can be affected at any time. This imposes great threat for BBL.

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### ***Volatile political situation***

Some political environment is not at all friendly for them or to be fair, not at all friendly to any business in Bangladesh. This could have major impact on future plans of BBL.

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### ***Sophisticated Customer***

The customers are getting savvier than before. This actually puts pressure for the industry to give quality service but in lower charge. That is creating threat for quality maintaining industry like BRAC Bank Ltd. Because to maintain quality it requires cost.

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## **Chapter 3: Internship Experience**

### **3.1 Summary**

BRAC Bank is one of the well reputed commercial bank of Bangladesh. This bank has been widely known as sme bank, because BRAC bank is the number 1 sme bank of Bangladesh. After completing my academic courses I received a phone call from BRAC bank supreme and excel banking department which was located at the head office of BRAC bank. After giving the interview I was selected to attend the internship program. After that, on 25<sup>th</sup> of June 2012 I have attended the first day of office. However as temporary employee all the people over there received me very well, basically we were 10 in numbers and the department formed a group of us. We all were interns. All the employees over there received us very warmly. They were so cooperative, friendly and the working environment is excellent also corporate culture maintains so well over there.

### **3.2 Job roles**

As an employee of supreme and excel banking division basically we were responsible to provide all the operational activities as well as all the services. To maintain the guide line we have to sort them out in four categories and then we have to aware them about their selection and lastly we have to aware them about different types of services they were going to enjoy.

#### **3.2.1 Customer sorting**

To sort out the client we were given a huge database of all the customers. From that database we have to categories all those data in four segments. And after that client who are maintaining a deposit of above 10 lac and less than 50 lac for last 3 months were selected as a Supreme Banking customer. On the other hand customers who were maintaining a deposit above 50 thousand and less than 10 lac were sorted as an easy banking customer. We used different type of software's to sort the customers and we were also given the branch customer lists as well.

#### **3.2.2 Address confirmation of the customers**

We had to confirm the address of supreme and excel banking customers by giving them a phone call. We mainly called those customers whom addresses were wrong. Firstly bank mailed supreme and excel customers a privilege card in their mailing address but some cards were returned to the head office due to wrong address information. So we were responsible to confirm the final address from the customers, so that the bank can mail them the privilege card once again. To confirm the address customers' has to go to the branch with their copy of utility bill of their communicating address. Then the BSSO (branch sales and services officer) will confirm their address by matching the utility bill's address. Thus that is the main job responsibility of my internship period.

### **3.2.3 Privilege card distribution:**

Privilege card is a basic facility for supreme and excel customers. Though supreme and excel customers have different privilege card. Supreme banking customers get more facilities since they maintain a larger amount than excel banking customer. This card mainly facilitates different type's discounts from the traders.

For example supreme banking customer will get 700 taka discount in Lab Aid for yearly health check up, then supreme banking customer will get 15 % discount in Jamuna resort if they book a room. These customers can also be facilitated by the branch as well. There are 15 branches where supreme banking customers can go to a booth which was actually made for supreme and premium banking. Supreme banking customer can go their directly without any token and they can take the banking service in a very short time. Similarly excel banking customers were got discount from clothing shops on particular item. Moreover this card was also used as a membership card of BRAC bank.

Firstly we used to distribute the privilege to the supreme banking customers, for that whom card was returned to the head office we send their privilege card in their respective mother branch. Moreover the cards which were sent from the bank, distributed into the branches so that customer can confirm their correct communicating address and take their privilege card from the mother branch. For that we have to work so hard, we have to find the privilege card and match them with their respective branch and the most difficult part was, courier returned those cards randomly which were unsorted and we had to sort those privilege cards according to the respective branch and send it back to the courier . And the process of the Excel banking customer was same but this segment contains a huge volume of customers.

### **3.2.4 Preapproved credit card**

Supreme and Excel customers can also have preapproved credit. That means customers do not have to apply for the credit card. Bank will offer them a credit card based on their current banking transactions and banking balance. This credit card will be sent to customer's communicating address and after reading all terms and policies and filling up all the information they had to submit it on their nearest branch. And some customers do not want to go to the branches, we as representative of the BRAC bank we help those customers to filling up the information and submit this application form into the branch.

## **3.3 Critical observation**

As a temporary employee I was heavily involved in the operational work of supreme and excel banking division. The division was new in the bank. The department was made up with employees who worked somewhere else of the BRAC bank. Every segment has a head then the manager then associate manager and senior officer. As an employee all of them cop up with the

new situation very adequately. The big strength of this new division was all of them were from the BRAC bank so they know the organization very well; they have a good banking experience, young, self motivated. So whatever the new circumstances come in front of the division they can adopt the situation very well. Their reaction and response is very sharp and distinctive than any other department.

To attain a certain target they are doing their job very well. The process they are taking is also perfect to reach the target.

### **3.4 Recommendation**

To recommend the department there are certain areas where things can be improved. First of all the work force are very well but they are lesser in numbers so more people should be included in this department. Since RRBBM concept is completely new in this country, so experienced people on RRBBM will be very difficult to find. So to close that gap employees can be trained adequately so that they can perform a better performance. Another recommendation from my side is that since the department is new, there is always hesitations come across with decision and it changes very frequently so lot of time waste for that. So to do well in future the department has to take one decision with good thinking and knowledge so that they can use their time and effort very wisely and soundly.



## **Chapter 4: Overview of RRBBM of BRAC Bank Limited**

## 4.1 RRBBM of BRAC Bank

BRAC Bank Ltd recently has changed their business model from PRODUCT CENTRIC to CUSTOMER CENTRIC business model where there will be no traditional banking system and the latest customer wise different types of services will be provided. Actually they have segmented their customers in different categories and they will treat them by their segmentation. This type of segmentation from product centric to customer centric business model is first time implemented in Bangladesh and BBL is the first initiator of this. This concept is widely known as Restructuring Retail Banking Business Model. BRAC bank RRBBM concept falls under the umbrella of Retail banking division. To transform into the new situation BRAC bank has already taken all the initiatives and even they have started their operations as well.

## 4.2 Product Centric Model

A product-centric collections strategy is generally focused on account-level collections, per product, based on product-owner defined rules. Collections actions are product-focused, hence relatively simple to articulate, manage, automate and measure. A collections call is generally made for each account. In other words, even if multiple accounts of the same type are delinquent, the customer will receive multiple calls, each specific to one delinquent account.

The advantages and disadvantages of product-centric model

Product-centric model allow for driving efficiency and productivity.

This includes:

- Standardization and automation of customer communications-  
Customers can be facilitated in an automated way and they can be served very quickly.
- Call scripting-  
Automatic voice and the same script red for all types of customers
- Simple measurement-  
Less complexity and one product for all strategy.
- Training of collectors on a single-product and system
- Simple incentivizing and performance measurement aligned with product metrics

However, a product-based collections approach has its disadvantages. In this approach the customer actions are based on customer information that is reflected in a single-product view. This may result in a fragmented customer experience and inconsistent or contradictory treatment and messages. The business could also overlook the seriousness of cross product defaulters, and take inappropriate lenient initial action.

The product-centric model approach is most effective when the majorities of customers are single-product account holders, or in instances where customers are delinquent on a single product.

### **4.3 Customer Centric Model**

Customer-centric collections strategies usually aspire to deliver consistent treatment of customers across products, and ensure customer management decisions (pricing, risk-based decisions, service-level, sales strategy, collections strategy, etc) at customer portfolio level.

#### **4.3.1 Significance of CCM**

A customer-centric firm hopes to achieve higher sales, profitability and new-product success because of their focus on customers. The firm also saves on costs for agent commissions and wins business over its competitors. According to studies quoted in the book "Designing the Customer Centric Organization," existing loyal customers are the most profitable group of customers. Rather than spending its resources on capturing new customers, a firm should instead use its resources on maintaining the loyalty of current customers.

##### **4.3.1.1 Features**

Becoming customer centric does not just involve customer service. A customer-centric firm detects the needs of its customers and uses its resources accordingly, while building relationships with them. All the business functions of the firm, including those that do not directly make contact with the customers, perform their roles with the customers in mind.

##### **4.3.1.2 Identification**

A customer-centric firm identifies the needs of its customers by dividing them into segments with common characteristics and determining the appropriate level of attention for them. A firm can classify its customers based on various factors, such as size, buying purpose, nature of products purchased, revenue, potential of growth, geographic location and level of specialization required. A firm can collect the data using surveys and keeping data from all customer interactions, including sales, customer service, complaints, returns and third-party vendors.

##### **4.3.1.3 Implementation**

A customer-centric firm arranges itself around the customers. Its strategy, structure, processes, reward systems and people have to aim to maximize customer satisfaction. For example, the firm focuses on creating products that the existing customers need, as opposed to finding customers for its products. The firm rewards the managers who build customer relationships, rather than those who manage deadlines. The employees focus on customer retention, as opposed to reaching a certain share of the market.

#### 4.3.1.4 Considerations

A firm must not over-customize its products to match customer requests to the point where profit suffers. For example, Japanese software companies often create many different versions of software products for different customers. As a result, they fail to reach economies of scale and do not have enough resources for international expansion. A firm should also not focus too much on its best customers when considering a new technology. Even if customers do not show interest in a new technology, a firm should explore its possibilities to anticipate any changes in customer preferences.

#### 4.3.2 The advantages and disadvantages of customer-centric Model

For every step of every decision there are some benefits and drawbacks. Here are some advantages and disadvantages of customer centric model discussed below.

##### 4.3.2.1 Advantage:

One of the primary benefits **of customer-centric model** is that the customer experience remains consistent. All communication and messages required to be sent to the customer are integrated to reflect the true status of the customers overall delinquency status. All actions taken on the customer are appropriate as the actions are based on accurate customer information that has been assessed and well understood.

##### 4.3.2.2 Disadvantage

However, since the business model collates customer information, the model is complicated by the need to accommodate multiple products in various stages of delinquency. This complexity of the customer centric model is difficult to monitor and measure. This requires composite product and customer views in order to ensure a full and accurate understanding of the customer's delinquency status. This also limits the ability to measure a collector's performance, negatively affecting incentivizing, performance management and reward/recognition.

In addition, customer-centric model requires that employees have a wide range of knowledge across products and systems, complicating the training process and the length of time it would take to develop the requisite level of expertise. Further cost – and complexity – is caused by the fact that communications must be customized to accommodate multiple products.

The customer-centric model approach is most effective when:

- Customer volumes are low and efficiency is not the driving priority
- The number of customers with multiple delinquent products is high
- There are complex products or cross-product dependencies (e.g. business plans, Small Business structure, securities, etc.

#### 4.4 Difference between Customer centric and Product centric business model

Product Centric Model	Customer Centric Model
Maximizes product profitability	Focus on Customer Segment wise approach
Overlook customers need and Push Sell products	Focus on customers need & customized offers
May lead to customer dissatisfaction and worsen relationship	Relationship based banking creates long term relationship
Does not focus on Customer experience	Focus on Customer experience (e.g. touch points, products, pricing etc)
Customer looks for better alternative	Customer will be attached through his life cycle with the bank
Conventional Banking	Fundamental shift to “VALUE” based Retail Banking business model

#### 4.5 BBL’s Approach to Customer Centric Model:

RRBBM can be segment in many categories. It depends on the customers’ volume, customers’ quality and efficiency of an organization. Based on that, BBL upper level hierarchy has decided to group their customers into four segments. They are;

- ❖ Premium Banking
- ❖ Supreme Banking
- ❖ Excel Banking
- ❖ Easy Banking

##### 4.5.1.1 Premium Banking

To be a customer of Supreme Banking segment, total deposit balance has to be above BDT 50 lac.

Following benefits will be entitled for Premium Banking customers,

- Customer can get service from our PB Lounges
- Dedicated Relationship Manager
- Personalized banking services
- Discounts & Benefits from Tie up partners

#### 4.5.1.2 Supreme Banking

To be a customer of Supreme Banking segment, total deposit balance has to be within BDT 10 lac to less than BDT 50 lac.

A loan customer having 20 lac or above outstanding will fall under Supreme Banking for reporting purpose but the customer has to meet the deposit eligibility criteria to avail Supreme Banking facilities.

A Platinum cardholder will also fall under Supreme Banking for reporting purpose but have to meet deposit eligibility criteria to avail Supreme Banking facilities.

Following benefits will be entitled for Supreme Banking customers,

- Existing BSSOs from selective branches will be assigned as Shared RM
- Dedicated counter in selective branches
- Discounts & Benefits from Tie up partners
- Special rates, discounts & benefits on selective banking products

#### 4.5.1.3 Excel Banking

To be a customer of Excel Banking segment, total Relationship balance has to be within BDT 50k to less than BDT 10 lacs.

A customer availing **loan facility only** of BDT 5 lacs to less than 20 lacs will fall under Excel Banking for reporting purpose but has to meet the deposit eligibility criteria to avail Excel Banking facilities.

A Gold Credit Card holder only will fall under Excel Banking for reporting purpose but has to meet the deposit eligibility criteria to avail Excel Banking facilities.

Following benefits will be entitled for Excel Banking customers,

- Service through Branches
- Discounts & Benefits from selective Tie up partners

#### 4.5.1.4 Easy Banking

A customer with total Relationship balance below BDT 50k is an Easy Banking customer.

A customer availing loan facility only of less than BDT 5 lac will fall under Easy Banking for reporting purpose.

An Easy Banking customer will be entitled to get fast and convenient transactional banking services through ATM, CDMs, IVR, bKash, etc.

### 4.5.2 Defining Customers

BBL will identify the segment of a customer from the following:

Segment	Premium Banking	Supreme Banking	Excel Banking	Easy Banking
Debit card	Platinum Debit Card	Planet Debit Card		
Privilege card	Not applicable	Supreme Privilege card	Excel privilege card	Not applicable
Finacle	POP up message in Finacle	POP message in Finacle	POP up message in Finacle	

### 4.5.3 Privileges for Customers

- Premium Banking Customers will avail privileges by showing their “Platinum Debit Card.”
- Supreme Banking Customers will avail privileges by showing their “Supreme Privilege Card”.
- Excel Banking Customers will avail privileges by showing their “Excel Privilege Card”.
- Easy Banking Customers can avail privileges by showing their “Planet Card”.

Privilege Cards cannot be used for transactions. It can only be used to avail discounts and privileges at selected BRAC Bank partner outlets.

<b>TOP PRIVILEGES FOR PRIMIUM</b>
Free yearly Master Health Check up at Apollo Hospitals, Dhaka worth BDT 6500 only
Free access for 4 persons at Balaka VIP lounge inside HazratShahjalal International airport
50% off at Gold's Gym on membership and renewal fee
Privileges and benefits with 400+ of our partners countrywide

Report Of BRAC Bank's RRBBM

A list of BRAC Bank partner outlets will be sent to the customer with the Privilege Card. Moreover the customer will see table talkers, danglers or x-stands in the partner outlet showing the privileges they are entitled to get as a BRAC Bank privilege cardholders. Privilege Cards will be valid for 1(one) year for Supreme Customers and 2 (two) years for Excel customers. This card will be reissued on account anniversary after reviewing the relationship balance.

Customer will be notified about his/her current segment through a communication.

Actually, BRAC Bank will provide special services only to our Supreme guests through our Supreme counters who will physically come to our Branches. However, if the family members of Supreme customers come and can show the Privilege card, then he/she will be allowed to take services from Supreme counters.

<b>TOP PRIVILEGES FOR SUPREME</b>
Free access for 2 persons at Balaka VIP lounge inside Hazrat Shahjalal International airport
Discount on Executive Health Check up at Lab Aid Hospital, 20% discount on pathological and bio chemistry test
30% off at Gold's Gym on membership and renewal fee
Privileges and benefits with 400+ of our partners countrywide



## **Chapter 5: Concluding Part**

## 5.1 Findings

BRAC Bank is the fastest growing bank in Bangladesh. So there are lots of up and down has happened in this organization during servicing the operations. After observing one or two situations I have come to end with some findings in this report.

- BBL has a large volume of customer so to give them a proper service RRBBM was required
- Since RRBBM has firstly conducted by BBL so this bank will get the first mover advantage
- BBL always has come with something new into the market for example bKash, BRAC EPL and now RRBBM.
- Since BBL has largely served SME services, for this customer differentiation was very necessary
- BBL also segmented the customers in a centralized way so the organization can serve all range of customers.

## 5.2 Recommendations

BRAC Bank Ltd is an organization which is operating their business successfully in the banking sector since 2001. Therefore, it is very tough to recommend on any aspect of the company. However, as it is the requirement of the report so I have come up with few recommendations, after conducting the research. They are as follows:

This is the era of relationship. Relationship continues the business and the profitability of any organization. BRAC Bank is looking on this sector to improve their business through customer relationship by imposing their new retail banking business model which is RRBBM. So to continue business in retail sector they should boost up all the factors that is related with the relationship with the customers. I have discussed the factors relating to this on further part.

Most of the business people are satisfied with the relationship but from student level and service holder level customers, there are huge gap to improve. BBL should emphasize by the criteria of the customers profession.

Some customers from younger age group have some switching tendency from BBL. To prevent switching tendency BBL should have new innovations and different sets of products especially for them who have the tendency.

BBL could have different kinds of products and services by classifying their need. They can classify by

## Report Of BRAC Bank's RRBBM

- Gender
- Age
- Occupation, and
- Geographical location

Restructuring Retail Banking Business Model (RRBBM) has been developed to meet the customers want and their desire. So customization option should be there. If a customer has the flexibility to customize according his/her need, the demand of that service would be huge. BBL could develop this kind of innovative service and get the first mover advantage in the Bangladesh local market of banking sector.

In BBL, RRBBM has four segments. Sometime customers complain about the gap of excel to supreme. The gap can be reduced because customers who have their balance of 5 lac cannot be satisfied with the easy banking facilities. So to satisfy the middle group customers facilities can be specified more. For example above 50 thousand to below 5 lac can be regarded as excel 1 and above 5 lac to below 10 lac can be regarded as excel 2 and then there facilities can be specified. Similarly, for supreme banking customers this segmentation can be applied.

Customers are hardly aware about the new project RRBBM of BBL so by branding this project bank could get acknowledgement from the customers. That will help BBL to improve faster as customers would be aware about the products and services and their rights on the bank. So making advertisement, letting customers know about the internal decision making projects etc. will let the customers more loyal to BBL and make the relationship satisfactory.

In most of the services and benefits, customers said they are satisfied or neutral. So there are lots of things to do from BBL to pull the neutral customers to the satisfactory range and those who are in satisfied level BBL should try to pull them to very satisfied level. Very satisfied customers are very few in BBL. As long as the customers are not very satisfied, the risk on relationship with customers is high. So when the customers would be in very satisfied level, then the chance to have bad or dissatisfactory relationship with customers will be lower.

Some customers said they want more privilege from more and diversified shops and malls. So as categorized customer privilege, upper customers can have the opportunity of more privilege to more shops.

Customer care facility is quite common now in every section of business. BBL has the facility for its customers but not in huge amount. There is a scope to enhance the customer care option to more branches and more widely.

BBL is a great place to work in which I can say from my personal experience of 3 months period internship. However, to sustain their existing good performance BBL could implement a bit more facilities. As a result, it will also bring the level of customer relationship in an impressive level.

### 5.3 Conclusion

In this age of modern civilization bank is playing its splendid role to keep to the economic development wheel moving. We can see lot of new commercial banks has been established in last few years and these banks have made this banking sector very competitive. The major task for banks, to survive in this competitive environment is by managing customer relationship.

Customers are the main blessings for any business. Banking sector is service based business. So where customers would get more service and facilities, customers will go to them. So in this relationship age every business organization should emphasize on customer relationship with them. On this regard BRAC Bank has taken some initiative by taking a new project of Restructuring Retail Banking Business Model (RRBBM) to improve the customer relationship. They are the first one in banking sector of Bangladesh introducing customer centric business model instead product centric model. So, if they can implement and continue this properly, hopefully they will be the most successful bank in Bangladesh.

It was an honor for me that I have worked as an intern in a reputed organization like BRAC Bank Limited. The BBL is a bank that confirms the best service to the customers BRAC bank Limited is the fastest growing Bank in Bangladesh. By working in the Supreme and Excel banking division, the knowledge learnt would be helpful enough to sustain with the real organizational environment.

## **Chapter 6: Appendix and References**

## 6.1 Appendix

To complete this report I have used questionnaire to find the satisfaction level of customers and also their suggestions about services and kind of service they want to get in the near future.

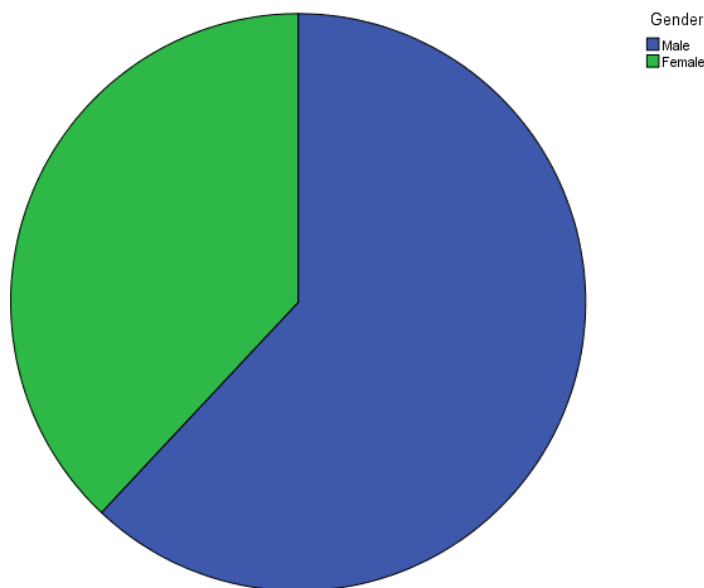
### 6.1.1 Questionnaire

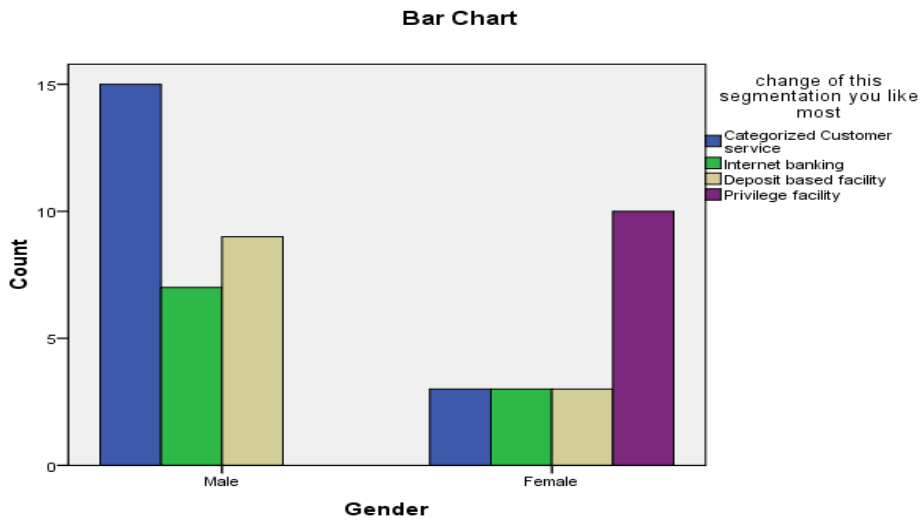
Dear Respondent, I am a student of BRAC Business School, North South University. I am going to take the opinion and thought about ‘Restructuring Retail Banking Business Model (RRBBM)’ of BRAC Bank Ltd. This study is only for use of my academic purpose and the provided information will be treated confidentially. Thank you in advance for your kind cooperation.

1. As a BRAC Bank customer what do you think about this new model?
2. Why do you think that customer centric model is more important?
3. How a customer can be benefited by RRBBM?
4. Do you think BRAC Bank is well adopting with this new model?
5. Do you think that this new strategy is important for our country? Why?
6. What kind of measure should be taken to improve the RRBBM?
7. What are the drawbacks of RRBBM?

### 6.1.2 Some Important Figures

According to product program guide, BRAC Bank Ltd





## 6.2 Reference

- From the web page of BRAC Bank Ltd (<http://www.bracbank.com>)
- Prospectus, BRAC Bank Ltd
- Product program guide, BRAC Bank Ltd
- Books, Publications and Journals of BRAC Bank Limited
- Valuable discussion of supervisors during the period of internship
- <http://www.bracbank.com/e-learning>
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- <http://stattrek.com/Lesson5/HypothesisTesting.aspx>

