

STANDARD CHARTERED BANK



Standard Chartered is a leading international banking group committed to building a sustainable business over the long-term. They operate in some of the world's most dynamic markets and have been for over 150 years.

Internship Report
On
Standard Chartered Bank

Prepared for
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Letter of Transmittal

10th October, 2013
Mohammad RezaurRazzak
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Subject: Submission of Internship Report

Dear Sir,

I hope you will be pleased to know that I have completed my Internship at Standard Chartered bank in Bond Transaction Processing & Operation Department. It gives me immense pleasure to complete my Internship successfully and submit this report on the analysis I have conducted during my internship period. At every segment of making this report, I tried to enhance my knowledge about the system or work flow of Standard Chartered Bank Limited. This report will try to give the picture of my efforts and ability.

It would be very kind of you for examine my report work and give me further suggestions and enhanced my clarification due to future prospects.

Sincerely,
FariaBinteMostafiz
ID: 09304114

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There is an English proverb “Two heads are better than one”. That is, no one can obtain a noble objective alone. This internship report is an accumulation of many people’s endeavor. But at the beginning I would like to convey my sincere appreciation to the almighty Allah for giving me the strength & the ability to finish the task within the planned time. Then I like to express my sincere gratitude to everyone who contributed towards preparing & making this study successfully. Major contribution was received from the officers of Standard Chartered Bank as from the Bond Transaction Processing & Operation department. To prepare this internship report considerable thinking & information input from various sources were involved.

First of all I would like to express my Sincere & immense gratitude to my internship supervisor MD. RezaurRazzak, Director of BRAC Business School, BRAC University. I am deeply indebted to his whole hearted supervision to me during the Internship Period. His valuable suggestion & guideline helped me a lot to prepare the report in a well-organized manner.

I would also like to thank the authority of Standard Chartered Bank for giving me the opportunity to do my internship in their well renowned bank. The experience & knowledge gained in Standard Chartered Bank helped me to understand different elements related to my study. I would like to give thanks to:

- MD. EHTESHAMUL HAQUE, Department Head
- MD. MAKSUDUR RAHMAN, Senior Manager Encashment
- MD. IQBAL HOSSAIN Manager
- MS. FARAHNAZ HABIB, Manager
- MD. NAHIAN BIPOB, Asst. Manager

I am also grateful to each & every employees of these departments for their cordial acceptance. They have been very helpful in showing me the work process and provided relevant information for my report whenever I approached.

Finally, I want to keep my thanks to my parent who gave special attention to me from the very beginning and during the preparation of report & the internship program.

It was a great opportunity to do internship in Standard Chartered Bank Limited. The experience I have gathered will be a privilege for my future career planning.

Executive summary

After studying numerous theoretical concepts during the various coursework's of my BBA program I understanding the practical implications and applications is the next step in the learning process. The BBA internship program provides an opportunity for such steps. In due course of completing my internship project and compiling this report I came to learn about Bonds & Securities.

There are some certain benefits and positive effects of the Bonds & Securities; again it also has some problems as well, which are listed in findings part of the report.

This report is based on practical working experience at Standard Chartered Bank as a part of internship program. This internship project attempts to examine the Issuing & encashment procedure of BTPO Department. Standard Chartered Bank is stepping in the realm of retail banking. To support Bangladesh Bank, my proposal Manual process will totally to ensure Fast service.

The issuing & encashment procedure followed by Standard Chartered bank consists of a set of sequential activities. The Issuing process formally starts with the submission of a purchase application from a client who must have an account with the Bank. Issuing process generally starts from the branch level. Meanwhile the branch sends application form to the BTPO Dept. & BTPO verify all information from Bangladesh Bank. Standard Chartered Bank follows some specific principles for these activities, which involve Know Your Customer (KYC), safety, liquidity etc.

Standard Chartered Bank BTPO has risk and profit. But a sound process supported by the quantitative analysis, qualitative judgment and a separate monitoring cell can reduce the risk to certain extent. So far Standard Chartered Bank could maintain a very good customer relation.

Standard Chartered Bank

Security Bonds Unit of Standard Chartered deals with some government bonds which are the product of Bangladesh Bank, such as Sanchayapatras, dollar premium

1.0 ORGANIZATIONAL PART

1. 1 Overview of Standard Chartered Bank (SCB)

Standard Chartered is a leading international banking group committed to building a sustainable business over the long-term. They operate in some of the world's most dynamic markets and have been for over 150 years. They mainly provide a wide-range of products and services for personal and business customers across 70 markets.¹ More than 90 per cent of our income and profits are derived from Asia, Africa and the Middle East. In the last nine years Standard Chartered Bank has reported record income and profits. Twenty-four of our markets now deliver over US\$100 million of income, fourteen over US\$100 million in profit. Listed on the London, Hong Kong and Mumbai stock exchanges, we rank among the top 20 companies in the FTSE-100 by market capitalization.²

1.2 Standard Chartered Bank in Bangladesh

The first branch of the Chartered Bank was established in Chittagong in 1948, followed by another branch in Dhaka in 1966. Since the formation of Standard Chartered Bank in 1969, the bank has gone for expansion in the country. According to SCB's Bangladesh website, in 2000, SCB acquired Grindlays Bank's business in Bangladesh and in 2006 it acquired American Express Bank's commercial banking business, which has allowed the bank to become the biggest foreign bank operating in Bangladesh.

SCB has invested heavily in people, technology and infrastructure to sustain the growth of the bank. The bank provides both consumer banking and wholesale banking services in Bangladesh and uses market knowledge and experience to serve institutional and corporate clients in the best way possible. SCB focuses on improving technology and this has allowed the bank to offer customers services such as Phone Banking, i-Banking and e-Lending.

¹ See appendix for SCB,s operations across countries

² SCB Official website, Retrieved from <http://www.standardchartered.com/en/about-us/who-we-are/index.html>

Standard Chartered currently has 26 branches, 57 ATMs and 7 financial kiosks and employs over 1300 people. The bank has branches in six cities-Dhaka, Chittagong, Khulna, Sylhet, Bogra and Narayanganj as well as branches in Dhaka EPZ and Chittagong EPZ.

1.3 Background of Standard Chartered Bank

Standard Chartered Bank was formed in 1969 through the merger of two separate banks, the Standard Bank of British South Africa and the Chartered Bank of India, Australia and China. These banks had capitalized on the expansion of trade between Europe, Asia and Africa.

The Chartered Bank

The Chartered Bank was founded by James Wilson following the grant of a Royal Charter by Queen Victoria in 1853. The bank opened in Mumbai (Bombay), Kolkata and Shanghai in 1858, followed by Hong Kong and Singapore in 1859. The traditional trade was in cotton from Mumbai, indigo and tea from Kolkata, rice from Burma, sugar from Java, tobacco from Sumatra, hemp from Manila and silk from Yokohama. The bank played a major role in the development of trade with the East following the opening of the Suez Canal in 1869 and the extension of the telegraph to China in 1871. In 1957 Chartered Bank bought the Eastern Bank, together with the Ionian Bank's Cyprus Branches and established a presence in the Gulf.

The Standard Bank

The Standard Bank was founded in the Cape Province of South Africa in 1862 by John Paterson, and started business in Port Elizabeth in the following year. The bank was prominent in financing the development of the diamond fields of Kimberley from 1867. It later extended its network further north to the new town of Johannesburg when gold was discovered there in 1885. The bank expanded in Southern, Central and Eastern Africa and had 600 offices by 1953. In 1965, it merged with the Bank of West Africa, expanding its operations into Cameroon, Gambia, Ghana, Nigeria and Sierra Leone. In 1987 Standard Chartered Bank sold its stake in the Standard Bank, which now operates as a separate entity.

1.3.1 Emergence of Standard Chartered Bank in Bangladesh

The Chartered Bank started operating in Bangladesh in 1948, opening a branch in Chittagong. The branch was opened mainly to facilitate the post-war reestablishment and expansion of South and Southeast Asia. The Chartered Bank opened another branch in Dhaka in 1966, where it is still headquartered.

After the merger of the Chartered Bank with the Standard Bank in 1969, the Standard Chartered Bank took up a program of expansion. It increasingly invested in people; technology and premises as its business grew in relation to the country's economy. In 1993, there was an organizational re-structuring, which led to a substantial expansion of the Bank's business.

Bangladesh is under the Middle East and South Asia (MESA) region, with the controlling office in Dubai. Its correspondent relationship with Sonali Bank, the largest bank in Bangladesh, gives its customers access to all major centers in the country. Standard Chartered Bank's worldwide network facilitates convenient connections with foreign trade and remittance business. Standard Chartered Bank's branch banking license in Bangladesh allows it to offer a full range of banking services.

Standard Chartered currently has 26 branches, 57 ATMs and 7 financial kiosks and employs over 1300 people. The bank has branches in six cities-Dhaka, Chittagong, Khulna, Sylhet, Bogra and Narayanganj as well as branches in Dhaka EPZ and Chittagong EPZ.

In the year 1999, Standard Chartered has acquired the operation of Grindlays Bank in the Middle East and South East Asian countries. Former Grindlays Bank started its journey in Bangladesh in 1905 under the name of Grindlays Bank. Standard Chartered Bank took-over the operation of ANZ Grindlays Bank in Bangladesh as a part of acquisition of the South East Asian and Middle East operation of the Australia and New Zealand Banking Group. SCB with its 18 branches and booths across Bangladesh had employed more than 600 people. The acquisition of ANZ has enabled Standard Chartered Bank (SCB) to access 500,000 new customers and 40 branches in India, and this made them one of the biggest banks in this region and in Bangladesh it is the largest foreign bank.

After acquisition, Grindlays Bank is a part of Standard Chartered Group. The Bank presently has 26 outlets in 6 cities in the country³. SCB engages itself for providing best quality banking service in retail, commercial and corporate banking segments. The countries top enterprises, multinational, large local corporations and many financial institutions are served by SCB. With total asset based of BDT 17.5 billion and annual turnover of BDT 1.78 billion, SCB in Bangladesh is amongst the top performing multinational bank.

1.4 Standard Chartered Bank's Governing Body

The SCB group board of directors has 17 members, consisting of one chairman, 5 executive directors, 10 non-executive directors and a company secretary. John Peace is the chairman of

³ See Appendix; Table: SCB outlets in Bangladesh

the board, while Peter Sands is the group CEO. SCB has six board level committees, each with a specific role and responsibilities. The committees and their purposes are:⁴

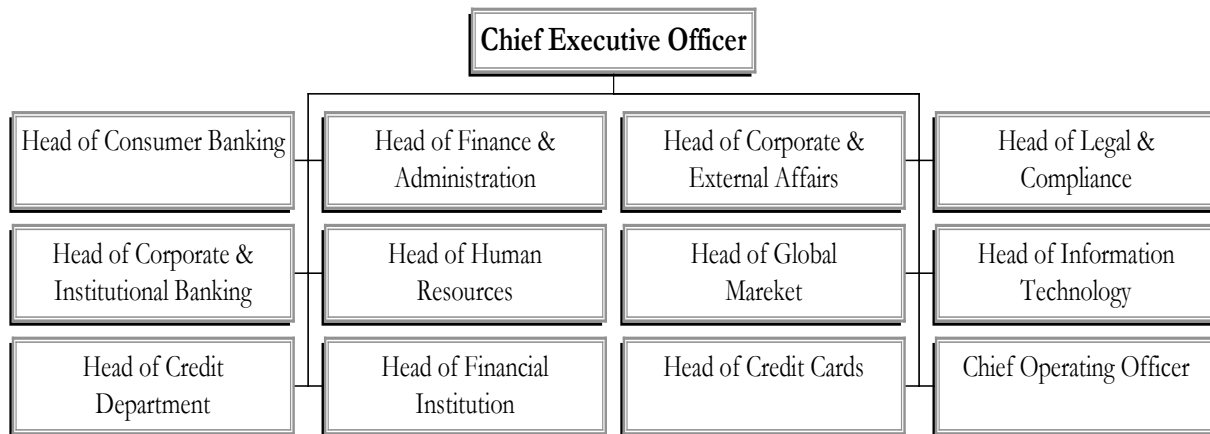
- **Audits:**The Committee shall review, on behalf of the Board, the company's internal financial controls to identify, assess, manage and monitor financial risks and to act as the Audit Committee of the Company, Standard Chartered Bank and any other subsidiary, as appropriate
- **Board Risks:**The Committee shall exercise oversight on behalf of the Board of the key risks faced by the Group and shall make recommendations to the Board on the Group's overall risk appetite. Key risks subject to the Committee's oversight are those listed in the Appendix to these terms of reference.
- **Brand and Values:**The Brand and Values Committee shall oversee the brand, values and good reputation of the Group, ensuring that reputational risk is consistent with the risk appetite approved by the Board and the creation of long term shareholder value. In particular, the Committee's role will cover: brand positioning, culture and values, reputational risk management and all aspects falling within the Group's sustainability agenda. This includes the Group's social, economic and environmental contribution. The Committee will also ensure the Group appropriately manages its delivery of our brand and values' commitments, including our client/customer focus, to employees, external stakeholders and society at large.
- **Remunerations:**The Committee shall review, on behalf of the Board and be responsible for setting the principles parameters and governance framework of Standard Chartered PLC and its subsidiaries (the "Group") remuneration policy and more specifically for managing executive remuneration.
- **Nominations:**The Committee is authorised to obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference
- **Governances:**To maintain oversight of existing and emerging corporate governance principles, practices and processes with a view to maintaining a culture within the Company and its subsidiaries whereby high standards of corporate governance are embraced holistically.

⁴ SCB Official website, Retrieved from <http://investors.standardchartered.com/en/committees.cfm>

1.5 Standard Chartered Bank's Organizational Structures

Bank is conservative by nature and activities. Since it is financial institution, conservativeness is important here. Standard Chartered Bank follows top down approach in communication. The hierarchical ladder of the chain of command of Standard Chartered Bank is shown below:

Figure 1.1: Chain of Command



Chain of command of selected departments is given below:

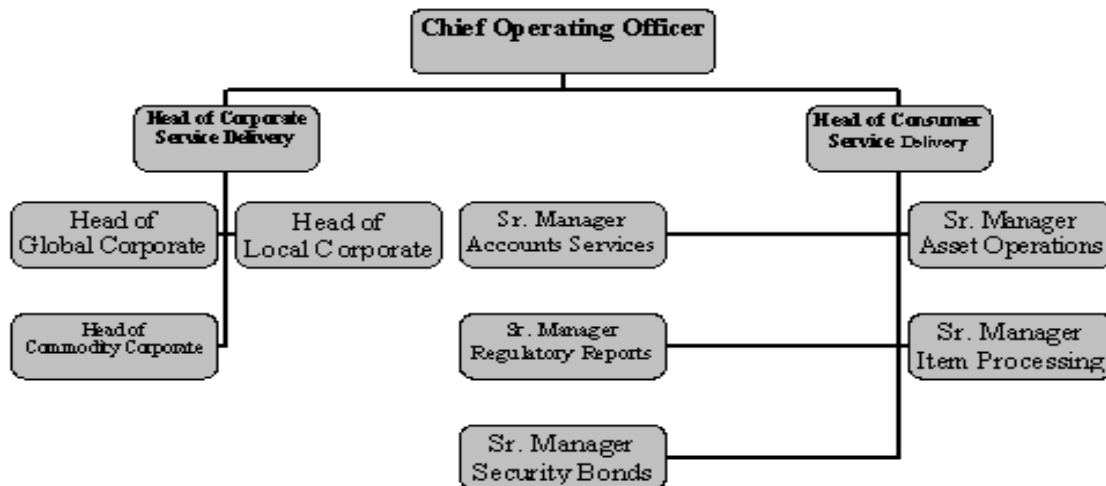


Figure 1.2: Organogram – Service Delivery

1.6 Description of Standard Chartered Bank Business

SCB Bangladesh has two main functional areas which are:

- Business
- Support

SCB Bangladesh can be divided into the following business areas:

- Consumer Banking
- Wholesale Banking
- Treasury
- Institutional Banking
- Custodial Services

In Bangladesh, corporate banking division has historically contributed more to revenue and profits compared to the consumer banking division.

The support division of the bank contains following departments:

- Operations
- Finance, Administration and Risk Management
- Information Technology
- Human Resources
- Legal and Compliance
- External Affairs
- Management

Branch managers of SCB Bangladesh mutually agree to targets with the Head of Consumer Banking and they are responsible for the performance of their specific units.

Details of functions of business areas are as follows:

Consumer Banking: SCB Bangladesh offers a wide range of retail banking services comprising of loans, deposits and other services. The consumer banking division consistently develops new products and services so that it is able to meet the needs of each individual domestic and foreign customer. SCB Bangladesh offers deposit products such as savings accounts, current accounts, fixed deposits and savings schemes. SCB Bangladesh also offers a wide range of credit, debit and prepaid cards for the convenience of customers. Auto Loan, Personal Loan and Home Loan are also offered by the bank. Islamic variants of these products and services exist under the brand name Saadiq. Special privilege is provided by the bank to priority banking customers who are selected based on net worth.

SME Banking products and services such as Loan against Property (LAP), Business Installment Loan (BIL), Trade and Working Capital (TWC) products and transaction services are also implemented by the consumer banking division. Details of SME Banking of SCB Bangladesh will be provided later.

Wholesale Banking:SCB Bangladesh offers its corporate clients (top local companies and MNCs) a wide range of financial services. All corporate clients are assigned relationship managers (RM)s so that the bank can better understand and satisfy their financial needs and build up better relationships with them. The division takes help and advice from Financial Institutions and Treasury Services division as and when required.

SCB Bangladesh provides project financing, investment consultancy, syndicated loans, bonds and guarantees and local and international treasury products to corporate clients. Export and import financing services are also provided to corporate clients by trade finance department.

Treasury Division:SCB is famous all over the world for its operations in foreign exchange and money market. The bank has dealing centers placed all over the world and is thus able to facilitate 24 hour services to clients in Bangladesh. The department offers solutions to customers who manage to control interest rate and currency exposures that arise from trade, investment and financing activities in other parts of the world. According to BAFEDA, SCB Bangladesh controls around one third of volume of country's foreign exchange market.

Institutional Banking:The institutional banking division of SCB Bangladesh provides a wide range products and services to other banks and financial institutions including a wide variety of clearing, payment collection and import-export handling services. The bank offers current accounts in taka and other foreign currencies and convertible accounts in taka to foreign missions, voluntary organizations, consultants, airlines, shipping lines, and their personnel.

Custodial Services:SCB's custodial service customers are mainly global brokers/dealers who require cross-border information and sub-custodian services. SCB Bangladesh is responsible for the planning process but the overall management of the business takes place from Singapore.

Details of functions of some of the support areas are as follows:

HR Division:HR department manages recruitment, training and career progression plan and develops organizational culture within the bank.

IT Department:IT department handles all computerized operations of the bank and makes sure all hardware and software are up-to-date and working properly.

Central Operations:The operations unit processes works of the business units, and detects mistakes or problems and provides reports. The unit ensures that the bank runs smoothly and in a controlled manner.

Legal and Compliance:SCB Bangladesh is governed by laws and regulations set by the Ministry of Finance and Bangladesh Bank. The legal and compliance department deals with any legal issues, advises the CEO and management regarding any legal and regulatory issue, corresponds regulatory issues regularly to group and carries out internal audit.

External Affairs:The external affairs department looks after advertisements, promotions, public relations, partial marketing for disseminating new products and services to customers and ensuring service quality.

1.7 Mission and Vision of Standard Chartered Bank

1.7.1 Mission of Standard Chartered Bank

Leading the way (Being proactive) Standard Chartered Bank wants to be proactive in the sense that they want to exceed customers' expectations, that is they want to come up with products and services having such features, before customers can start expecting them from SCB.

1.7.2 Vision of Standard Chartered Bank

The vision of Standard Chartered Bank is TO BUILD A WORLD CLASS BANK.

Beside this they also have the following vision:

- To be trusted and respected around the world.
- To deliver services that will continuously delight our customers.
- To treat every customer with respect and integrity.
- To share a vision of the future and work together to realize it.

1.8 Goals and Values of Standard Chartered Bank

1.8.1 Goals of Standard Chartered Bank

Goals are numerical targets, which are financial goals.

- Translate financial goals into activity goals.
- Ensure the ownership of your goals.
- Set daily and weekly goals.
- How much, what and when.
- Manage goals daily

1.8.2 Values of Standard Chartered Bank

Standard Chartered Bank has five values and these values are key to their success. These values determine how the employees achieve their goals, the way they work together and how it feels to be a part of Standard Chartered Bank. In brief these values are:

- **Courageous:**Being courageous is about confidently doing what's right. Often the task truly courageous act both inspires and builds character.
- **Responsive:** How we response to our customer will influence their belief in our commitment to them. A proactive response is often unexpected and more effective for that. It clearly demonstrates our willingness to go beyond the unexpected.
- **International:**As a member of global village we view the world from the widest perspective. We are all global citizens and the world is full of new opportunities and exciting possibilities. We also deliver world-class products and services.
- **Creative:**Creativity belongs to those of us who are excited by challenges and engage them in fresh thinking and an open mind. Creative thinkers are not limited by convention but allow their minds to soar beyond predictable solutions.
- **Trustworthy:**Trust is the foundation of every successful relationship. We trust because we believe in the sincerity of our promise. Building trust can take forever. Losing takes only moments.

1.8.3Details of Security Bonds Department

Name of Department:Security Bonds

Address of the Department: Dynasty Tower

Plot# 1, Road# 12. Block # C, Section # 6,Mirpur, Dhaka- 1221

Phone Number:9561465.

Supervisor:Md. MaksudurRahman

Senior Manager

Security Bonds Department

Under Sanchayapatras they deal with four types of bonds. They are 5 Year Bangladesh Sanchayapatra, 3 Monthly Sanchayapatra, Pensioner Sanchayapatra and Family Sanchayapatra. According to the Bangladesh Bank, Standard Chartered Bank is the second largest seller of government bonds next to Sonali Bank, and is the largest seller amongst private banks. To meet the specific requirements and guidelines provided by Bangladesh Bank, the total procedure has been divided into three sections: Issuance, Encashment and Reconciliation.

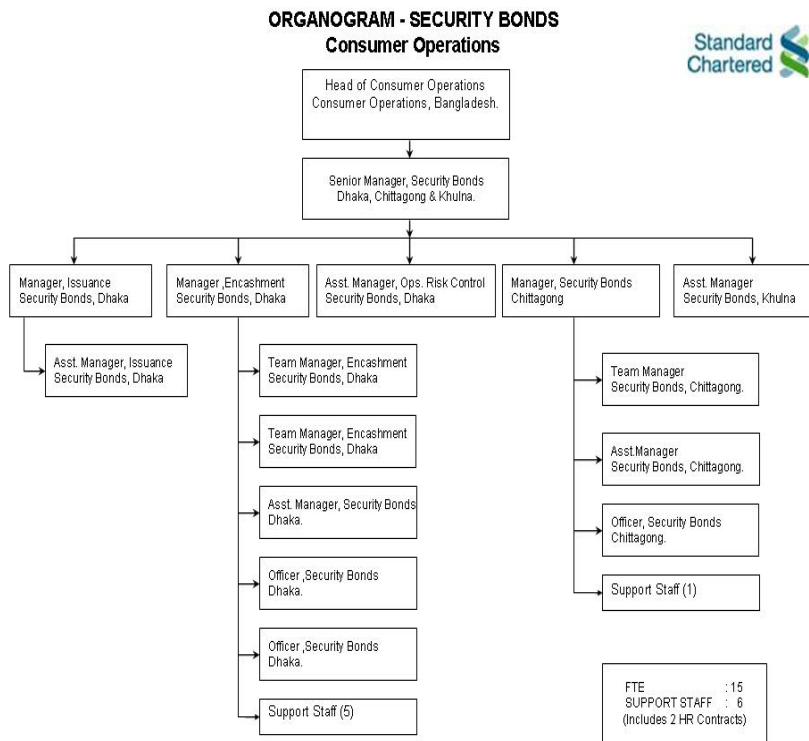
Issuance section receives applications for bond purchase, a debit instruction from the customer and other related documents which are authenticated by the Branch officials and then process the application. Issuance section complies with the purchasing requirements and conditions set by Bangladesh Bank and SCB.

Encashment section receives customer instruction for crediting with his/her proceeds of Bonds or coupons of Bonds. The instruction is verified and then processed. Encashment section complies with the encashment requirements and conditions set by Bangladesh Bank, Sanchayapatras Bureau and SCB. After encashment, the coupons/bonds are claimed to Bangladesh Bank.

Reconciliation section receives the transaction details and then verifies whether correct amounts are credited and claimed to Bangladesh Bank and whether Bangladesh Bank has paid it at the correct amount. Reconciliation section complies with the requirements and conditions set by SCB.

Department Mission, Vision, Goals and objectives of my Department:

The mission, vision and goals & values of my department (Security Bonds Unit) is same as the mission, vision and goals & values of the Standard Chartered Bank.



1.9 Objectives:

There must be some reason, objectives or purpose for doing this report. So as usually I have some objective behind doing this report. The objectives of the report are:

- To know the basic activities of Bonds & Transaction processing operation of SCB
- To Describe Consumer banking product.
- To compare pros and cons of Consumer banking.
- To know the BTPO products rules and regulations.
- Mainly I am doing my internship in Bonds & Transaction processing operation (BTPO) dept. of SCB which deals with these products
 - ✓ 3 Monthly Profitable Sanchayapatra - 3MSP
 - ✓ 5 Years Bangladesh Sanchayapatra - BSP
 - ✓ Pensioner Sanchayapatra - PSC
 - ✓ Family Sanchayapatra - FSP
 - ✓ Wage Earner Development Bond - WEDB
 - ✓ Dollar Investment Bond - DIB
 - ✓ Dollar Premium Bond - DPB
 - ✓ Pratiksha Sanchayapatra - PSP
 - ✓ 6 Monthly Profitable Sanchayapatra - 6MSP

1.9.1 Migration stock

It is commonly believed that increase in the number of migrant wage earners abroad is directly correlated with level of investments. However, compositional features of migrants are also important in determining the amount of investment sent home. One such feature is the mix of temporary and permanent migrants, where the first category is deemed to send higher proportion of their income.

1.9.2 Details of Savings certificate and Bonds

Investment Facilities Offered by Bangladesh

Bangladesh offers generous opportunities for investment under its liberalized Industrial Policy to both local and nonresidential citizens. The government's role is that of a facilitator which helps create an enabling environment for expanding private investment, both domestic and foreign. The Board of Investment (BOI), established by the government for accelerating private investment, provides institutional support services to intending investors. Some of the investment facilities include Premier Bonds and

Investment Bonds for nonresident Bangladeshis, Prize bond and Shanchaypatra are two facilities for local Bangladeshi citizens.

However, not all investment facilities provided by the government are allowed to be sold by private institutions. Some products of Bangladesh bank allowed for private institutions to sell include Wage Earners Development Bonds (WEDB), Dollar Premier Bonds (DPB) and all types of Sanchayapatras. Commission is paid to the Authorized Dealer Banks/Agents at 0.5% on the face value of the bond for selling and re-selling/re-issuing the Bonds abroad respectively and equivalent Bangladesh Taka for selling and re-selling/re-issuing the Bonds within the country. Through this report my main focus will be on Sanchayapatras.

➤ 3 Monthly profit bearing Sanchayapatra (3MSP)

3MS has a maturity period of 3 years with 12.59% rate of profit on maturity, with coupon payment in every three months. Early encashment is possible with differing interest rates.

Introduced in: 1998

Denomination: Tk.1, 00,000/-, Tk.2, 00,000/- & Tk.5, 00,000/-.

Issue Office: National Savings Bureaus, Branches of Bangladesh Bank, Schedule Banks & Post Offices.

Duration: 3 years

Rate of Profit: 12.59% (on maturity).

Interest Table:

Period (on completion of)	3 Months Interest Based Sanchayapatra		
	Rate of Profit (%)	Rate of SSP (%)	Total Rate (%)
At the end of 1st Year (if the purchaser encash before maturity)	9.80%	0.00%	9.80%
At the end of 2nd Year(if the purchaser encash before maturity)	10.80%	0.00%	10.80%
At the end of 3rd Year	11.80%	0.79%	12.59%

Features:

- After every three month profit may be drawn.
- This savings certificate can be purchased by all classes of Bangladeshi People.
- The maximum limit is Tk.30 lac for single or Tk.60 lac for joint investment.
- Nominee can be appointed.
- Duplicate Sanchayapatra may be issued in case of theft, missing or damaged.
- In case of death of the holder Nominee can encash the Sanchayapatra at any time before maturity or on maturity as per his/her wish.
- No profit is payable if it is encashed before one year. If excess profit is drawn it will be adjusted from the principal amount.
- Sanchayapatra can be transferred from one issuing office to another of the similar type.
- At the time of purchase it is compulsory to show and entry the National Identity Card number/passport number/birth certificate number in the purchase form. Source tax may impose on profit by government.

Social Security Premium (SSP) will be applicable only for mature redemption

➤ 5 years Bangladesh Sanchayapatra (BSP)

BSP has a maturity period of 5 years with 13.19% rate of profit on maturity. However, early encashment is possible with differing interest rates.

Denomination: Tk.10/-, Tk.50/-, Tk.100/-, Tk-500/-, Tk.1000/-, Tk.5000/, Tk.10,000/, Tk.25,000/, Tk.50,000/-, Tk.1,00,000/-, Tk.5,00,000/ & Tk.10,00,000/-

Issue Office: National Savings Bureaus, Branches of Bangladesh Bank, Schedule Banks and Post offices.

Who can purchase:

1. A certificate may be purchased by any of the following, Namely- i) a single adult; ii) a minor; iii) two adults in their joint names; iv) an adult on behalf of- a single minor, two minor jointly, himself/herself and a minor jointly and any lunatic of whom he is the guardian or manager appointed by a court of law.
2. Recognized provident fund as defined in sub-rule (2) of rule-49 of the Income Tax Rules, 1984 (Part-II) and those governed by the provident funds Act. 1925 (XIX of 1925),

3. Any income from Fisheries, Poultry, Production of poultry feed, Production of seeds, Marketing of locally produced seeds, Cattle farming, Dairy farming, Horticulture, Frog farming, Mushroom farming, Floriculture and Sericulture can purchase. But subject to condition that persons will produce a certificate from the concerned Deputy Commissioner of taxes stating that the persons have income from such sources.

PurchaseLimit:

- a) Maximum Taka 30lac for single individual and Taka 60lac for joint individuals.
 b) No limit for recognized provident fund in descried as above.
 c) No limit for institutions in descried as above.

Duration: 5 Years

Amount of Profit: 13.19% (on maturity)

Interest Table:

Period (on completion of)	5-Year Bangladesh Sanchayapatra		
	Rate of Profit (%)	Rate of SSP (%)	Total Rate (%)
At the end of 1st Year (if the purchaser encash before maturity)	9.20%	0.00%	9.20%
At the end of 2nd Year (if the purchaser encash before maturity)	9.95%	0.00%	9.95%
At the end of 3rd Year (if the purchaser encash before maturity)	10.70%	0.00%	10.70%
At the end of 4th Year (if the purchaser encash before maturity)	11.45%	0.00%	11.45%
At the end of 5th Year	12.20%	0.99%	13.19%

➤ Pensioner Sanchayapatra Certificate (PSC)

PSP has a maturity period of 5 years with 13.19% rate of profit on maturity, with coupon payment in every three months. Early encashment is possible with differing interest rates.

Introduced in: 2004

Denomination: Tk.50, 000/-, Tk.1, 00,000/-, Tk.2, 00,000/-, Tk.5, 00,000/- & Tk.10, 00,000/-.
 Eligibility to purchase: Retired officials of Government, Semi-government, and Autonomous, Semi-autonomous bodies, Retired Honorable Judges of Supreme Court, retired officials of arm forces.

From where can be purchased: National Savings Bureaus, Branches of Bangladesh Bank & Schedule Banks and Post offices.

Duration: 5 years Permissible limit: 50lac earned from Gratuity and Provident Fund

Rate of Profit: 13.19% (on maturity)

Interest Table:

Period (on completion of)	Pensioner sanchayapartra		
	Rate of Profit (%)	Rate of SSP (%)	Total Rate (%)
At the end of 1st Year (if the purchaser encash before maturity)	9.20%	0.00%	9.20%
At the end of 2nd Year (if the purchaser encash before maturity)	9.95%	0.00%	9.95%
At the end of 3rd Year (if the purchaser encash before maturity)	10.70%	0.00%	10.70%
At the end of 4th Year (if the purchaser encash before maturity)	11.45%	0.00%	11.45%
At the end of 5th Year	12.20%	0.99%	13.19%

Who can purchase:

1. A purchaser must be a retired person from any Govt, semi-govt autonomous body.
2. A retired person should have a minimum 20 years length of service
3. Any retired person who reached at the age of 55 years.
4. Under family pension scheme husband/ wife/ children of the deceased employee can purchase. No age bar is applicable for them.
5. A purchaser has to furnish copy of 1) pension book, 2) sanctioned memo of gratuity, 3) Sanctioned memo of Provident fund at the time of purchase.

6. Adding together pension, gratuity and provident fund a retired person can purchase uptoTk 30,00,000/- but not more than the amount drawn.
7. Minimum have to purchase Tk. 50,000/-
8. Can be nominated to one or more persons
9. Profit can be drawn after every 3 months.Tk.3297.50/- is paid as profit for Tk.1,00,000/-
10. 5% source tax will be deducted from profit. Source tax will not be deducted from pensioner Sanchayapatra purchased before 30/06/2011

➤ FamilySanchayapatra (FSP)

FSP has a maturity period of 5 years with 13.45% rate of profit on maturity, with coupon payment in every month. Early encashment is possible with differing interest rates.

Introduced in: 2009

Denomination: Tk.10,000/-, Tk.20,000 , Tk.50,000/-, Tk.1,00,000/-, Tk.2,00,000/-, Tk.5,00,000/- & Tk.10,00,000/-; From where purchased: National Savings Bureaus, Branches of Bangladesh Bank, Schedule Banks & Post Offices.

Duration: 5 Years Re-Introduced

Rate of Profit: 13.45% (on maturity).

Interest Table:

Period (on completion of)	Pensioner sanchayapartra		
	Rate of Profit (%)	Rate of SSP (%)	Total Rate (%)
At the end of 1st Year (if the purchaser encash before maturity)	9.20%	0.00%	9.20%
At the end of 2nd Year (if the purchaser encash before maturity)	9.95%	0.00%	9.95%
At the end of 3rd Year (if the purchaser encash before maturity)	10.70%	0.00%	10.70%
At the end of 4th Year (if the purchaser encash before maturity)	11.45%	0.00%	11.45%
At the end of 5th Year	12.20%	1.25%	13.45%

Who Can Purchase:

1. An adult female purchaser can purchase upto Tk. 45,00,000/-
2. Minimum to purchase Tk. 10,000/-
3. Can be nominated to one or more persons
4. Profit can be drawn after every 3 months. Tk. 1120.83/- is paid as profit for Tk. 1,00,000/-
5. 5% source tax will be deducted from profit. Source tax will not be deducted from ParibarSanchayapatra purchased before 30/06/2011

➤ Wage Earner Development Bond (WEDB)

Bangladesh Government Savings Bond issued in Bangladesh Taka (BDT) Currency against Wage Earners' foreign exchange remittance. Bangladeshi Nationals working abroad can purchase Wage Earner Development Bond with foreign exchange. WEDB has a maturity period of 5 years with compounded interest rates on profits.

Introduced in: 1981

Bangladeshi Nationals working abroad can purchase Wage Earner Development Bond with foreign exchange.

Denomination: Tk. 25,000/- Tk. 50,000 Tk. 1,00,000/- Tk. 2,00,000/- & Tk. 5,00,000/-

Duration: 5 years

Rate of Profit: 11.80% (Compound)

Eligibility to purchase:

- Wage Earner himself or his beneficiary can purchase this bond with foreign exchange.
- Govt. Employees working in Bangladesh Mission abroad are also entitled to purchase this bond.

From where can be purchased: This bond can be purchased from the Bangladesh Bank & only branches of Schedule Banks that deal F/C account both home and abroad

Encashment: This bond can be encashed from the Bank branches from where it is purchased.

Permissible limit: No maximum limit.

Death Risk benefit: Death risk benefit up to 30% to 50% of investment.

Other features:

- Nominee can be appointed.
- Duplicate Bond may be issued in case of missing Lost, Damaged, or Destroyed.
- Nominee can encash Bond immediately or on maturity in case of death of the holder.
- At the time of purchase it will be compulsory to show and entry the National Identity Card number passport no./registration no. of birth certificate in the purchase form.
- After maturity social security premium will payable
- Source tax is applicable when necessary
- Source tax will deduct without SSP

U.S. Dollar Premier Bond (DPB)

Bangladesh Government Savings Bond issued in equivalent U.S. Dollar against the foreign exchange remitted by the Wage Earners. Eligible purchaser of this bonds are Bangladeshi Nationals residing abroad and Bangladeshi origin Foreign Nationals residing abroad. DPB has a maturity period of 3 years with payment of coupon semiannually.

Introduced in: 2002

a. Rate of Profit:

Encashment	Interest Profit
(a) Within One year from the date of issue	No Interest
(b) After Completion of one year but within 2 years	6.5%
(c) After Completion of 2 years but within 3 years	7%
(d) After Completion of 3 years	7.5%

b. Payment of profit: Profit is payable only in Bangladesh currency.

c. Half Yearly payment of Profit: Every after six months profit is payable @ 7.5%. If principal amount is withdrawn before maturity, profit is payable @ 6.5% for the 1st year and @ 7% for the 2nd year. If any additional profit is given shall be deducted from the principal amount.

d. Payment of Principal Amount: As per option of the holder payment may be made either in Bangladesh currency or in US Dollar.

e. Denomination: US \$500;1,000;5,000;10,000 and 50,000

f. Death Risk Benefit: Investors of US Dollar 10,000 and above are entitled to have Death Risk Benefit which is payable only in Bangladesh currency in the following rate:

The Investment Amount	Percentage of Death Risk Benefit
From U.S \$10,000 to 20,000	15% of the invested amount (Equivalent to BD Currency)
From US\$20,500 to 50,000	20% of the invested amount (Equivalent to BD currency)
From US\$50,500 & above	25% of the invested amount (Equivalent to BD Currency)

Provided that the maximum amount of Death Risk Benefit shall not exceed Tk.20,00,000 and that the age of the purchaser, shall not be over 55 years at the time of his death. After the death of holder, the nominee/legal heir(s) shall claim the death risk benefit within three months from the death of holder. No claim shall be except able after the expiry of the said period (three months).

➤ U.S. Dollar Investment Bond

Introduced in: 2002

b. Rate of profit:

Encashment	Interest Payable
Within one year from the date of issue	No interest
After completion of one year but within 2 years	5.5%
After completion of 2 years but within 3 years	6%
After completion of 3 years	6.5%

b. Payment of Interest: Interest is payable in US Dollar.

c. Half yearly payment of profit: Every after six months profit is payable @ 6.5%, If invested amount is withdrawn before maturity profit is payable @ 5.5% for the 1st year and @ 6% for the 2nd year. If any additional profit is given shall be deducted from the Principal amount.

d. Payment of Principal Amount: Payable in US dollar.

e. Maturity Period: Three years.

f. Denomination: US \$500; 1,000; 5,000; 10,000 and 50,000;

g. Mode of payment: Payment for the purchase of a Bond may be made by any of the following methods namely

- Cheque or Draft in foreign currency received against inward Foreign exchange remittance
- Funds held in non-resident foreign currency account of the applicant.

h) Investors of one Million US Dollar and above shall be treated as CIP

- Trends of Investment
- Dollar Investment Bond

DIB is the only investment facility available at this moment whose interest is payable at US dollar. If an investor wants to receive the interest of the bonds in his FC account held with SCB, he may do so. Even it is possible for an investor to receive the interest payment in BDT if he desires. The FX-rate of that particular day will be applicable in that case.

The sale amount along with the sale volume of DIB by Standard Chartered Bank for last 3 years is shown in the chart.

Year	Volume	Amount
2010	172	\$1,000,566
2011	186	\$8,289,100
2012	363	\$14,294,000

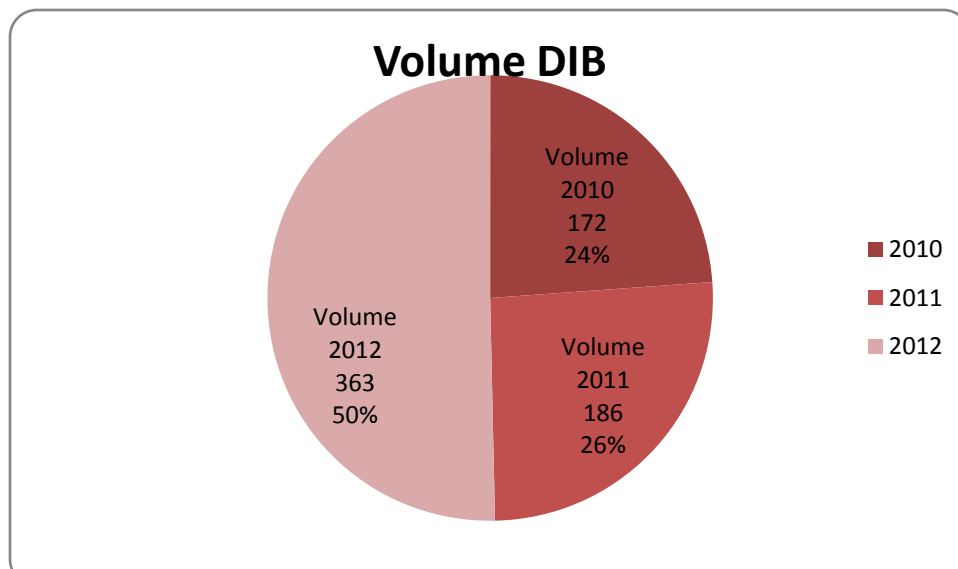


Figure: volume of DIB

From the chart we can clearly see that the volume of DIB sell is increasing every year this process can also be speeded up by the government if they wish to introduce some changed rule in the sale of Bonds. Our bank have suggested for more simplifications in recent years. It is possible for the investors to take the interest of DIB to the home country of the investor from where the money was originated for investment.

➤ Dollar Premium Bond (DPB):

Dollar premium bond is the only bond in which the interest rate is 7.5% and is calculated in dollar but paid in BDT. There is no option for the investor to wish to receive the interest payment in US dollar though the interest will be calculated in USD but the payment is made through FX-rate of that day in BDT.

We can see the sale volume trend of DPB in last 3 years from the table and the chart below:

Year	Volume	Amount
2010	20	\$9,000,000
2011	27	\$1,080,000
2012	87	\$4,746,000

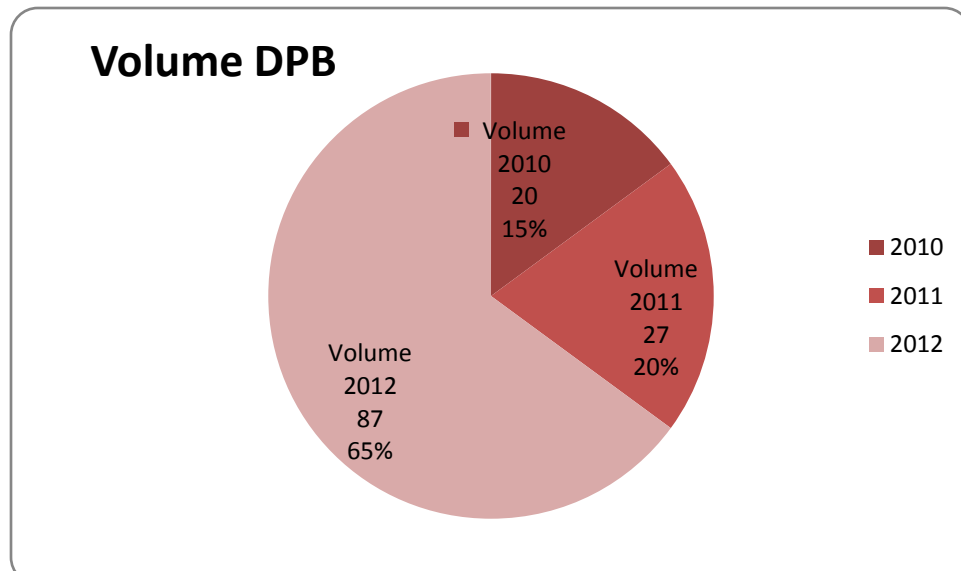


Figure :volume of DPB

From the chart it is clear that in the year of 2012 the volume of DPB has grown sharply compared to previous years. This may have happened as the Non residents have decided to invest in their home country as the world has seen a global recession where our economy was not that badly hampered. In addition to this increase in sale of DIB/DPB is seen due to the government declaration of starting NRB banks where the directors has to keep a bond/US dollar in the accounts of any local bank as security money to apply for the directorship.

➤ Wage Earners Development Bond (WEDB):

WEDB is the only bond available with a high yield. If a person doesn't withdraw its interest half-yearly then he is able to withdraw a cumulative interest of BDT 79,084 per lac on maturity. In that case the interest rate goes upto 19% from the simple interest rate of 12%. In this type of bond it is possible to re-patriate the principal amount to the country of origin of the money with the applicable FX-rate. This bond is re-investable as many times an investor wants like the other two types of bond. The main difference of wage bond with other two types is: Wage bond is purchased by converting the USD amount into BDT and the interest is only payable in BDT. We can see the volume trend of Wage bond issuance in last 3 years from the chart:

Year	Volume	Amount
2010	370	949,357,000.00
2011	418	465,834,000.00
2012	1070	857,270,000.00

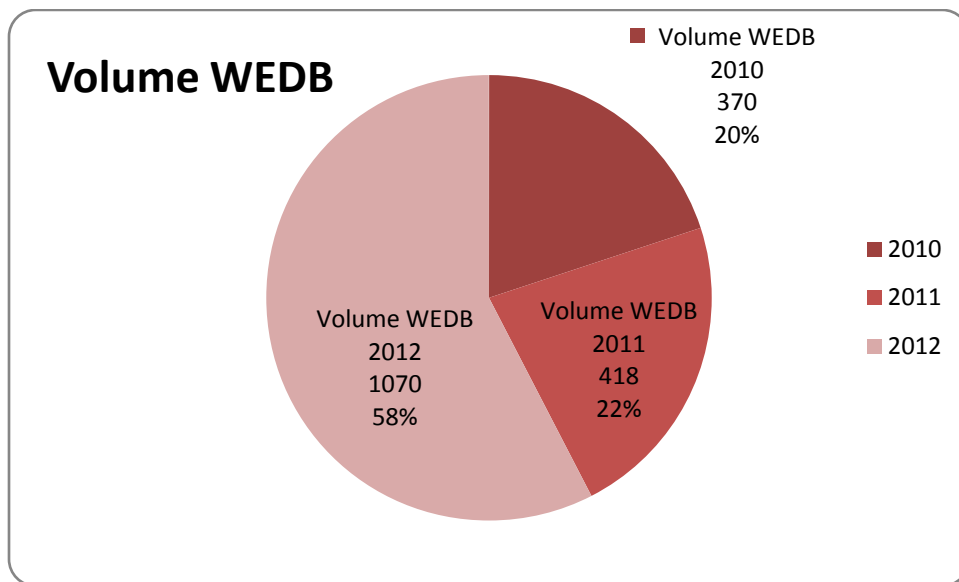


Figure: volume of WEDB

1.10 Process:

1.10.1 Issue:

Standard Chartered Bank receives Sanchayapatra issue request from its customers through branches, priority centers, financial kiosk and any other legitimate channel to issue sanchayapatra. A customer can request to issue sanchayapatra in the name of a non account holder also, in that case a non account holder KYC form has to be submitted along with the form. Bonds can also be purchased by debiting the Foreign currency account of the customer held with SCB, in that case the account must be marked as NRB.

1.10.2 Some Common Issues which are kept always in consideration

- Guidelines or circulars on SanchayaPatra sales and various notifications are issued by the Government time to time.
- Money laundering guidelines should be followed in processing cash transactions.
- Correct charges as per the Service & Price Guide are applied.
- KYC guidelines should be followed for SP issue to person (non account holder) from a customer account.
- Bangladesh bank guideline is followed for executing payment to the nominee (where the bondholder is deceased).
- Bangladesh bank guideline is followed for duplicate issuance of all type of saving certificates/bonds.

- All documents/saving certificates/bonds received after SLA are kept overnight in fire resistance cabinet
- Paid saving certificates/bonds are held in fire resistance cabinet for reimbursement claim to Bangladesh bank
- Database is updated as per requirement subject to proper documentation.

1.10.3 Encashment:

Customers send the encashment request to BTPO through the legitimate channels to encash or withdraw interest of the matured bonds/Sanchayapatras.

1.10.4 Reconciliation

Here reconciliation manager used to monitor & approve all kinds of transactions.

1.10.5 Four Sections of Bonds and Transaction Processing Ops:

- Issuance
- Encashment
- Reconciliation

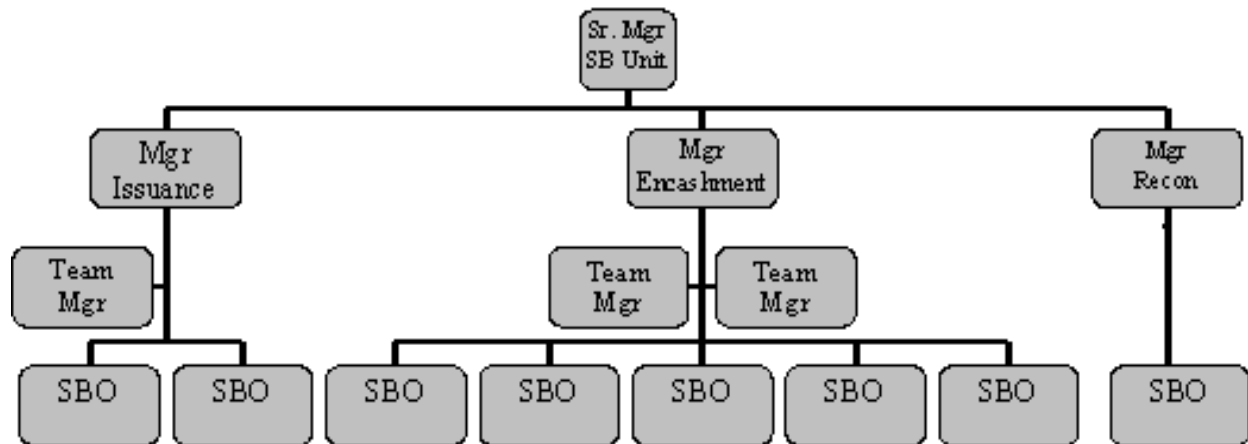


Figure: Organ gram of Bonds and Transaction Processing Operations

1.11 Objectives and Strategies of Standard Chartered Bank

1.11.1 Objectives of Standard Chartered Bank

According to SCB's annual report 2010, for consumer banking, SCB's objectives are to:

- Provide, friendly fast and accurate services

- Provide solutions to financial needs
- Provide recognition and reward overall banking relationship
- Become the bank that customers recommend to their family, friends and colleagues

1.11.2 Strategies of Standard Chartered Bank

To achieve the objectives, Standard Chartered has underlined some strategic pillars in their annual report 2010, which are as follows:

- Geographic focus on Asia, Middle East and Africa- SCB is trying to focus on these fast growing markets by creating and utilizing existing competitive advantage built up through superior insight and deep, direct local relationships.
- One bank with two strong businesses supporting each other- SCB's consumer banking and wholesale banking divisions are both strong businesses in their own right and work together to complement and support each other
- Client-focused rather than a product-focused approach- SCB focuses activities and creates capabilities focusing on clients rather than seeking rapid returns on products or creating unnecessary products
- Distinctive culture and values- The bank's unique culture and values provide it with a distinct advantage, as it has allowed to build brand value among customers, and to attract talented employees and to create good relationship with governments and regulators.
- Conservative and disciplined on risk, capital and liquidity- SCB puts more importance on its balance sheet quality than its income statement and is willing to sacrifice profits to ensure quality of the balance sheet.
- Scale positions in significant local markets- SCB wants to become an important part of the banking system in whichever country they operate.
- Organic growth: the primary driver for strategy and value creation- SCB believes that organic growth creates greatest value for shareholders and only explores acquisitions if organic growth does not happen within reasonable time.

1.12 Standard Chartered Bank Internal Analysis

1.12.1 SWOT Analysis

The SWOT analysis comprises of the organization's internal strength and weakness and external opportunity and threats. SWOT analysis gives an insight of what they can do in future and how they can compete with their existing competitors. This tool is very important to identify the current position of the organization to others, who are playing in the same field and also used in the strategic analysis of the organization.

Let's see the SWOT of Standard Chartered Bank in Bangladesh:

S = Strength

- SCB is the largest MNC Bank operating in Bangladesh. It has a very strong wide range of client base and is operating efficiently in this country.
- SCB enjoys the first mover advantage because of its entrance in Bangladesh for over 50 years. SCB has already established a satisfactory financial standing and is far ahead from the new and existing entrants in the banking industry of Bangladesh. Their growth rate was quite impressive in the recent past which was due to the increase in number of deposits and the loans and advances.
- Another important strength of the bank is its global connectivity. It has its business in Asia, Africa and Middle East. The Bank capitalizes on its onshore presence across Asia, Africa and the Middle East to offer customers convenient and reliable access to the widest range of currency markets, to date local market information, country-specific global risk management strategies, and customized capital raising and liquidity management solutions.
- The bank offers online banking, which is relatively a new concept in Bangladesh. Only few banks are providing this service. They also used advanced technology in every sector to maximize the customers benefit. The bank has established a call center in order to make the customers' instant banking needs.
- The bank's internet banking is the fastest possible service allows their customers to bank from wherever they desire, in total security and confidentiality. Services available through iBanking are account services, credit card payments, credit card services, fund transfers, standing orders and market watch.
- SCB has the reputation of being the provider of good quality services to its potential customers. This has been possible due to the dedication of the work force.
- Employees are smartly groomed and their communication skill is appealing enough that today's banking industry demands.

- SCB's banking experience for more than 60 years provides SCB the strength of being the market leader in the foreign banking sector. This strength of SCB is totally unmatched by any other multinational bank in Bangladesh, as the long term success of a bank heavily depends on its reputation while dealing with every sensitive commodity like money.
- SCB is the first bank in Bangladesh to issue Money link (ATM) card. As the market leader, they showed the most substantial corporate strength among the foreign banks by grabbing the opportunity that exists in the market.
- Standard Chartered Bank has a bulk of qualified, experienced and dedicated human resources.
- SCB's dedication is supreme in providing the best phone banking services in town. It is also keen to provide unmatched and instant 24 hour banking service and has opened the Call Centre at Lotus Kamal Tower in Nikunjo, Dhaka. The call centre provides services which the clients can enjoy sitting at home, e.g., balance enquiry, Pay-Order requests, statement request etc.
- New ATM booths are to be in place by the end of next year all over the country. This will give SCB customer an easier and ready access to cash even in locations where the branches are far away.
- SCB uses the 'ebbs' at all its branches and head offices. The software is capable of producing various reports for reporting to Central Bank as well as to Head Office and provides online display of specimen signature cards. It also is used for cheque book request, statement prints and general enquiry about client accounts. The software has reduced duplication of works as well as manual works at various levels.

W = Weakness

- After the acquisition of Grindlays and American Express the customer of these three banks become the customers of just one bank and that is Standard Chartered Bank. The numbers of employees are not enough to give proper services to this huge number of customers.
- Standard Chartered Bank use technology in every sector more than any bank. In this way they established an auto-bills pay machine to pay the credit card bills. It actually saves customers' valuable time. But most of the people of our country do not feel comfortable to use this high technology and the bank does not take any initiative to teach the people how to use it. Because of this customers face a lot of problems when they want to pay their bills.

- SCB has few branches than that of their local competitors. Serving such a huge customer base will definitely require branches to be opened up in the long run. Otherwise customer will have to wait in long queues in other branches which will hamper their service quality.
- The banking industry is now experiencing the contractual employment fever that has started up and SCB has also fallen prey to it. Self-interest of the employees are actually hindering their performance because SCB is employing individuals from other agencies and giving them tough targets to reach and thereby not giving them the full benefits of a permanent employee.
- SCB is also facing problem in its system of collection and disbursement of cash. Many customers do not bear the proper knowledge as to the process of depositing and withdrawing money. The bank does not take many steps to assist them either.
- Another weakness of the bank that can be sighted is poor coordination and communication between the head office and branches. As the head office undertakes many projects, the activities are hampered due to some activities of the branches.
- SCB at present is one of the few banks that offer a very low rate on deposits. Banks, who is offering better prospects, now enjoys customers switching to them as SCB offers low deposit rates and has set the minimum balances too high.
- Standard Chartered Bank has more and high fees and charges compared to its rivals.
- Less promotional activities for both new and existing products.

O = Opportunity

- The banking sector in Bangladesh is growing very fast, which is a big opportunity for Standard Chartered Bank to expand their business. More Branches around Dhaka specially and all over Bangladesh will enable SCB to capture more market share, and hold a stronger competition against local banks.
- The bank can use market segmentation strategy in order to give the right services to the right people at the right time.
- Standard Chartered Bank can expand their product line to meet broader range of customer needs.
- The bank increases their number of employees to give prompt services to the customers and can improve the service quality of Consumer Banking service.
- The Bank can arrange some training sessions to teach their employees about the services of other departments of SCB so that can guide the customers properly.

- Standard Chartered Bank can increase the number of their offset ATMs in Khulna, Bogra, Sylhet, Narayanganj and Chittagong to make their services available to most their customers.
- Standard Chartered Bank was approved of the permission to start Islamic Banking from The Government of Bangladesh. The bank now has a whole new prospect opening up and also the opportunity to introduce a wide array of Islamic Banking products. It also has the prospect of expanding its customer base.
- By offering more attractive interest rates, and lowering the minimum balances eligible for interest, the bank can attract a lot of the old customers who have strewn away to other banks as well as new customers.
- More Branches around Dhaka specially and all over Bangladesh will enable SCB to capture more market share, and hold a stronger competition against local banks.
- The activity in the secondary financial market has direct impact on the primary financial market. Investment is a national socio economic activity and activity in the national economy controls the bank.

T = Threats

- Because of the restriction imposed by government on expansion of the bank despite of their keenness SCB cannot increase their number of branches.
- Opening of new bank, without implementation of the needed reforms, are lead the unethical competition and horse-trading in the country's Banking sector.
- The greater threats of the banks come from the competitors. As the competition increase Standard Chartered Bank has a chance to lose its market share to the competitors like CITINA Bank., BRAC Bank, HSBC, Prime Bank, Eastern Bank etc if it does not take necessary.
- Other banks (i.e. Jamuna Bank Limited, Southeast Bank Limited etc) are offering higher interest rate on fixed deposit then SCB (10%-12%), which is a great threat for SCB. This can cause them to lose their customers. If people do not make deposit than the source of fund will become higher for this bank.
- The interest rate on a loan is much higher than other banks (i.e. Eastern Bank Limited, Dhaka Bank etc). As a result people are reluctant to take loan from Standard Chartered Bank, which can be a great threat for this bank.
- People do not feel comfortable with the high charges of SCB. The service charges of this bank are much higher than other banks and this can cause them to lose their valuable customers.
- National and global political unrest can be another threat for the bank. In today's economy, substantial amount of savings is remaining idle. Currently foreign direct

investment in the country is very low. These economic situations of the country indicate political threats.

- During the last 10 years the banking industry has become considerably monopolistic and hence SCB is starting to lose its market share to its rivals due to low barriers to entry, and the local banks' increasing aggressiveness.

1.12.2 SWOT Analysis of the Security Bonds Department

The overall analysis of a company's strength, weaknesses, opportunities and threats is called SWOT analysis. Strengths and weaknesses falls under company's internal environment and opportunities and threats are company's external environment. These two categories is essential for a company to figure out where it stands, strategic planning, potential market (opportunities) and overall to maintain its financial position.

The SWOT analysis of Security Bonds Department of Standard Chartered Bank is:

S = Strength

- Experience and hardworking labor force.
- Brand name of the company.
- Sustaining growth and performance.
- World class service.
- Own software.
- Technology support.

W = Weakness

- Massive gap between good policies and weak implementation by Bangladesh Bank
- Technology gap between SCB and Bangladesh Bank
- Geographic distance between Head office and it's branches.

O = Opportunity

- Expand the business
- If Government will increase the commission rate, sales will be increase.
- If interest rate increases, people will be attracted more and more and sales will be higher.

T = Threats

- Rivals.
- Sudden tax/interest rate related circular from Bangladesh Bank.
- Political instability.

1.13 Standard Chartered Bank External Analysis

1.13.1 Industry Analysis

There are four types of banks in Bangladesh- public banks (i.e. state owned banks), private commercial banks (privately owned banks), foreign commercial banks (subsidiaries of multinational banks) and specialized banks. According to Bangladesh bank, there are 53 banks in the country with funds under management of \$ 32 billion.

Out of the banks, 4 are public banks, 32 are local private banks, 9 foreign banks, and 8 are specialized banks. SCB currently holds a 4% market share in the industry based on funds under management.

Sonali Bank is the largest public commercial bank while Pubali Bank is the largest private bank and Standard Chartered is the largest amongst the foreign banks. As of June 2000, there were almost 6,038 branches of commercial banks all over the country with around 40% situated in urban areas and 60% situated in rural areas. All scheduled banks of the country are regulated by Bangladesh Bank.

Currently the market is deemed to be oversaturated with banks according to many experts, and this they feel had a large impact on high inflation in the country through their effect on money supply. Bangladesh Bank has not provided permission for setting up of new banks since 2001 to tackle this problem, but recently many new applications have been made to Bangladesh Bank for permission to set up new banks.

Because of the high number of banks, competition is rather fierce in the industry. Although all banks provide a wide range of services to a wide range of clients, within the industry, different classes of banks have tried to create niches for themselves. For example, the public banks have significantly more branches than other banks and therefore have a stronghold in providing banking services in rural areas. On the other hand local businessmen and local corporate clients prefer banking with local private banks and thus local private banks have emphasized on serving such clientele as well as professionals. Most of the multinationals in Bangladesh carry out their banking relationship solely with foreign banks. Thus serving global corporate has been the stronghold for foreign banks operating in Bangladesh.

Standard Chartered has emphasized on providing corporate banking services, enjoying a great reputation among both local and foreign corporate clients and is one of the leading corporate banks in the country. However it has also invested the most among foreign banks in consumer banking and has much more branches compared to other foreign banks. But still it is lagging behind local public and private banks when it comes to consumer banking.

1.13.2 Porter's 5 Forces Model

Analyzing the Porter's five forces model we can trace the position of Standard Chartered Bank at banking industry.

1. Barriers to entry:

Barrier to entry is the first force of M. E. Porter's five forces model. Potential competitors are companies that are not currently competing but there is always a possibility that they can enter the industry if they choose. Banks operating currently are building entry barriers to make potential entry of new companies more difficult and moreover it would be harder for new companies to start making profits. Barriers to entry are factors that make it costly for the companies that are not currently competing in the industry but have the capability to do so to enter into the market. Entry barriers such as cost advantage, brand loyalty all come into play when deterring new entrants. SCB off course has a cost advantage because of its operational efficiency and procurement of cheaper funds. Likewise customers are aware of the brand image SCB portrays.

The trend of new banks coming up shows that the threat of new entrants is high as there are more banks that are coming up to satisfy customers. Emergence of some local banks following foreign banking strategy and introducing foreign products creates competition. Moreover, some foreign banks like HSBC, Citibank, Commercial Bank of Ceylon and Bank Alfalah started their operations in Bangladesh with a view to grab a large share of this emerging market share. The number of banks is increasing at a faster pace for the last 6 to 7 years. The banking sector in Bangladesh is under consolidation and strong competition and is expected to continue to do so in the next few years. Because of that threat of potential entrants is high.

Apart from these competitions Standard Chartered Bank enjoys early entrant's facility and market leader facility. Brand loyalty made it difficult for new entrants to take market share away from Standard Chartered Bank. A large customer base contributed to economics of scale for Standard Chartered Bank. So new entrants face the dilemma of suffering cost disadvantage.

2. Rivalry among Established Firms

Rivalry among existing firms is the second force of the Porter's five forces model. Fierce competition is going on among the foreign banks for increasing their respective market share. There are five foreign banks in Bangladesh. Historically Grindlays had the largest market share among the foreign banks but after acquisition of Grindlays, Standard Chartered became the giant with around 70% market share of the total foreign banks. Very recently acquisition of AMEX made SCB a giant. Market of the foreign banks is limited in our country because some people or organization will not come to foreign banks. On the other hand, these banks are sometimes not able to meet the large credit requirements of some big corporate client. So they will prefer nationalized banks for their deposit as well as credit facility.

Citibank started their operation recently and HSBC has a plan to expand but the market is limited or growing very slowly. As a result banks must grab other bank's share to increase its own. Commercial Bank of Ceylon and Bank-Al-Falah are complacent with their operation but do not want to lose their existing market share.

In this situation, increasing one's business means another losing their share. So the sector became extremely competitive. The new strategy of the foreign banks is to attract the clients of the private banks.

The market share the BCG matrix is in terms of the deposit base and the market share growth rate in is constant rate at which the deposit grows. After analyzing the market, financial and feedback data SCB has been to be approximately in the position of the star. SCB holds around 70% market share among the foreign banks and still its growth is satisfactory.

3. Bargaining Power of Buyers:

Bargaining power of the buyer can be viewed as a competitive threat when they are in a position to demand lower prices from the company or when they are in a position to demand better service that can increase operating costs. On the other hand, when buyers are weak, a company can raise its prices and earn greater profits. For the banking industry buyer means customers who take loans from the banks.

The bargaining power of the buyers depends on the following factors:

- **Number of loan applicants**

There are closer to 52 banks in our banking sector including multinational and nationalized banks. But, there are very few original loan applicants in our country. The investment opportunity in the country is not growing as well. So, banks are sitting with their money to service loans. As a result, competition for doing business is increasing

day by day among established companies. This means that banks have to provide loans at a lower interest rate.

▪ Switching Cost

Switching cost is very low in banking industry. Every bank is giving similar types of loan at more or less similar interest rate. So, an individual who wants to take loan from banks can switch to other banks if he or she doesn't like the terms and conditions. Customers of SCB may switching to other banks because of low interest rate, less rigid procedure for loan applications and lots of other reasons. Lower switching cost makes the industry more competitive.

▪ Backward integrations

In the banking industry, there is always a chance for threat of backward integrations. Big multinational companies or corporations can be a threat to the commercial banks through arranging their funds by forming their own banks where the cost of fund is low compare to other banks. For this reason, giant customers of this industry always possess more power than their banks.

▪ Loan amount

Creditors are considered to be the buyers of the banks. There are thousands of creditors from all walks of life. Mainly businessmen are the major buyer of bank's credit. Big amount creditors have strong powers in determining interest rate of their credit amounts. Likewise if a good collateral is provided then also the buyers bargaining power increases. Banks distinguish their prime customers from others by setting a prime interest rate for them.

Therefore the bargaining power of buyer is also high. Market being competitive bargaining power of the customer is very insignificant compared the total deposit. But some corporate entities have large deposits in Standard Chartered Bank, so they possess strong bargaining power and they get special rates from the bank. There are still very few foreign banks with wide range of services like Standard Chartered Bank and the customers of foreign banks do not go for other domestic banks. So their choice is limited and bargaining power lied with the bank to some extent.

4. Bargaining Power of Suppliers:

Bargaining power of suppliers can be viewed as a threat when they are able to force up the price that a company must pay for its inputs or reduce the quality of the inputs they supply, thereby depressing the company's profitability. On the other hand, if suppliers are weak, this gives the company the opportunity to force down prices and demand higher input quality. For the bank the main supplier of fund is depositor. Bank also gets its funds from the shareholders or directors.

The bargaining power for individual customer and corporate customer is very different. The main reason behind it is that the deposit of an individual customer is very insignificant compared to the total amount of deposits. Some corporate entities do have large deposits in SCB, and exercise strong bargaining power to receive special rates from the bank. SCB is currently market leader in providing wide range of banking services as result of that they have strong strategic advantage.

The strength of the suppliers depends on the following factors:

- **Investment opportunity**

SCB has a good financial standing and its capital structure is satisfactory. By looking at the present industry situation the bank wants more money right this moment because there are potential opportunities for investment by providing loans to the industrial sector. For this reason the banks need deposits. Moreover the industry being in the growth means that the demand for the banks product is high which in turn means that banks need to gather more deposits. But the fund suppliers (depositors) are engaged in individual savings such as Bangladesh SanchayaPatra (SP). So the fund suppliers have more bargaining power.

- **Forward integration**

Sometimes suppliers of funds can be a threat to the bank as well. Corporations or big multinational companies can be threat to the private bank through forming another bank for depositing their money. They will supply their funds to their own banks instead of funding to other banks. So, this can be lead to a higher competition in procurement of fund.

- **Deposit amount**

Depositors are considered to be the suppliers of the fund to the banks. There are thousands of depositors from all walks of life. There are businessmen, service holders, farmers, students, and people from virtually any other profession who are depositors

of the banks. Big amount depositors have strong powers in determining interest rates of their deposits. Considering all these factors the bargaining power of the supplier is considered to be moderately high.

5. Threats of Substitute Products/Services:

The industry is represented by other financial institutions whose operations are closer to that of a bank but they are not on a large scale. These substitute institutions include leasing companies and insurance companies. The presence of these institutions will hamper future profit potential and growth of existing commercial banks in the industry. Industrial Promotion and Development Corporation Ltd. (IDLC), Industrial Promotion and Development Corporation (IPDC), United Leasing Company is the 'substitutes' that are currently operating. Operations such as exporting /importing have no substitutes whereas Vanik Bangladesh Ltd. provides investment banking facilities. In banking industry substitute products are very easy to find.

We need to consider all types of substitute products for the banks. Different private and nationalized banks are offering similar products, which are close substitutes. On the other hand, some non-bank banks like insurance companies and leasing companies are also competing indirectly with the commercial banks product.

All the products of the commercial banks perform similar functions. Taking the money from the depositor and sanctioning loan to investors are the main functions. They all do it a similar manner. SCB is not any different from them. Since functional similarity is high in banking industry, so competition is also high because customer can switch at any time they want without incurring high switching costs.

Products offered in banking industry are very identical. All the banks offer virtually the same products with same characteristics. Only few large multinational banks of our country are offering some differentiated products but the ratio is very low. The threat of substitute product is moderate as in the longer term these substitute intuitions will grow with a greater customer base offering similar services as the traditional local and foreign banks.

2.1 Recent Scenario of Sanchayapatras in Bangladesh

Government Bonds or Saving Certificates are a vital source of government's revenue in every fiscal year budget. In every fiscal year budget Government Bonds or Savings Certificate has an important role to play in managing the government income to cover the expenses. For years promising targets have been set but results for most of the time where not up to the mark. Many initiatives have been taken from the government's part to promote the sales of these savings instruments.

During this fiscal year (2011-2012) government has increased the rate of interest on all savings instruments by 1.38-1.81 percentage points to make them more attractive to investors⁵. With this, the rate of interest on savings instruments was raised twice in the last six months as sales of the instruments fell drastically. The rate of interest on five-year Bangladesh savings instruments will be raised to 13.19 percent from the existing 11.55 percent. Interest on three-monthly profit-bearing savings certificates will be increased to 12.59 percent from 10.78 percent now. Interest rate on pensioners' savings instruments will see a rise to 13.19 percent from existing 11.81 percent, while interest rate on family savings certificates will be raised to 13.45 percent from 12.07 percent now⁶.

The finance ministry official said the committee has set the interest rate in such a way that investing in savings instruments will be more profitable than keeping deposit with banks⁷. The government's borrowing from savings instruments fell far short of the target last fiscal year and the situation deteriorated further in the current fiscal year. According to central bank statistics, in the first six months of the current fiscal year, net sales of savings instruments fell by about one sixth. The net sales from July to December were Tk 334 crore, while the amount was Tk 1,969 crore during the same period the previous year. The government's target to borrow from savings instruments is about Tk 6,000 crore in the current fiscal year⁸.

Officials in the MoF said following the adjustment of rates of return, the budgetary cost of the government will be increased significantly but its level of borrowing from the banking system will decline strikingly. The government has recently fixed Tk 7,000 crore as non-bank borrowing target for the next fiscal⁹.

Recently the government of Bangladesh has announced a week long SP fair starting on 7th of October. Where investors will get more and exciting benefits.

The government is planning to introduce five new savings schemes from the next fiscal year (2012-13), beginning from July 1, in a bid to finance its budget deficit, official sources said. The new savings instruments include - Sanchayapatra for elderly people, Sanchayapatra for farmers, Sanchayapatra for students, and Sanchayapatra for disabled people¹⁰. The tenure and maturity period of the certificates will range between three months to five years. Officials in the MoF said the new savings schemes would be attractive among the target groups, following higher interest rates and other lucrative fiscal facilities.

⁵ Source www.thedailystar.net/newDesign/news-details.php?nid=223958

⁶ Source: www.nationalsavings.gov.bd/

⁷ Source: www.thedailystar.net/newDesign/news-details.php

⁸ Source: www.thedailystar.net/newDesign/news-details.php

⁹ Ibid

¹⁰ Source: www.thefinancialexpress-bd.com/more.php?news_id=131250&date=2012-05-30

2.2 Lessons Learned from the Internship Program

The lesson about the organization that I have learnt from the entire internship program was really important. I had the opportunity during the program to get a closure look at the various processing activities of bond along with all other activities of encashment and issuance in the Standard Chartered Bank BTPO dept. Moreover, this internship gave me the opportunity to deal with risky work within specific time.

2.2.1 Implications to organization/company:

- As a fully customer oriented organization, the Standard Chartered Bank operates great customer service where the communication skill is one of the fundamental factors. Treating every customer in bank's customized unique way is a challenging thing as I observed while working with the staffs of BTPO dept. I have achieved significant amount of knowledge about customer service and I have realized that great communication skill is the fundamental requirement of serving the customers with great service.
- I also learned how I-Banking transaction activities are working that means online banking, auto bills pay, etc.
- How they debit the money of customers on behalf of Bangladesh Bank.
- I also learned about RFCD account, address change, mobile number change, endorsement, debit instruction, account opening etc.
- During the internship period I also learn coupon, tax and interest calculation on different maturity period of the bond. I had to do huge calculation over the last 10 days of June.
- Besides doing my program, the bank provided me some compensational benefits and I felt more motivated for performing my study. I found that this is an effective way adopted by an organization to motivate its people whether they could be interns or staffs.

2.2.2 Implications to University's Internship Program:

This internship is a part of our BBA program. BRAC University has given us this opportunity to have a practical job experience before getting into a permanent job as a full time employee. Definitely this internship program will help us a lot in job sectors. Internship helps us to learn lots of things which will be very effective for the near future.

From university's internship program I have learned

- How to give a company's portfolio in the report
- How to present work experience in the report
- Cooperative education experience
- Concern for integrating experiences and external experiences
- Way of communication.

2.2.3 Others:

While doing this internship I have learned lots of new things, which was totally unknown for me. Besides learning from the organization and the university I have also learned some other things which are very essential for me.

- Increased trust, confidence and professionalism
- Improved subject area and discipline knowledge
- Increasing sophistication
- Developing skills and competencies
- Symbolic capital and meaning, conceptual familiarity.

2.2.4 Recommendation:

- The communication between the intern and the supervisor should be quite clear and on the regular basis so that the intern has the total understanding and control over the entire internship program.
- A fresh intern is not always that keen to achieve full control on the program. He/she might need some extra knowledge about corporate culture and some other things about a work place and companies. In this regard the supervisor could be a big helping hand for the intern. The supervisor can give initial view about corporate environment for a smooth start of the program.
- The interns could get highly motivated by the supervisors while they will be performing the internship program in some particular companies. This motivation will drive the interns to get jobs from those companies. Also, the supervisors can arrange some group discussion to share the information about companies and make the interns fully understand.

2.3 Problems and solutions for Standard Chartered Bank

- Shortage of employees: SCB is currently having the largest operations among foreign banks operating in Bangladesh. As a result, a huge number of employees are required to

ensure smooth operations. However, employing such high numbers of employees can be very expensive for the bank.

- Solution: SCB is one of the pioneers of the culture of employing third-party employees in the country. These third-party employees are basically sourced and recruited by human resource companies, and the bank can avail their services paying lower salary, benefits and facilities compared to regular employees. By employing such personnel in posts where judgmental or discretionary decision-making is not required, the bank is saving money and increasing profits.
- Shortage of branches: Although SCB has more branches than other foreign banks, it has much less branches compared to local banks. As a result a huge number of customers cannot be reached by the bank and it is losing out on competitiveness in consumer banking as a result.
- Solution: SCB has taken a strategic approach of not targeting the masses but rather the comparatively more affluent section of the population to provide banking services. Especially it has become a specialist in satisfying the needs of high net worth customers including professionals and business clients. Therefore it has set up large number of branches in Dhaka and Chittagong where almost all such high net worth clients reside and operate and is able to derive large amounts of revenue and profits from such customers which is setting off the revenues that the bank is missing out on from not being able to serve regular customers outside urban areas.
- High charges: One of the problems about SCB's service identified by most customers is the high banking service charges or fees that are deducted from accountholders of the bank. Indeed these charges are much higher than those at local private banks and have become a reason for concern for accountholders with SCB.
- Solutions: Rather than cutting down costs and thus decreasing banking services made to customers, SCB has taken the alternate approach of justifying such high charges through ensuring excellent service unmatched by almost any other bank operating in Bangladesh. The bank has managed to do so by hiring employees of high caliber, by automating and computerizing much of the banking operations and prioritizing customer service and satisfaction over all else.
- Regulatory Restrictions: As SCB is an international bank with headquarters in London, it has to abide with both British and European banking rules and regulations. Furthermore it has to abide by regulations set out by Bangladesh Bank while carrying out operations in Bangladesh. Additionally, rules and policies set out by the group have to be strictly abided with while carrying out any operations by SCB. Abiding with so many rules has meant that SCB lacks the flexibility that other banks can offer to their customers or can practice while carrying out internal operations.

- Solution: Top-level management has set out policies, processes and strategies such a way, that regulatory requirements have failed to reduce flexibility and competitiveness of SCB. Instead it has helped earn reputation as a highly reliable and transparent bank.

Though the service & performance of BTPO department is quite impressive because each & every employee of this dept. are very dedicative to their task but the following important positive steps may be taken to make their service faster :

- The authority should find out some instant fixing up system of online systems like (CDMS, SPMS, and DMS) problems.
- They should seat for a meeting with other departments to get their necessary items in time because most of the times the managers have to wait for long time to get some confirmation or mail from other departments though the managers have done with their task.
- The IT department should make their service fast because if any kinds of hard ware problem happen in the dept. then they get replacement after 24-48 hours of fiving requisition.
- They may separate the employee of Encashment & issuance because sometime the employee of one section cannot complete his regular task in time for doing another sections work.
- The supporting staff should do their task completely rather than taking help from their colleagues.
- Because if anyone do the work of other than they won't able to show their activity in PS timing tool as a result who did the work his performance will not recognize.
- They should stop the acceptance of any kinds of request because it's very time consuming to fulfill any kinds of request.

2.4 Recommendations

2.4.1 Challenges and recommendations for improvement

Every work has to face some limitations. There was no exception in the case of mine while I was pursuing my internship program. I had to come across many challenges to acquire the exact outcome from my activities. Basically the challenges I faced could be categorized in two types.

- Problems identified in the organization.
- Problems due to lack of adequate and appropriate academic preparation

Problems identified in the organization

- Sometimes Branches do mistake in the application form for which we have to bother our customer several time,
- Sometime Branches use to send application form without checking the customer's account for which we have to hold that application processing due to insufficient fund.
- Sometime different departments send their application form without following the proper process which causes double issue.
- Kiosks are very less.
- Sometime prior customer used to call in BTPO dept. directly to know current status of their application's which is huge time consuming.

Recommendations for improvement:

- They should arrange more training for the employees of their branches.
- They should update a new system by which customers will get to know their applications current situation by online rather than calling in BTPO dept.
- They should set up more Kiosks.
- They should introduce some requirement to apply for Bonds.(like keep enough balance in account.)

Problems due to lack of adequate and appropriate academic preparation:

The main objective of an internship program is to make the bridge between the theoretical knowledge and implication of it in the practical professional life. There are number of courses have been undertaken during my BBA program in BRAC University and I have chosen Marketing as major and finance as minor because of great importance of this field in the current professional life. Nevertheless, all the courses I have undertaken might not match precisely in the practical field and I have come across irrelevance and mismatches during pursuing my internship program.

2.4.2 Recommendations for investors: When considering an investment strategy, remember the importance of diversification. As a general rule, it's never a good idea to put all your assets and all your risk in a single asset of class or investment. You will want to diversify the risks within your investments by creating a portfolio of several bonds, each with different characteristics.

- Buy-and-hold investors can manage interest rate risk by creating a “laddered” portfolio of SP with different maturities, for example: three and five years. A laddered portfolio has principal being returned at defined intervals. When one bond matures, you have the opportunity to reinvest the proceeds at the longer-term end of the ladder if you want to keep it going. If rates are rising, that maturing principal can be invested at higher rates.
- Stock market returns are usually more volatile or changeable than returns from SP, combining the two asset classes can help create an overall investment portfolio that generates more stable performance over time. Therefore in years when the stock market is down, the performance of investments in SP can sometimes help compensate for any losses.
- If you are a long term investor SP returns are more promising and higher than FDR, with greater benefits.
- Capital achieved from the sale of SP or any savings certificate is used for the development of the nation and or economy. However, in countries like ours where corruption level is high, investors might have doubts regarding the utilization, but being socially responsible investors we should at least step forward for the betterment of the economy.

2.4.3 Recommendations for raising the demand of Sanchayapatras

- Removal of the 5% tax on interest earning on certain Sp such as Family Sanchayapatras (FSP) and Pension Sanchayapatras (PSP). Majority of the investors in FSP are housewives and for PSP are retired officials thus it is a burden on them as they don’t have a constant source of income.
- Majority of the investors in our country are small and short-term investors, thus if new SPs are launched with shorter maturity date and with smaller denomination it would be helpful in pulling such investors towards SP.
- Having an active secondary market for government bonds would have to a great extent raise the demands for SPs, as there would be an incentive for investors to gain greater profits within shorter period of time. Often but not always, the stock and bond markets move in different directions¹¹: the bond market rises when the stock market falls and vice versa. Therefore in years when the stock market is down, the performance of bond markets can sometimes help compensate for any losses.
- The government of Bangladesh can pass an act that makes mandatory for organizations and corporates to invest a percentage of their income in SP on behalf of their employees. This will definitely help in boosting the demand of SP.

¹¹ Source: <http://www.investinginbonds.com/learnmore.asp?catid=6&id=386>

2.5 Limitations of study

In doing the report, some limitations that I faced which debilitate the accuracy of my outcome are:

- It was difficult to gather information from banks as they are very strict about it.
- Few researches on government bonds are published online thus the analysis was tough.
- Standard Chartered Bank doesn't publish the annual report, so analysis was difficult because no explanation of the particulars was available.
- Load at the work place was also a barrier in preparing this report.
- Although the officers of the Standard Chartered Bank have been very helpful, they didn't have enough time to provide, as they are very busy with their assigned works. So, in some cases, observation was needed.
- Due to lack of experience, there may be faults in the report, though maximum efforts have been given to avoid any kind of mistake.
- Finally, the length of this internship program (3 months) was not sufficient to conduct a detailed study on the subject.

2.5 Conclusion:

Presently SCB is doing excellent business in Bangladesh. It is arguably the leader in providing banking services to global corporate clients but facing some competition from the likes of HSBC and Citibank. Although HSBC and Citibank are globally much bigger banks, SCB's history, experience and relationships in Bangladesh will help retain leadership position in this segment in the future as well.

When it comes to serving local corporate clients, SCB is still one of the top banks in Bangladesh. However it is facing much stiffer competition in this regard not only from foreign banks but also from local private banks. Indeed, there is a trend among local corporate clients to switch to local banks as they are being offered more personal attention, higher flexibility and better services at lower rates and charges from local banks. SCB will have to focus more on this segment in order to hold on to its market position by coming up with more competitive products and services and building up healthier relationships with customers.

When it comes to consumer banking, SCB is leader among foreign banks but lagging far behind local banks. SCB has to set up much more branches, cut down charges and fees and provide more competitive products to gain a stronger foothold in this segment.

Overall it is observed, that SCB will continue to focus on corporate banking in the future just as other foreign banks, it will simultaneously invest hugely in consumer banking and go for expansion through branch openings and mergers to create a strong market position in that segment as well.

In Bangladesh there are lots of investment opportunities available for investors. But to achieve an optimal portfolio requires having knowledge about all types of investment facilities available. Through diversifying your investment into different classes of assets you can achieve a healthy and secure portfolio. One category of assets that can help investors in achieving a secured portfolio is Sanchayapatras. The benefits that these assets offers are quiet attractive and beneficial compared to other assets of similar kind. However, people tend to neglect it mainly because of lack of trust and inefficiency associated in government operations. But in recent times institutional sale of government bonds has to a great extent diminished the hassle associated in dealing with the government. Such types of assets are required in a democratic country to ensure a constant source of income for those who do not have the ability to bear big risk. Even though the demand of Sanchayapatras has not reached up to its standard but the future of such assets is optimistic.

3.0 Appendix

3.1 The figure below shows SCB operations in 70 Countries:

Figure: Asia



Figure: Africa



Figure: middle East



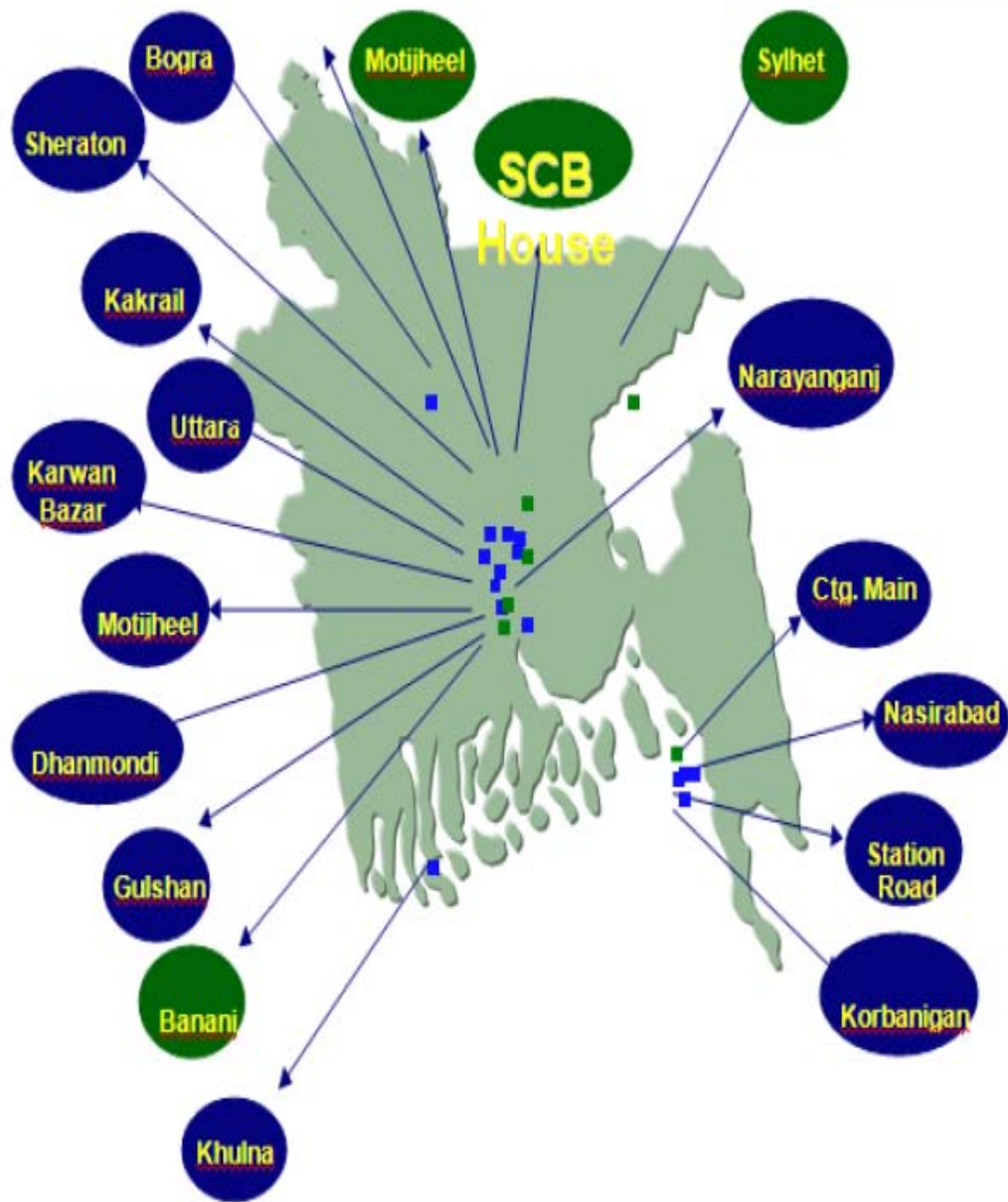
Figure: Europe



Figure: Americas



Table: SCB outlets in Bangladesh



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