

The image features a decorative graphic on the right side consisting of three blue circles of varying sizes, each with a lighter blue ring around its center. These circles are connected by thin blue lines that form a triangular shape. The largest circle is at the top, a smaller one is in the middle, and the largest circle is at the bottom right. The text is positioned to the left of these circles.

**Relationship Between
The Borrowers And The
Employees Of Grameen
Bank.**

Internship Report
On
**Relationship Between The Borrowers And The
Employees Of Grameen Bank.**



Submitted To,

Samina Haque
Intern Supervisor
Bus-401
BRAC Business School

Submitted by:

Nazmul Hasan Duranta(09204138)
BRAC Business School
BRAC University, Dhaka.
Date of Submission: 30-05-2013

Letter of Transmittal

30, May, 2013

To

Intern Supervisor,

Samina Haque

BRAC Business School

BRAC University

Subject: Submission of Internship Report.

Dear Madam,

I am Nazmul Hasan Duranta, ID-09204138 have successfully completed my intern at Grameen Bank. The main focus of my internship at Grameen Bank was to see the relationship between the borrowers and the employees of Grameen bank. I have finished my project within the due time.

I have abided by the guidelines you had set and have tried our best to keep my recommendations as realistic and practical as possible. I hope that this report will be of great value to you.

Sincerely yours,

Nazmul Hasan Duranta

Acknowledgement

First of all I am graceful to almighty Allah for giving me the power to finish my inernship report with a well established way and at a perfect or schedule time period. To make a report it needs a lot of information, effort, link and so on. The main purpose of this report is to analyze the relationship between the borrowers and the employees of Grameeen bank.

Though it is an analysis of the Grameen Bank through my internship in Grameen Bank, I was being supervised by MD. Abdus Sabur Khan, Principle Officer, International Program Department, Grameen Bank and the branch managers of two separete branches where I did my field work.

I am thankful to my respected teacher Samina Haque, Intern supervisor, BRAC University.

Finally I would like to give thanks to my well wishers.

Executive Summary:

In this report I have tried to discuss and define all of the major activities related with to Relationship Banking of Grameen Bank (GB). In this report I have chosen to evaluate the relationship activities with the borrowes of Grameen Bank. The key purpose of the report has been to identify overall condition of Relationship Banking of Grameen Bank.

By identifying the overall condition and process of doing microcredit business with the poor people in villages I can relate my theoretical knowledge to practical implications. Grameen Bank is actually providing service to the poor people(specially women) to develop there current financial condition and also try to remove poverty from Bangladesh and I found that GB is providing good better service to the people with whom they are doing business by maintaining a good relation and also they are very demandable among those people. As a result, GB is thinking to expand their service more widely. For this instance GB is taking necessary steps to cope up with the stream of competition.

To conclude, Grameen Bank is has broad network with the different countries around the world. And in near future they might remove the mejectory of poverty from Bangladesh.

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Chapter: 01

INTRODUCTION OF THE REPORT

1.1 Background:

Grameen Bank is one of the oldest Banks operating in Bangladesh. The Grameen Bank is a Nobel Peace Prize winning microfinance organization and community development bank started in Bangladesh that makes small loans (known as microcredit) to the impoverished without requiring collateral. The name Grameen is derived from the word *gram* which means "rural" or "village" in the Bengali language.

The system of this bank is based on the idea that the poor have skills that are under-utilized. A group-based credit approach is applied which utilizes the peer-pressure within the group to ensure the borrowers follow through and use caution in conducting their financial affairs with strict discipline, ensuring repayment eventually and allowing the borrowers to develop good credit standing. The bank also accepts deposits, provides other services, and runs several development-oriented businesses including fabric, telephone and energy companies. Another distinctive feature of the bank's credit program is that the overwhelming majority (98%) of its borrowers are women.

The origin of Grameen Bank can be traced back to 1976 when Professor Muhammad Yunus, a Fulbright scholar at Vanderbilt University and Professor at University of Chittagong, launched a research project to examine the possibility of designing a credit delivery system to provide banking services targeted to the rural poor. In October 1983, the Grameen Bank Project was transformed into an independent bank by government legislation. The organization and its founder, Muhammad Yunus, were jointly awarded the Nobel Peace Prize in 2006.

1.2 Origin of the Report:

Internship Program of BRAC University is an important requirement for the graduation of BBA students. The main purpose of internship is to get the student exposed to the corporate world and this is a partial requirement of the Internship Program of BBA curriculum at BRAC University. Being an intern the main challenge was to implement the theoretical concepts into real life experience.

The internship program and the study have followings purposes:

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

This report is the result of three months long internship program conducted in Grameen Bank and is prepared as a requirement for the completion of the BBA program of BRAC University. As a result I needed for the report based on the “The Effect of the Relationship Banking on Borrowers and Customer Loyalty: An Analysis on the Relationship Banking Sector of Grameen Bank”.

1.3 Objectives of the Report:

The main objective of the report is to find out the actual scenario of the “Relationship Banking on Borrowers and Customer Loyalty in Bank Industry”. Another objective is fulfilling the requirement of BBA program. For this I had to attach with an organization and I chose Grameen Bank. For this I have practical job related experience with my academic knowledge.

The objectives of the study may be viewed as:

- **General objectives**
- **Specific objective**

General Objectives:

The general objective of the study is to prepare and submit a report on the topic of “The Effect of the Relationship Banking on Borrowers and Customer Loyalty of Grameen Bank in microcredit Banking Sector”.

Specific Objectives:

It is not possible to carry out a research to figure out the overall effect of Relationship banking on Customer loyalty of Grameen Bank, which will need more resource and time. So, I narrow down the topic and now it stands that “The Effect of the Relationship Banking on Borrowers and Customer Loyalty of Grameen Bank in microcredit Banking Sector”.

- To find out the effect of Grameen Bank Relationship Banking on borrowers and Customer loyalty in microcredit Banking Sector.
- To find out the perception of the borrowers and the Customer about the Grameen Bank service.
- To submit the practical work as a paper work that I have learned in my three months internship of BBA program.
- Measure the importance of Relationship Banking in this industry.

1.4 Scope of the Report:

Form this report we will know the result of Relationship banking on Borrowers and customer loyalty in microcredit banking sector which, was taken by the Grameen Bank. This report will also help us to get a comparative picture of the local brand and customer loyalty condition of Grameen Bank. This report also contains a significant number of roles of these departments contributing in Grameen Bank overall activities.

The study will cover the interviews of personnel of Grameen Bank who are responsible for Relationship Banking and also cover interviews of the Grameen Bank's service holder. The geographic area that will be cover is rural area and lower class, income level will be selected as the demographic group for the study. This report also contains detail description of my Experience that I gathered through my work.

1.5 Methodology:

Data source:

Data for this report has been extracted from primary sources as well as secondary sources.

Primary Data Collection:

I have used three techniques of Primary Resources for my research and they are as followed:

- Personal observation.
- Face to Face Interviews.
- Practical Work.

Personal Observation & Survey:

Observation is the process of recognizing and noting people objects and occurrences rather than asking for information. Informal observations remove the elements of Bias and effects of reaction from research. I took a survey of the people or customers who involved or benefited from this relationship banking of Grameen Bank.

Face to face Interview:

To gather in depth knowledge about Relationship Banking on Borrowers and customer loyalty I discuss about this with the Head of Administration Department Mr. Hossain Ali and also discuss about the matter with Mr. Ratan Kumar Nag and also discuss about this with others members of administration department.

Practical Deskwork:

When I was working at Grameen Bank, I have worked in international program Department. Their job is to let all the interns know about Grameen Bank and its work. For this purpose they send me two branches of Grameen Bank which is situated in rural area, as we all know Grameen Bank do their activities with rural people. I had to stay there for two month(one month to each branch) While working for the company I have collected the data which I needed to accomplish the report.

Secondary Data Collection:

To complete my report along with primary data need some secondary data related with my topic. Relevant literature like published and unpublished thesis, books, reports of Grameen Bank etc have been reviewed with a view to increase the knowledge and regarding the issue. Above all the storehouse of knowledge, “the internet” will also be big part of the literature review. Majority of the data will be collected from Annual Report, brochures, Grameen Bank official web sites.

Research Design:

The study was conducted as a descriptive research, Descriptive research answers the questions who, what, where, when and how. The description is used for frequencies, averages and other statistical calculations.

Target Population and sample size:

The target population is the people who get benefited from Grameen Bank and the Grameen Bank’s service holder from different occupation. And the sample size is 20 random people who are Borrowers or customers of Grameen Bank Regular Banking.

1.6 Limitations of the Report:

Since this is a new kind of topic for me and it is quite difficult to sustain the expectation level from my side. However, I try to give my best effort to prepare my internship report comprehensive as detailed as possible.

- Data available could be another big issue here because company might not want discusses all the confidential information regarding their managerial strategies and plans.
- Data from different sources were quite inconsistent which created some problems in making report. Sufficient records, publications were not available as per my requirement.
- The main obstacle while preparing this report was time. As the tenure of the internship program was very short, it was not possible to highlight everything deeply.
- Work pressure in the office was another limitation restricting this report from being more detailed or analytical.

Chapter:02

COMPANY OVERVIEW

GRAMEEN BANK

2.1 Name and Location of the Company:

Muhammad Yunus, the bank's founder managing director, earned a doctorate in economics from Vanderbilt University in the United States. He was inspired during the terrible Bangladesh famine of 1974 to make a small loan of US\$27.00 to a group of 42 families so that they could create small items for sale without the burdens of predatory lending. Yunus believed that making such loans available to a wide population would have a positive impact on the rampant rural poverty in Bangladesh.

The Grameen Bank (literally, "Bank of the Villages", in Bengali) is the outgrowth of Yunus's ideas. The bank began as a research project by Yunus and the Rural Economics Project at Bangladesh's University of Chittagong to test his method for providing credit and banking services to the rural poor. In 1976, the village of Jobra and other villages surrounding the University of Chittagong became the first areas eligible for service from Grameen Bank. The Bank was immensely successful and the project, with support from the central Bangladesh Bank, was introduced in 1979 to the Tangail District (to the north of the capital, Dhaka). The bank's success continued and it soon spread to various other districts of Bangladesh. By a Bangladeshi government ordinance on October 2, 1983, the project was transformed into an independent bank. Bankers Ron Grzywinski and Mary Houghton of ShoreBank, a community development bank in Chicago, helped Yunus with the official incorporation of the bank under a grant from the Ford Foundation. The bank's repayment rate was hit following the 1998 flood of Bangladesh before recovering again in subsequent years. By the beginning of 2005, the bank had loaned over USD 4.7 billion and by the end of 2008, USD 7.6 billion to the poor.

The Bank today continues to expand across the nation and still provides small loans to the rural poor. By 2006, Grameen Bank branches numbered over 2,100. Its success has inspired similar projects in more than 40 countries around the world and has made World Bank to take an initiative to finance Grameen-type schemes.

The bank gets its funding from different sources, and the main contributors have shifted over time. In the initial years, donor agencies used to provide the bulk of capital at very cheap rates. In the mid-1990s, the bank started to get most of its funding from the central bank of Bangladesh. More recently, Grameen has started bond sales as a source of finance. The bonds are implicitly subsidised as they are guaranteed by the Government of Bangladesh and still they are sold above the bank rate. Below there is a look at a glance of Grameen Banks Performance Indicators & Ratio Analysis till December 2011.

Grameen Bank

2.2: Performance Indicator till December 2011 from 2008

Institutional characteristic:	2008	2009	2010	2011
1.Total assets (In million Taka.)	82,801	103,005	125,397	140,441
Total assets (In million USD)	1,205	1,491	1,781	1,763
2.Number of offices	2,884	2,911	2,914	2,912
Number of employees	24,240	23,283	22,255	22,128
Outreach indicators:				
3.Number of branches	2,539	2,562	2,565	2,565
4.Number of members (In millions)	7.67	7.97	8.34	8.37
5.Number of active borrowers (In millions)	6.21	6.43	6.61	6.58
6.Number of active borrowers per branch (year-end)	2,448	2,508	2,578	2,566
7.Number of loan officers	14,000	13,262	12,613	12,537
8.Percent of women members	96.88%	96.79%	96.39%	96.12%
9.Average loan balance per borrower (USD)	104	123	143	144
Loan portfolio:				
10.Loans	906	1,151	1,366	1,362

(Principal Amount) disbursed (In million USD)				
11.Number of loans disbursed (In millions)	7.18	8.25	8.61	8.00
12.Total loan outstanding (gross) (In million Taka)	44,412	54,718	66,350	75,294
14.Overdue loans (In milion Taka)	1,236	1,439	633	1,019
15.Portfolio growth rate	22.22%	23.20%	21.26%	13.48%

2.3:What Is Microcredit:

The word "microcredit" did not exist before the seventies. Now it has become a buzzword among the development practitioners. I think this is creating a lot of misunderstanding and confusion in the discussion about microcredit. We really don't know who is talking about what. I am proposing that we put labels to various types of microcredit so that we can clarify at the beginning of our discussion which microcredit we are talking about. In my view microcredit is, the lending of very small amounts of money at low interest, especially to a start-up company or self-employed person. It is also called microlending.

2.4:Difference between Grameen Bank and Commercial Bank.

- **No Collateral**

GB does not require any collateral against its micro-loans. Commercial banking is based on collateral, the principle that the more you have, the more you get. Grameen methodology is not based on assessing the material possession of a person. While commercial banks look at what has already been acquired by a person, Grameen looks at the potential that is waiting to be unleashed in a person.

- **No Legal Instrument**

Since the Grameen does not wish to take any borrower to the court of law in case of non-repayment, it does not require the borrowers to sign any legal instrument. There is no stipulation that a client will be taken to the court of law to recover the loan, unlike in the conventional system. Commercial banks go into punishment mode when a borrower is taking more time in repaying the loan than it was agreed upon. Grameen Bank allows such borrowers to reschedule their loans without making them feel that they have done anything wrong.

- **Branches in the Rural Area**

'Grameen' means "rural" or "village" in Bangla. Grameen Bank branches are located in the rural area, unlike the other commercial bank which tries to locate themselves as close as possible to the business districts and urban centers. First principle of Grameen is that the clients should not go to the bank, it is the bank which should go to the people instead. Grameen Bank has 2,565 branches, works in 83,566 villages with 22,128 staff.

- **Low Interest Rates**

Government of Bangladesh has fixed interest rate for government-run microcredit programmes at 11% at flat rate. It amounts to about 22% at declining basis. Grameen's interest rate is lower than government rate. There are four interest rates for loans from GB : 20% for income generating loans(so-called "Basic Loan"), 8% for housing loans, 5% for student loans, and interest-free loans for beggars. All interests are simple interest,

calculated on declining balance method. If a borrower takes a basic loan, and pays back the entire amount within a year in weekly installments, borrower will pay a total amount of principle, and equivalent to 10% interest for the year.

2.5:Grameen Bank Methodology

- **Group**

Basic unit of the Grameen system is the group, and the group is organized based on following criteria.

- 1) Must be poor. You must own less than 50 decibel of land, and must own less than 1500TK value of asset. In general, GB define it as "**Landless & Assetless**"
- 2) You must gather **at least 5 members** to form Group (Minimum 5~Maximum 10).
- 3) Members **must not be blood-related**.
- 4) Group members **must have permanent residence of locality and neighboring each other**, and they must be in similar mentality and economic situation.

If the group is organized, they elect 1 person as a chairman, and 1 person as a secretary. Term of service is 1 year, so **every member can be the chairman**.

Chairman represents her/his group. She/He consists of counting and collecting money from group members, and raises any issues that her/his group has encountered: in terms of repayment, illness etc. When the group first joined in GB, they **must complete seven consecutive days training course**(without holiday). During this course, GB's center manager teach them discipline(sixteen decisions, meeting schedule time etc.), how to sign their name, how to save the money etc. And they also introduce the products of GB. **Every day, group member must take at least 10TK to learn how to save the money.**

- **Center**

Center consist of 8~10 groups. And they have meeting once a week(before noon) for loan installment, savings, and communication. It is called "**Center Meeting**". Center meeting is the place where the borrowers and the center manager get together. There are center leader in the center, who represents the center.

Center Leader's Duty

- 1) Discipline and motivate center members
- 2) Supervise check loan utilization.
- 3) Propose for loan on behalf of the members.
- 4) Sign on a loan proposal form which will be given to center manager.
- 5) Take care of total center in all regards.

It is almost similar to Group chairman's task, but there are two differences between

chairman and leader. **First**, center leader have authority to propose for loan on behalf of the center member. **Second**, she/he signs on a loan proposal form.

<Function of Center as a whole>

1. To ensure the financial possibility that has been created through GB among the borrowers, the center must work to make sure the discipline and to make them hardworking, interacting. First duty of the center will be to create a balance and healthy atmosphere in center that can help the borrowers in all regards.
2. The center must be attempt to create awareness of the borrowers so that they can be self-motivated, interactive among the groups, and the groups can utilize their loan properly and repair very well.
3. The center will help the borrowers to make themselves productive, and to find new sources of income, and in this case, the borrowers will help other borrowers in case of transportation, marketing, and getting a standard of market price.
4. If there is a problem in the center, they will try to solve themselves.
5. The group leader and the center leader will be communicating with bank all the time, and they will help the bank in all respect.
6. If there is any beggar in locality, the center will find them out, and manage to get loan for him/her and try to make his/her life productive.

• **Branch**

Branch is the place where the **actual loan task is occurred**. People who want to get a loan, propose to center manager at the center meeting. Center manager fills up form and submit to the branch manager. Then, branch manager visits the house of the member to review his qualification. If he is eligible to get a loan, the loan proposal form goes to area. After approval of area manager, the work is finally done. After these processes, branch manager finally fills up <**Loan Disbursement Ledger**>.

Loan installment and saving deposit working take place in center, but the branch is the essential core of micro-financing.

<Viability of Branch>

1. Well-Motivated & Disciplined staff.
2. Well-Motivated & Disciplined borrowers.

3. Planning and Monitoring to maintain right number of members

- Need to replace leaving member
- Loan utilization checking
- Supervise all the time

- **Process of Loan - 3 steps to loan proposal making**

Step 1. First, people who want to get a loan discuss with the group member.

If all group member agree, group chairman propose it to center leader.

Then, center leader propose to center manager in behalf of center member at the next center meeting.

Step 2. Center manager fills up form and submit to the branch manager.

Step 3. Form goes to the area. Program officer verify the form and check eligibility, then Area manager approve the loan.

All the process from step 1 to step 3 take a week.

- **Struggling Members Programme**

Struggling Member Loan is one of the loan product from Grameen. However it is not only finance loaning, but also social work. It started from July 2002, as countermeasure for begging. Begging is the last resort for survival for a poor person, unless they return into crime or other forms of illegal activities. Among the beggars, there are disabled, blind, and retarded people, as well as old people with ill health.

Objective of this program is to provide financial services to the beggars to help them find a dignified livelihood, send their children to school and graduate into becoming regular Grameen Bank members. About 108,741 beggars have already joined the program. Total amount disbursed stands at 124.81millionTK. Of that amount of 91.60millionTK has already been paid off.

- **Basic features of the program are :**

- Existing rules of GB do not apply to beggar members; they make up their own rules.
- All loans will be interest-free. Loans can be for very long term, to make repayment installments very small. For example, for a loan to buy a quilt or a mosquito-net, many borrowers are paying TK 2.00 (3.4 cents US) per week.
- Loan limit: 500~5000TK
- No interest rate, No time limit, No condition
- Beggar members are covered under life insurance and loan insurance program without paying any cost.
- Groups and Centers are being encouraged to become patrons of struggling member.
- Each struggling member receives an identity badge with Grameen Bank logo.

She can display this as she goes about her daily life, to let everybody know that she is a Grameen Bank member and this national institution stands behind her.

- Members are not required to give up begging, but are encouraged to take up an additional income-generating activity like selling popular consumer items door to door, or at the place of begging.

2.6:Company's Value:

The main vision of the Grameen is to remove poverty from the country with best practices and highest social commitment.

- Result Driven
- Engaged & Inspired
- Accountable & Transparent
- Focused on Borrowers Delightment
- Courageous & Respectful

2.7:Banking Division:

I worked in two branch office in Grameen bank. All the employees are very experienced at their work. They know what to do for the betterment of their organization. In a branch office there are 8-9 employees.Among them,

- 1 branch manager,
- 1 second officer,
- 5-6 centre manager,
- 1 caretaker.

Generally Banking Division of Grameen Bank contains following Sections and activities:

1. Deposit Section (for both borrower and non borrower)
2. Savings section(only for the borrower)
3. Loan Section

2.8:Company Competitive Scenario:

There are many NGO's in Bangladesh who are doing microcredit banking in Bangladesh. Some of them are BRAC, PROSHIKA, ASA etc. Bangladesh is witnessing steep growth in the uptake of microcredit loans for the past 5-6 years. Microcredit banking has been growing at a fast rate for the past few years, for the development of the infrastructure of Bangladesh and to remove poverty from Bangladesh. Now, all private and state-owned microcredit organizations have come up with more and more benefits to attract customers. BRAC, Grameen Bank and ASA are leading microcredit organizations who are growing their revenue through Microcredit Banking. City Bank is one of the oldest private Commercial Banks operating in Bangladesh. It is a top bank among the oldest five Commercial Banks in the country which started their operations in 1983.

Chapter: 03

My Job Part

I started my internship at Grameen Bank on 20th January, 2013. On the first day I had to report to the head office of Grameen Bank at Mirpur. Then I had a personal meeting with Mr. Ratan Kumar Nag, head of international program department, along with my supervisor Mr. Abdus Sabur Khan. There I was given the opportunity to see the Relationship Banking of Grameen Bank. For that I had to visit 2 branch offices which is situated in rural area. After starting my internship over there I had to stay at head office for first fifteen days. There I learned about total procedure of doing microcredit banking by Grameen Bank by attending different training classes with the higher officials. Unlike other corporate banks or organizations the internship process is also different in Grameen Bank. After joining as an intern first the intern has to join some training classes to know the process of doing microcredit banking and other important programmes of GB and then he/she will be sent to the branch offices to see the practical process of doing microcredit banking. I was given the opportunity to evaluate the relation between the borrowers and the employees of GB.

3.1: Relationship Banking of Grameen Bank:

The prospect of relationship in case of microcredit banking is increasing nowadays because it is fundamentally a customer based business and it serves a large number of small customers (individuals and business). In Grameen Bank they think a good relationship in microcredit banking is the kind of Personal Banking or Consumer Banking because they help the customer or borrower to remove their poverty. GB think the utilization of relationship banking as a business strategy to increase customer retention, create customer loyalty and ultimately increase long-term profits is a relatively young tactic. The correct application of relationship banking could impact on the bottom-line of banks favorably. As the positioning of this research to investigate the effect of the relationship banking of GB offering on customer loyalty, and its use in realizing customer loyalty and long-term value from relationship banking initiatives. One of the challenges for GB is how to differentiate themselves from their competitor's services. Differentiation based on price and cost strategies is normally short-lived, and the only real way to differentiate is through relationships and service propositions. To establish and maintain a competitive advantage, GB like to retain customers through strong relationships. In Bangladesh relationship banking has mainly focused on corporate and commercial, rather than microcredit banking in the past. However, the focus has changed and the value of building closer relationships with business customers has increased in recent years. GB knows that a good standard of measuring the quality of a relationship is loyalty and loyalty ensures that the relationship is retained during the best of times as well as the worst. "For loyalty, it is not only how satisfied you keep your customers, but how many satisfied customers you keep". That's why GB give more emphasis on innovation and service quality to get customer retention.

3.2:Goal of Relationship Banking of Grameen Bank :

As Grameen Bank is practicing relationship marketing to increase loyal customer, there have some other goal to achieve through relationship marketing.

- To give more service and facilities to current borrowers because maintain new borrower is more costly than existing or loyal borrower.
- Build and maintain a base of committed & profitable borrowers group which will always work as a support system of Grameen Bank.
- As loyal borrowers frequently help to attract new borrower through word of mouth.
- By quality & service Innovation Grameen Bank try to understand the borrowers needs and latent demand which will controlled turnover of borrower.
- Encourage the loyal borrower to buy more service to improve his/her current situation along with relationship and facilities.

The overriding goal is to move as many profitable borrowers to get and help them to developed their current situation.

3.3:Importance of Relationship Banking for Creating Customer Loyalty :

By building a meaningful relationship with customers, GB trying to increase market share and improving its quality because they think that it will help to decrease the poverty limit of Bangladesh. GB should grow their customer base faster than the relationship cost base. And GB knows that the value of the relationship grows over time through extended product and service use, cross selling and word-of-mouth referrals. The lifetime of a Borrower relationship is linked to the retention rate, and as the retention rate increases, the borrower life increases. The cost of winning a new borrower can be more expensive than keeping an existing one, which reduces the return on investment. And it is also the importance of customer retention through relationship banking.

The relationship lifetime value or customer lifetime value is based on the value that is generated by the relationship assets. The ultimate profit of the GB from relationship banking is based on the cost of establishing a relationship and also maintaining or retaining the relationship. In relationship banking it is important to determine which borrowers must be retained or type of customers that must be gained. Relationship Banking encourages management to focus on the long term relationship and current borrower.

3.4:Relationship Banking in Bangladesh at Service Industry:

As the Banking industry is become more relationship oriented than transaction oriented, few public banks are not concentrate on the relationship banking in Bangladesh. Grameen bank tries to make a good relationship with their borrowers in case of doing their microcredit banking in rural area. The basic differentiating factor in today's market is service quality. In general, service quality promotes customer satisfaction and stimulates intention to return. As grameen bank has no right to go for a help from the law while doing their operation. So it is important for them to continue a good relationship with the borrowers. Relation oriented banking is the most important segment of the services provided by the private commercial banks as well as the micro credit organizations in Bangladesh. This indicates that the commercial banks and microcredit organization of Bangladesh should focus more on the service quality dimensions to improve the service quality in thier banking. And relationship banking is the key for both microcredit and general banking because GB think "Personal Banking or Borrower Banking". Individual have different needs and wants. Borrower of GB getting quality service, good performance and innovative offerings which attract the Borrower and through the better service or personalize service GB make the customer loyal and customer loyalty provide Customer retention. And the GB relationship banking focus on long term profitable relationship and gives preference to their current customer. It is because it will develop the borrowers current condition.

3.5: Relationship banking process of Grameen Bank in General Banking:

Relationship banking has no particular process for any bank but GB maintain certain process when a Borrower take any loan or deposit service first they have to fulfill the form with his information . And GB give some service like “Pass book” which help the Borrower. For major kind of changes GB publish the news in Daily newspaper and website. And in every occasion GB give the greeting and try to give the gift and discount and other surprises to their loyal customer to make them more loyal. And some time GB organize some events to make their Borrower feel special and entertain them, for example, “workshop for the borrowers”. In this way the GB maintain their relationship with their Borrower to make them loyal. In the bank they have a process to track the Borrower need and communicate with them.

3.6:Personal Experience:

On the 20th January,2013, I took my first steps inside the Grameen Bank Head office to start working there as an intern for International Program Department. I worked there for two weeks. After that they send me to a branch office in Manikgonj named “Daragram” for one month. There I saw the actual operation of Grameen Bank. How they give loan to the borrowers, how they form a group, how groups form a centre, how the member of grameen bank took loan from GB and developed their economical situation. After coming back from that branch office , again they sent me to another branch named “Dubail Delduar” in Tangail. On that intern period time, I did not know what to expect. However, today I feel much more different as I pen down my experience.

My entire three months tenure has been beyond my imagination. Being able to work with such type of people has made me grow as a person. The entire opportunity has enabled me to gain knowledge on various aspects of the microfinance business world.

My alliance was mainly public relation and communications under the supervision of Abdus Sabur Khan, Principle Officer of Grameen Bank. Working with him has just been brilliant. Some list of works what I have done in my internship period are give below

- Data entry in excel sheet(after coming back from the branch offices).
- branch Visit in Village area
- Collect Repayments from the borrowers by the help of centre manager.
- Write Purchase Requisites
- Assisted in the GB events
- Assisted to create new loan
- Attending the meeting of Branch Managers with Dr. Yunus.

I have also had the chance to work with Md Hossain Ali, General Manager and administration chief of Grameen Bank who is responsible to take care all of the administration work in Grameen Bank. I am really thankful to the International Program Department for making me feel so welcome and supporting me through all my activities.

Chapter: 04

SURVEY FINDINGS & ANALYSIS

4.1: Measuring the effect of the Relationship Banking on Borrowers Loyalty:

During my internship in The Grameen Bank at Head office in Mirpur-2 and after in the branch office, I have analyzed various aspects of those particular branch. I did a qualitative analysis of satisfaction and performance level of customer towards those branch office of The Grameen Bank from a borrowers point of view.

I conduct a probability random sampling which is random in nature to collect the data from Borrowers and non borrowers(only depositor) to measure the satisfaction level and customer loyalty in general banking. As we know the customer loyalty and customer satisfaction level indicates the effectiveness of the relationship banking of GB. Moreover I did a descriptive analysis by observing the different aspects of The Grameen Bank.

4.2: Sample Size:

The sample size used in this study is 20. The sample size was low assuming that the homogeneity prevails in borrowers perception related to service quality of microcredit banking. And this service quality driven the borrowers loyalty and providing those special services are in the part of relationship banking. I asked them some questions regarding the relationship banking of Grameen bank to fulfill my criteria to know about its operations with the borrowers.

4.3: Sampling Technique and Procedure:

The sampling technique used in this study was random probabilistic in nature. More accurately convenient sampling was used. The sample was taken randomly. To analyze the customer perception about GB, I conducted ,

4.4:SWOT Analysis of Relationship Banking :

Strength:

- Large client base all over the country
- Quality Product & service(in case of microcredit)
- Company reputation & goodwill
- Large number of Branches all over the country
- Awards and excellent Brand Value
- Skilled Human Resource.

Weakness:

- Lack of adequate marketing effort
- Lack full scale automation
- Lack of Trained employees
- Do manual accounting in the branch offices

Opportunity:

- Value addition of product & service for the borrowers
- Increasing purchasing power of people specially the women
- Increasing trend in doing small business
- Economic growth of Bangladesh

Threat:

- The term “ Microcredit” can be used in negetive way
- National & global political unrest
- Market pressure for lowering of lending rate
- Increased competition for market share in the industry
- Price war

4.5: Analysis of Customer Satisfaction Level and loyalty for Relationship Banking in GB:

- **Facility you get from the GB micro-credit banking is it appropriate?**

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly agree	14	70%	70%	70%
Agree	4	20%	20%	90%
Neutral	2	10%	10%	100%
Total	20	100%	100%	

Interpretation

When I asked the Both the borrowers and non-borrowers of GB about the facility they getting from Microcredit banking and their satisfaction level, the 70% of the responded are strongly agreed, 20% responded are agreed and 10 % responded are neutral . And the 0% of the responded are disagree and strongly disagree. From this analysis we come to the point that most of the people are fully satisfied with the facility GB banking have, only few responded are neutral and have confusion about the service. As the most of the people strongly agreed so they are delight about the service and its also represent the strong relationship banking of GB.

- **Is the GB give better service than other microcredit organizations?**

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly agree	4	20%	20%	20%
Agree	5	25%	25%	45%
Neutral	10	50%	50%	95%
Disagree	1	5%	5%	100%
Total	20	100%	100%	

Interpretation

Here I asked the Customer that is the GB give better service then other microcredit organizations, and the 20% of the responded are strongly agreed and 25% are agreed and 50% are neutral about the GB general banking service. And 5% of the responded are disagree because they think other organizations give better service then GB. As the few number of responded are not going with GB, most of the people are agreed or like the GB banking. So, as a result GB maintain a good relationship and give better service to their existing customer.

- **Do you expect any sort of benefit from the loan you take from GB rather than using your own money while you have sufficient money to do business?**

	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	9	45%	45%	45%
No	11	55%	55%	100%
Total	20	100%	100%	

Interpretation

I asked responded about the expectation of any sort of benefit from GB. Then I found that the 45% of the responded are agreed it means they expect sort of benefit from GB. And 55% responded do not expect any sort of benefit from GB. As a result the GB is providing appropriate service toward of the customers.

- **Do you think it is effective(ex:the loan) to solve your problem?**

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly agree	9	45%	45%	45%
Agree	9	45%	45%	90
Neutral	1	5%	5%	100%
Disagree	1	5%	5%	
Total	20	100%	100%	

Interpretation

The most of the customer of the GB microcredit banking think that all the products or services of the GB microcredit banking is effective to solve the problem. From this analysis I found that the 45% of the responded are strongly agreed and 45% of the

customer or responded agreed. And 5% responded are neutral and the 5% of the responded is disagreed, it shows that the GB Microcredit banking is effective for solving customers problem and which is the result of GBs' relationship banking.

- **Are you satisfied about the communication of Grameen Bank?**

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly agree	1	5%	5%	5%
Agree	12	60%	60%	65%
Neutral	3	15%	15%	80%
Disagree	4	20%	20%	100%
Total	20	100%	100%	

Interpretation

In microcredit banking Customer wants the frequent communication from the bank, and in this point the GB customer is satisfied about the frequent communication. From the analysis I found that the 5% of the customer is strongly agreed and 60% of the customer are agreed and 15% are neutral and only few number of customers are disagreed like 20% of responded. As a result the communication of the GB is effective and it is the important factor of relationship banking.

- **Do you get proper response from GB when you need them?**

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly agree	13	65%	65%	65%
Agree	6	30%	30%	95%
Neutral	1	5%	5%	100%
Total	20	100%	100%	

Interpretation

In any problem or confusion borrowers want the solution or proper response from the bank and in this situation the 65% responded are strongly agreed and 30% of responded agreed and only 5% of the customer are confused about it. From this analysis we found that as there is no complain and most of the borrower is getting proper response from the GB. So GB is very concern about their existing customer and maintain proper relationship with them.

- **Are you satisfied with the Approach of the employees in The Grameen Bank?**

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly agree	1	5%	5%	5%
Agree	5	25%	25%	30%
Neutral	12	60%	60%	90%
Disagree	2	10%	10%	100%
Total	20	100%	100%	

Interpretation

Employee is the assets of every organization and to guide them organization maintain the relationship with their customers. Employee represent the organization and it is the 1p (people) from the 7ps of service marketing. Here the 5% of the responded strongly agreed and 25% of the responded are agreed and 60% of the responded are neutral and only 10% of the responded are disagreed or dissatisfied with the approach of the employees in GB. As there few customers are dissatisfied than satisfied customer, so GB is properly guide their employee to maintain good relationship with the customer.

- **Is there any objection against microcredit banking of GB?**

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly agree	0	0%	0%	0%
Agree	1	5%	5%	5%
Neutral	10	50%	50%	55%
Disagree	5	25%	25%	80%
Strongly Disagree	4	20%	20%	100%
Total	20	100%	100%	

Interpretation

As the need and choice is vary from borrower to borrower that's why borrower can have some objections about the service. So in this point only the 5% of the responded have objections and the 25% and 20% of the responded are disagreed and strongly disagreed and 50% of the responded are neutral about it. So, we found that the GB providing better service and maintaining strong relationship with their borrowers.

- **Are you satisfied with their service?**

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly agree	7	35%	35%	35%
Agree	8	40%	40%	75%
Neutral	3	15%	15%	90%
Disagree	2	10%	10%	100%
Total	20	100%	100%	

Interpretation

From this analysis we found that the satisfaction level of the GB of microcredit banking is very high. Here the 35% of the customer is strongly agreed so they are delight and 40% of the customer agreed so they are satisfied and 15% are neutral they neither satisfied nor dissatisfied. However the 10% of the customer is disagreed so they are dissatisfied for some reasons. As, in this analysis the satisfied customer is more than the dissatisfied, the relationship banking is effective for GB microcredit banking.

- **How satisfied are you with the quality of micro-credit banking service?**

	Frequency	Percent	Valid Percent	Cumulative Percent
Delight	5	25%	25%	25%
Satisfied	11	55%	55%	80%
Neutral	2	10%	10%	90%
Not Satisfied	1	5%	5%	95%
Storngly Dissatisfied	1	5%	5%	100%
Total	20	100%	100%	

Interpretation

When I want to know the satisfaction level of the customer about the service giving by the GB I found that the 25% of the responded are delight and 55% of the customer are satisfied and 10% of the customer are neither satisfied nor dissatisfied and 5% of the responded is not satisfied and very few only 5% responded are very dissatisfied about the service of GB microcredit banking.

- **Did you recommend Grameen Bank to your relatives/ Friends / Colleagues?**

	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	17	85%	85%	85%
No	3	15%	15%	100%
Total	20	100%	100%	

Interpretation

From this analysis we can see that the 85% of the customer will recommend GB to their friends, family members and colleagues. And the 15% of the customer will not recommend the GB. As the most of the customer recommend the GB and it proves that the GB maintaining relationship banking very effectively for this reason they are also getting the result.

- **How satisfied are you with the fees/service charge of the Microcredit banking?**

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly agree	1	5%	5%	5%
Agree	7	35%	35%	40%
Neutral	10	50%	50%	90%
Disagree	2	10%	10%	100%
Total	20	100%	100%	

Interpretation

Here the most of the customer of the GB are satisfied with the fees/ service charge of the retail banking. 5% of the responded are strongly agreed and 35% of the responded agreed and 50% of the responded are neutral and only 10% of the responded are disagreed. So, most of the customers are satisfied with the fees and service charges of GB banking.

- **Do you have trust on the system of microcredit Banking of Grameen Bank?**

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly agree	7	35%	35%	35%
Agree	5	25%	25%	60%
Neutral	5	25%	25%	85%
Disagree	2	10%	10%	95%
Storngly Disagree	1	5%	5%	100%
Total	20	100%	100%	

Interpretation

From this analysis the customer of the GB microcredit banking have trust on the GB banking system. 35% of the responded are strongly agreed and 25% of the responded are agreed and 25% of the responded are neutral and 10% of the responded are disagreed and 5% of the responded are strongly agreed. As most of the customers have trust on the GB, it means the GB providing effective service to their existing customer.

- **How satisfied are you about the market reputation of the Grameen bank?**

	Frequency	Percent	Valid Percent	Cumulative Percent
Delight	5	25%	25%	25%
Satisfied	11	55%	55%	80%
Not Satisfied	4	20%	20%	100%
Total	20	100%	100%	

Interpretation

Here the most of the customer is satisfied about the market reputation of GB. The 25% of the responded are delighted and 55% of the responded are satisfied and 20% of the responded are not satisfied about the market reputation of GB. So GB has good market reputations, which also increase the satisfaction level of customer.

- **Are you satisfied when the bank updates you about your account/loan information?**

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly agree	3	15%	15%	15%
Agree	13	65%	65%	80%
Neutral	3	15%	15%	95%
Disagree	1	5%	5%	100%
Total	20	100%	100%	

Interpretation

Here the 15% of the responded are strongly agreed 65% of the responded are agreed and 15% of the responded are neutral and only 5% of the responded are disagreed. From this analysis we found that most the responded are satisfied when the bank informed them about their loans and accounts information.

4.6: Measuring of the Perception of Grameen Bank Services among the Borrower or customer

- Do you think GB doing proper banking in micro-credit industry?

	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	15	75%	75%	75%
No	5	25%	25%	100%
Total	20	100%	100%	

Interpretation

Here the 75% of the responded think that the GB is doing proper retail banking in banking industry and the 25% responded think the GB is not doing proper retail banking. As most of the customer in favor of GB, it also proves the effective relationship banking of GB.

- Do you think they should more improve their banking system?

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly agree	3	15%	15%	15%
Agree	5	25%	25%	40%
Disagree	12	60%	60%	100%
Total	20	100%	100%	

Interpretation

From this analysis we can see that the most of the responded do not want more improvement in GB banking system. Here the 15% of the responded are strongly agreed and 25% are agreed and 60% of the responded are disagreed. So most of the responded do not want any improvement in GB general banking system, it proves that most of the customers are happy with the existing banking system of GB.

- **Do you feel good to be a part of this micro-credit banking service?**

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly agree	1	5%	5%	5%
Agree	12	60%	60%	65%
Neutral	3	15%	15%	80%
Disagree	4	20%	20%	100%
Total	20	100%	100%	

Interpretation

As a part of the GB general banking most of the customer is happy. From this analysis 5% of the customer strongly agreed and 60% of the customer agreed and 15% are neutral and 20% are disagreed about it. So, the most of the responded are like to be a part of the GB. It is a good achievement for the organization and it increases the brand value.

- **Do you think GB need to give much more service to make some differences?**

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly agree	12	60%	60%	60%
Agree	5	25%	25%	85%
Disagree	3	15%	15%	100%
Total	20	100%	100%	

Interpretation

Customers of the GB think that GB do not need to adopt any new service to more make differences. From this analysis 60% strongly agreed and 25% are agreed and 15% of the customer are disagreed about it. As most of the customers will be satisfied if GB give them some more services then other microcredit organization in Bangladesh.

- **Do you think by doing this banking they can remove the poverty of Bangladesh?**

	Frequency	Percent	Valid Percent	Cumulative Percent
Agree	5	25%	25%	25%
Neutral	11	55%	55%	80%
Disagree	4	20%	20%	100%
Total	20	100%	100%	

Interpretation

Here the 25% of customer agreed and 55% of the customer neutral and 20% of the customer disagreed that the GB general banking can remove the poverty of Bangladesh. As most of the people think the can remove the poverty of Bangladesh, GB has positive impact on customer mind.

- **Do you think GB has difference in their banking system then others?**

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly agree	6	30%	30%	30%
Agree	6	30%	30%	60%
Neutral	5	25%	25%	85%
Disagree	3	15%	15%	100%
Total	20	100%	100%	

Interpretation

From this analysis we found that GB has positive difference in their banking than others. Here the 30% of the responded are strongly agreed and 30% of the responded are agreed and 25% of the responded are neutral and only 15% responded are disagreed. So, most of the customer think the GB has positive difference in their retail banking than others bank.

- **Do you think GB communicate more frequently than others MCO's?**

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly agree	5	25%	25%	25%
Agree	6	30%	30%	55%
Neutral	6	30%	30%	85%
Disagree	3	15%	15%	100%
Total	20	100%	100%	

Interpretation

In this analysis we found that to compare other MCO's Grameen bank communicate with their client more frequently. Here the 25% of the responded strongly agreed and 30% of the responded agreed and 30% are neutral and 15% are disagreed. As the most of the responded think that the GB communicate more frequently than others bank so, GB relationship banking is stronger than others.

4.6: Findings and Analysis

The major findings of the analysis represent that,

- The responded or the customer of the Grameen Bank of micro-credit Banking are Satisfied with the Services and Product.
- The customer or the responded are very much loyal and spread positive word of mouth.
- The responded feel honored to relate with the GB banking because of the market reputation of GB is high in case of micro-credit.
- Existing customers are satisfied with the current banking process and do not want any kind of changes but if happens then it should be positive.
- The employee of the Grameen Bank also performing well because the customers are satisfied with their approach and service.
- In terms of fees and charges customers are satisfied with current fees and charges. As the fees and service charges are almost same with the competitor, the customers are satisfied for quality service with same charges.
- For the relationship banking the Grameen bank try to delight their existing customer and maintaining superior relationship.
- Most of the responded or customer are introduce with the Grameen bank from their Friends and family members.
- Facilities and offerings of the GB are appropriate for the customer but some customer wants more benefits from the Gb microcredit banking.
- The frequent communication is very important in relationship banking and customers of GB are satisfied about the frequent communication.
- The GB is very much responsive about the customer problem. And the most of the customers are satisfied about the response from GB.
- As the customer are satisfied with the service quality and new product and also the response and communication of the Grameen Bank so, the GB Relationship Banking on microcredit department is very effective.

Recommendations

Conclusion

Grameen Bank is working with passion and activity, allowing the poor people to get a microcredit. As Dr. Yunus said, "Credit is a human right." During this internship, I realize that poverty is actually caused by the social structure rather than any lack of capability on the part of the people. I am one of the witness who saw how microcredit helps people, how the poor people get a loan, how they overcome the poverty. After this internship I have realized the effectiveness of microcredit and how it has revolutionized the life of the poor. Of course, financial aid is not the one and only solution to the poor. However, if this kind of institution can give hope and courage to the poor, we could surely put poverty into museum.