

**Internship
Report on
BRAC
Bank**

Internship Report on

**SME Banking Division of
BRAC Bank Limited**

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Date of Submission:

28th April 2014

LETTER OF TRANSMITTAL

28th April, 2014
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Subject: Submission of internship report

Dear Sir,

I would like to take this opportunity to thank you for the guidance and support you have provided me during the course of this report. Without your help, this report would have been impossible to complete. With deep gratitude, I also acknowledge the help provided by Mallah Omar Sharif, Senior Manager, Corporate Brand, BRAC Bank for providing me utmost supervision during my internship in the organization.

To prepare the report I collected what I believe to be most relevant information to make my report as analytical and reliable as possible. I have concentrated my best effort to achieve the objectives of the report and hope that my endeavor will serve the purpose. The practical knowledge and experience gathered during my report preparation will immeasurably help in my future professional life.

I would really be grateful if you enlighten me with your thoughts and views regarding the report. Also, if you wish to enquire about an aspect of my report, I would gladly answer your queries. Thank you again for your support and patience.

Yours Sincerely,

Shathil Mahmud
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Acknowledgement

The successful accomplishment of this Internship Report is the outcome of the contribution and involvement of a number of people, especially those who took the time to share their thoughtful guidance and suggestions to improve the report. It's difficult for me to thank all of those people who have contributed something to this report. There are some special people who cannot go without mention.

First of all, I would like to thank our honorable academic supervisor Mr. Md. Tamzidul Islam Senior Lecturer, BRAC Business School, BRAC University. I am thankful to him for his continuous support and supervision, suggestions and providing me with valuable information that was very much needed for the completion of this presentation.

Then, I express my sincere gratitude to Mallah Omar Sharif, Senior Manager Corporate Brand, BRAC Bank, for supervising me the entire internship time. I would like to also express my gratitude to Tanvir Rahman , Noman Reza, Arefin Jagirdar, Senior Managers of BRAC Bank's Marketing team for teaching me and supporting me for my internship experience.

Finally my sincere gratitude goes to my family, friends, classmates and colleagues who helped me whenever I needed.

Executive Summary

Advanced expansion of the Small and Medium Enterprises (SMEs) can help to cut poverty to a satisfactory level by eliminating various prejudices against labor intensive industry and creating jobs for the skilled manpower in the SME sector. However, the access to financing is still recognized as the leading obstacle to SME growth in Bangladesh, alike most other developing and under-developed countries. Small and medium entrepreneurship have a tremendous potential in empowering potential entrepreneurs and transforming society. To target this sector with huge potentiality BRAC Bank Ltd introduced SME Banking Division in 2001.

Being the fastest growing bank of the country currently BRAC Bank is operating all over the country having 157 Branches and Krishi Branches, 22 SME Sales and Service Centers, 300+ ATMs, 405 SME Unit offices. This fastest growing bank works on 3P- People, Planet and Profit; ensures sustainable growth and largely focuses on SME financing sector.

BRAC Bank SME division was set up to capture “Missing Middle” and to create socio-economic impact in the country. Within 11 years of establishing it has proved its success through becoming country’s largest SME finance provider and 4th large SME provider in the world in terms of lending volume.

For the inheriting business risk, SME sector is facing several constrains in terms of growth. Policy level complexity, financial constraints, legal bindings and industry structure are hindering financial institutions to support SME sector. Lack of SME supporters, poor infrastructure of the country, lack of entrepreneur’s skills, lender-borrower gap, huge market competitions are the major drawbacks for both borrowers and lenders. Again SME sector has tremendously contributed in the economy. Today it has been considered as the engine of country’s economy.

Being country’s largest SME provider, BRAC Bank is facing several challenges which are identified in analytical part of the report. Business risk, high interest rate, high defaulter rate, certain government policy change etc are the major challenges facing by BRAC Bank. At the same time BRAC Bank has a large number of defaulters. Even though strict loan approval system is maintained, due to some unavoidable reason “bad-losses” sometimes occur. In order to reduce credit risk BRAC Bank follows consistent monitoring system upon borrower’s activities. Again if someone turns in to defaulter special wing called SAM works to enforce law.

The recommendation part of the report tried to find out some steps could be initiated by BRAC Bank in order to overcome existing weakness. Lowering interest rate, more effective loan approval system, strong monitoring activities, and entrepreneurs meeting arrangement could improve BRAC bank’s performance. Analysis of the Loan Repayment Behavior of the borrowers gives an idea about the current market vibe of SME banking.

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Chapter One

Introduction

1.1 Introduction

Bangladesh banking system has undergone unprecedented changes over the last twenty years. The country moved away from state control to a relatively market-based open economy by adopting a major stabilization, liberalization and deregulation program under the influence of the World Bank and the IMF against the backdrop of serious macroeconomic imbalances in the early 1980s. After the initiation of Financial Sector Reforms Program (FSRP) in 1990, the sector was opened to greater competition by the entry of new private banks and more liberal entry of foreign banks in line with the recommendations of this program.

Where increased adoption of the internet as a delivery channel contributes to a gradual reduction in overhead expenses (Marketing, IT and Staff) of the banks by providing a high level of quality services through ATM, POS (Point of Sale), Online, Internet, Tele-banking, SWIFT and Reuter. These have changed the market structure of Bangladesh banking industry significantly. As a result, in recent years, the state-owned public banks have lost market share to the private commercial banks.

These changes will have vast implications for concentration and competition in the banking and financial sectors. However, increased concentration can intensify the market power of the large banks by fostering collusive behavior among them and therefore hinder both competition and efficiency. In order to judge the implications of these structural changes and developments, it is imperative to examine current market structure of the banking sector to understand the impact the changes are likely to have on the market structure and the behavior of banks.

1.2 Background

Dedicated to the people of Bangladesh because we believe in faith and hope cemented by our Unshakable trust on the dreams of 160 million, it is not just a place for transactions – BRAC Bank is a place where potentials are realized. Traditionally, banking in Bangladesh has been for the mid to large sized businesses or the professionals in jobs. Ironically, more than ¾th of the economy is out of the reach of formal banking. BRAC Bank took a step to break this tradition of banking and tapped into the true suburb entrepreneurial initiatives. More than half of BRAC Bank's lending is for this small and medium enterprises – popularly known as 'SME'. These businesses are the dreams and achievements of individual Bangladeshis

1.3 What BRAC Bank has been doing?

BRAC Bank is one of the country largest and world's 4th largest SME Bank. In a market where traditional banking support was inadequate, these SMEs could find a partner. BRAC Bank has disbursed over 1450 billion Taka worth of SME loans in just 10 years and it has made more than 365,000 dreams come true! While we are a SME-heavy bank, we also render a full-array of banking services, not only SME financing. The bank is considered a leading one in retail services with the largest plastic-base (over half a million customers of the bank carry a debit or credit card to access their everyday banking needs), the 3rd largest private-sector remittance distributor, and the 7th largest bank in terms of fund management, 2nd highest issuer of home loans and 3rd largest distributor of car loans in the country.

1.4 Business model of BRAC Bank

The **Business Model** innovated was simple: mobilize funds from the urban market towards lending at semi-urban and rural. The bank had to break away from traditional banking, had to develop new ways to assess credit proposals and to reach these people who rarely accesses a bank outside metro areas, but the journey proved a success.

1.5 Structure

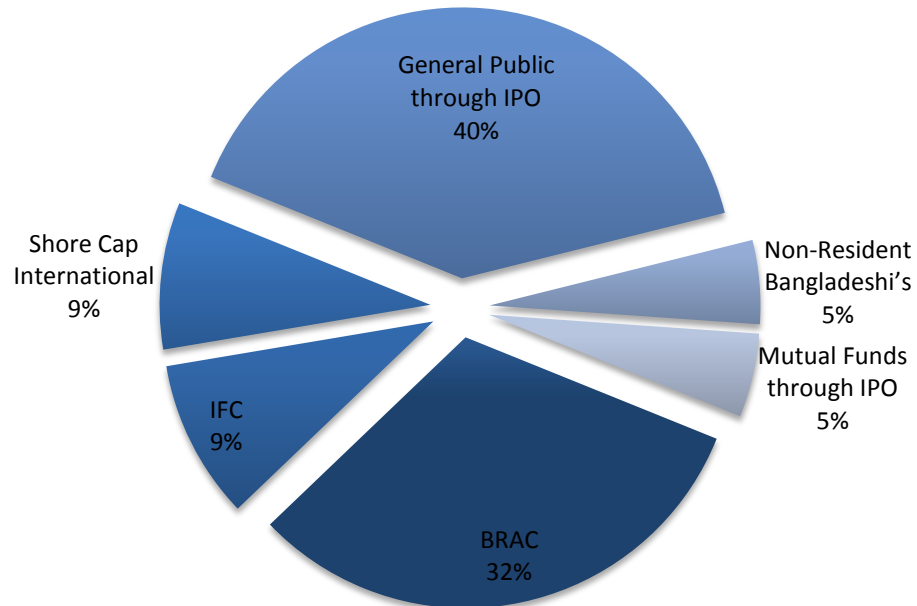
1.5.1 Capital Structure

BRAC Bank has started with an initial capital of amount BDT 250 million, while the authorized capital is BDT 1,000 million. Over time the bank has increased its capital base because of its steady growth and within three years of operations, it has doubled its capital base to BDT 500 million. The Bank has planned to go public by the last quarter of this year (2006) and raise its paid up capital to BDT 1000 million. BRAC Bank originated with Local and International Institutional shareholding including BRAC as promoter with IFC and Shore Cap International, UK.

1.5.2 Capital Fund

The authorized and paid up capital of BBL is TK.1000 million and TK.500 million respectively. The paid up capital is one of the strongest in the banking industry. The bank is going to raise its paid up capital in the month September, 2006 by TK.500 million with issuing public share of 5,00,000 of TK.100 each.

Shareholding Structure



Shareholders	Percent
BRAC	31.74%
IFC	9.50%
Shore Cap International	8.76%
General Public through IPO	40%
Non-Resident Bangladeshi's	5%
Mutual Funds through IPO	5%
Total	100%

Figure 1: Shareholding Structure

1.5.3 BRAC

BRAC, a national, private organization, started as an almost entirely donor funded, small-scale relief and rehabilitation project initiated by Sir Fazle Hasan Abed to help the country overcome the devastation and trauma of the Liberation War and focused on resettling refugees returning from India. Today, BRAC has emerged as an independent, virtually self-financed paradigm in sustainable human development. It is one of the largest Southern development organizations employing 97,192 people, with 61% women, and working with the twin objectives of poverty alleviation and empowerment of the poor.

1.5.4 International Finance Corporation

The International Finance Corporation (IFC) is the private sector arm and the commercial wing of the World Bank Group. IFC promotes sustainable private sector development in developing countries. Using certain channels and overseas representatives, IFC helps local financial institutions find profitable ways to target small and medium sized companies. Funding comes from the Asian Development Bank, Canada, the European Commission, the Netherlands, Norway, the United Kingdom and IFC itself.

IFC is a 9.50% shareholder in BRAC Bank. A new assistance program signed in August 2005 aims to double the bank's number of small and medium enterprise clients in 18 months through campaigns to target women entrepreneurs and rural clients, introduce new products and train branch managers.

1.5.5 Shore Cap International

Shore Cap International Ltd. (SIL) is an international private non-profit, equity company seeking to invest in small business banks and regulated micro finance institutions in countries with developing and transitional economies. SIL was launched by Shore Bank Corporation, America's first and leading community development and environmental Banking Corporation. Shore Bank's international work began in 1983 advising Muhammad Yunus and for 10 years doing the financial feasibility work for the major institutional donors to the Grameen Bank in Bangladesh. Founded in mid-2003, Shore Cap has a current base of \$28.3 million in capital commitments and seeks to support the growth of development finance institutions in Africa, Asia and Eastern Europe. The institution has made investments totaling \$7 million in Bangladesh, India, Cambodia, Armenia, Mongolia and Kenya. Shore Bank is a 9% investor of Shore Cap and runs the management company, which oversees investment activities. Shore Cap typically invests between \$500,000 and \$2 million for an ownership position of 10-25% of a company. As a minority shareholder, Shore Cap seeks financial institutions with a strong, experienced management team and a committed set of local development-minded investors. Shore Cap currently owns 8.76% of BRAC Bank Limited.

1.6 Business Objective (for Marketing)

Establishing BRAC Bank as the most preferred Bangladeshi brand in the financial sector of the country.

1.7 Where does BRAC Bank stand today?

- Country's one of the **Largest Bank**, and the **Second largest SME Bank**
- A full-scale financial hypermarket offering **financial solutions to every segment**






BRAC Bank Subsidiaries	Logo
BRAC EPL Investment Limited	
BRAC EPL Stock Brokerage Limited	
BRAC Saajan Exchange Limited	
bkash (a subsidiary of BRAC Bank)	
BRAC IT services Ltd (bits)	

Table 1: BRAC Bank Subsidiaries

SME Disbursed	14,500+ Crore
General Customers	12 Lac+
SMEs Customer	3.65Lac
ATM network	2nd largest. largest to have integration with rest of the industry
Plastic Card	Largest base (over 5 Lac customers carry Debit or Credit cards)
Remittance	3rd largest in-flow of remittance among commercial banks
Network	Largest real-time, online
Branches/Krishi Branches	157
SME Unit Offices	405
ATMs (own)	300+
Remittance Delivery Points	2,000+
Apon Shomoy	12
Employees	7,000 + the largest employee base among main-stream commercial banks
Member	GABV (Global Alliance for Banking on Values).
Achievements	IFC GTFP Award 2011, Asian Bankers Award 2011, FT IFC Award 2010, DHL Daily Star Bangladesh Business Award 2009

Table 2: Overall stand of BRAC Bank

1.8 What sets BRAC Bank apart?

- SME Banking Model: 50% of the total loan portfolio is always for SMEs
- Value-based banking: a mission of Financial Inclusion and the 3P philosophy
 - ✓ **People**
 - ✓ **Planet and**
 - ✓ **Profit**
- Largest real-time, online network

1.9 Industry initiatives

- The SME Financing Model eventually has been replicated across the industry
- Omnibus – a common platform for shared ATM network
- Eldorado – a common platform for remittance distribution
- First PPP (Public Private Partnership) in Banking Industry with Rupali Bank for installation of ATM at their premises and issuance of ATM Card for their customers
- PPP with Bangladesh Road Transport Authority (BRTA) for collection of vehicle fees and with HBFC for loan installment.

1.10 Vision for the Future

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

1.10.1 Corporate Mission

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

1.10.2 Core Values

BRAC Bank's Strength emanates from its mother company - BRAC. This means, we will hold the following values and will be guided by BRAC.

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

1.11 Logo

The logo of BRAC Bank has been prepared keeping in mind the goal of the organization. The square structure of the logo means solid and strong. The Golden Color in the lower portion of the logo means that 'Golden Bangladesh & her fertile land'. The Blue color in the upper portion means 'the sky with enormous & unlimited opportunity'. The white colored curve means 'Growth and Progress'. White circles in the blue color mean the flashing sun that gives light to everywhere.



1.12 Organization Hierarchy

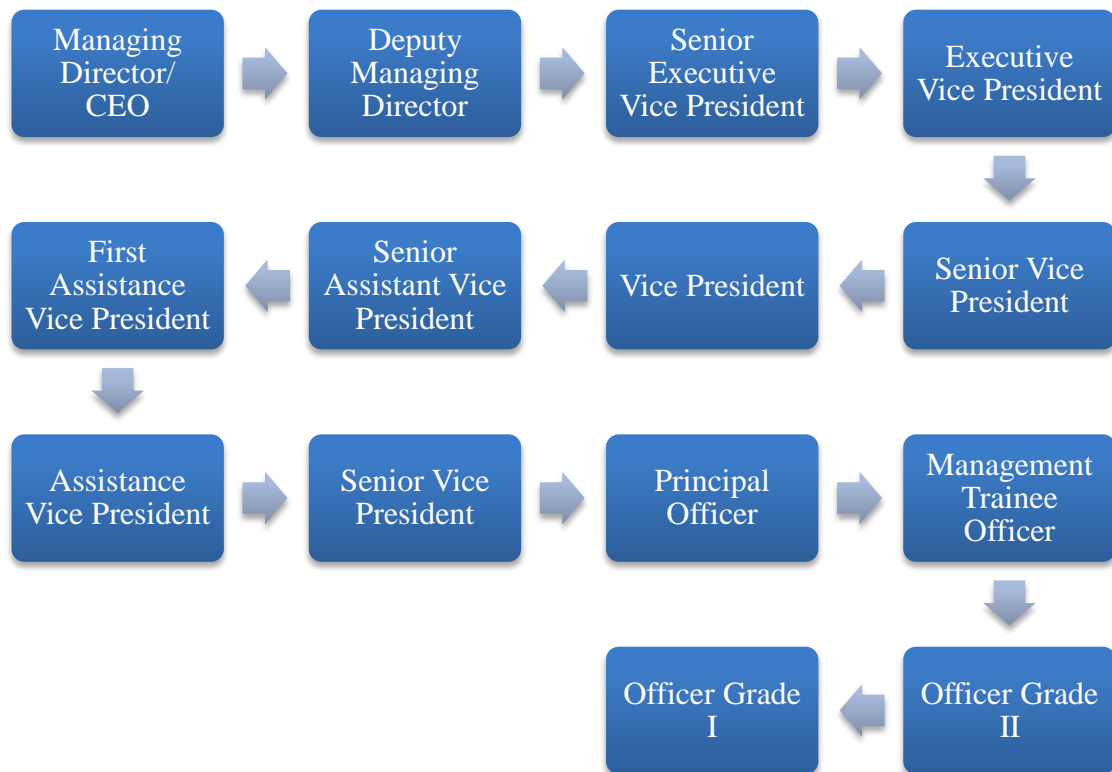


Table 3: Organization hierarchy

1.13 Service Quality Aspect

BRAC Bank is one of the four banks in terms of service quality perception among thirty banks. In 2009 BRAC Bank had launched the campaign called “Joy of Banking” with the view to reaffirm commitment to service quality and customer experience. We are ideally the first bank to make a dedicated department and addressing service related issues structurally. As a very first step of the campaign BRAC Bank renamed ‘Customers’ to ‘Guests’. Believing that every customer who steps into the bank is Guest and to fulfill his/her requirement successfully according to expectation. Also strengthening relationship of mutual faith and understanding the guests and their satisfaction. The two biggest challenges of service quality were our large customer base of 1.2 million, which Makes our branches very crowded, which leads to increasing lead time of rendering service; on an average it’s 23 minutes in a heavy traffic branch. And the second is the perception of hidden charges. Bank has launched a campaign early 2011 called “Grahok Odhikar” to address this issue; displaying list of charges at all the branches and bank’s website.

1.14 Brand Footprint

1.14.1 Brand Muscle 1

We are a Bangladeshi Bank.

1.14.2 Brand Muscle 2

We work for the financial inclusion of our countrymen.

1.14.3 Brand Muscle 3

In BRAC Bank we realize the potentials of our people

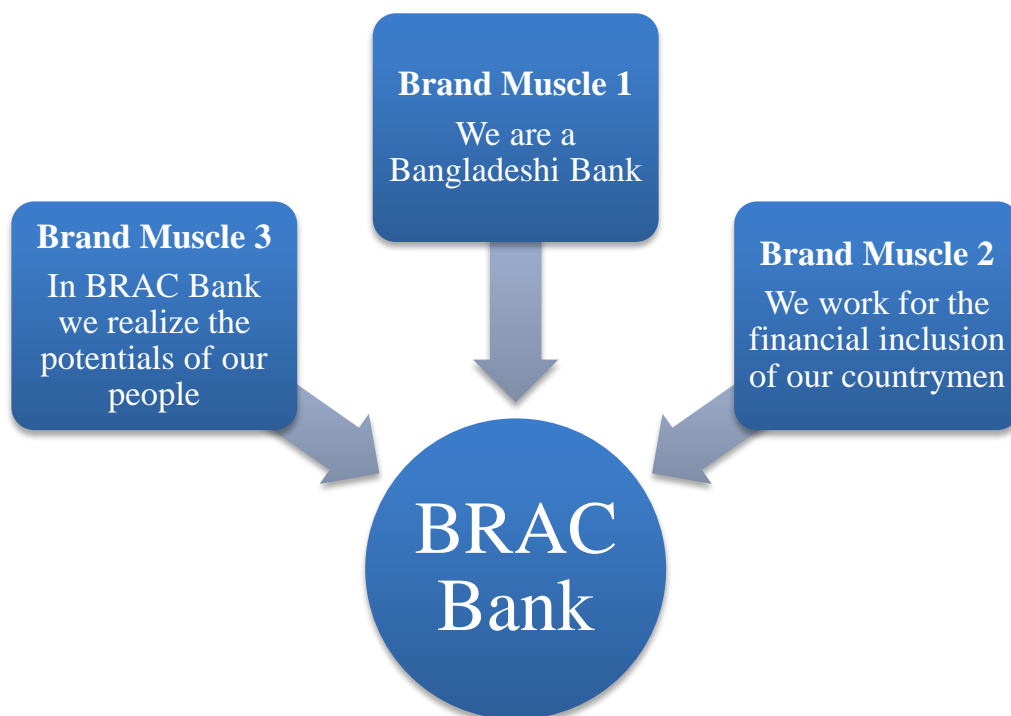


Figure 2: Brand Muscle

1.15 Extendibility

The brand position communication must be extendible in the following sections:

- **Time:** Must be able to maintain a strong position for at least 2 years.
- **Media:** Must be able to extend to all media including PR, direct media, Outdoor, innovative media.
- **Brand Muscle:** Must be able to extend to include all the 3 brand muscles.
- **Campaign Type:** Must be able to be applied throughout all types of communication such as
 - Product campaigns
 - Retention campaigns
 - Sponsorships etc.

1.16 Target group

All Bangladeshi, who are fighting for their financial independence is a target group of BRAC Bank.

1.17 Brand Identity

The following points are the bank's brand identity. But agency has the liberty to suggest any changes.

1.17.1 Brand Essence

“BRAC Bank is a place where potentials are realized.”

1.17.2 Brand Positioning

“We are a Bangladeshi bank, working for the financial inclusion of our countrymen”

1.17.3 Brand Ethos

‘AsthaObichal’

1.17.4 Brand Personality

The Brand personality of BRAC Bank is Successful, caring, confident, role model, responsible, and receptive.

1.17.5 Face of Brand

In the background is the face of individual achievement. It is where a person has taken the charge of his/her own destiny. In the foreground is the expression of progressive youth. It is where the faces lit with the light of your brighter future. The individual achievements and faith speaks for the future for all. In short, BRAC Bank faces express ‘you can do it too’ attitude. Necessarily, the entire ambiance is the future Bangladesh we want to see.

1.17.6 Tone of voice

Easy to understand and comprehend, polite and courteous, non-imposing, confident but not arrogant, active, inspirational and avoid over promising. Must speak in first person terms

BRAC Bank as “We” and customer as “YOU”

1.24 Business Divisions of BRAC Bank Limited

BRAC Bank Limited consists of five major business divisions. They are

- Retail Banking Division
- Corporate Banking Division
- Small and Medium Enterprise (SME)
- Treasury
- Remittance Services

1.24.1 Retail Banking Division

Retail Division offers a wide array of lucrative and competitive banking products to the individual customers of the bank. It offers different types of term deposit scheme and attractive STD & Savings deposit schemes giving interest on daily balance. Retail Banking Division has the following departments:

- Branch Banking
- Alternative Delivery Channels (ATM, AponSomoy, Cash deposit machine (CDM), Phone banking, e-statement)
- Cards Department
- Retail Risk
- Products and Marketing
- Value Centers

Currently BRAC Bank has re-organized its retail business according to customer profile. This segmentation has been done to deliver more standardized services and reduce operating costs as well. The segments are as follows-

- **Premium Banking**
- **Supreme Banking**
- **Excel Banking**
- **Easy Banking**



Figure 3: Segments of Retail Banking

- **Premium Banking**
 Guest who maintains at least BDT 50 lacs (6 month average) is called premium customers. They are highly prioritized. They also enjoy different gift and discount through BRAC Bank. Currently BRAC Bank has around 1000 premium customers.
- **Supreme Banking**
 Guests who maintain a balance between BDT 10 lacs to below 50 lacs (6month average) are treated as supreme clients. They enjoy separate service booth and cash deposit booth in the branch along with many other services.
- **Excel Banking**
 Client who maintains a balance between BDT 50 thousand to below 10 lacs in an average of 6 months are called excel group of guest.
- **Easy Banking:** These are the general customers who do day to day and traditional banking with the bank. They only require a minimum balance in the account (up to BDT 50 thousand)

1.24.2 Products and Services of Retail Banking

Retail Loans are consumer's loan. Based on the customer demand these loans are given. BRAC Bank has a wide range of retail loan-

- Car loan
- Doctors loan
- Secured Loan/OD
- High flyer loan
- Top up loan
- Credit card loan
- Study loan
- Teachers loan
- Now loan
- Salary loan

BRAC Bank's Retail Division is being operated centrally. Under the Retail Banking Division all the branches, which acts as sales & service center, are reportable to Head of Retail Banking. Different products of Retail Banking are as follows:

- Deposit Products
- Loan Products
- Cards
- Locker Services
- Foreign exchange and related Service.

The product and services that are currently available are given below-

I) Depository Products

BBL is now offering 6 depository products for mobilizing the savings of the general people:

- **Savings A/C**
 - Triple Benefits Savings Account
 - Savings Classic Account
 - Aporajita Account
 - Future Star Account
- **Current A/C**
 - Current Classic Account
 - Current Plus
 - EZee Account
 - Salary Account
 - Campus Account
- **STD A/C**
- **Fixed Deposit A/C**
- **DPS A/C**

II) Loan Products

BRAC Bank is offering the following loan and advance product to the client for financing different purpose that fulfill the requirements of the bank and have good return to the investment as well as satisfy the client. The loan and advance products are:

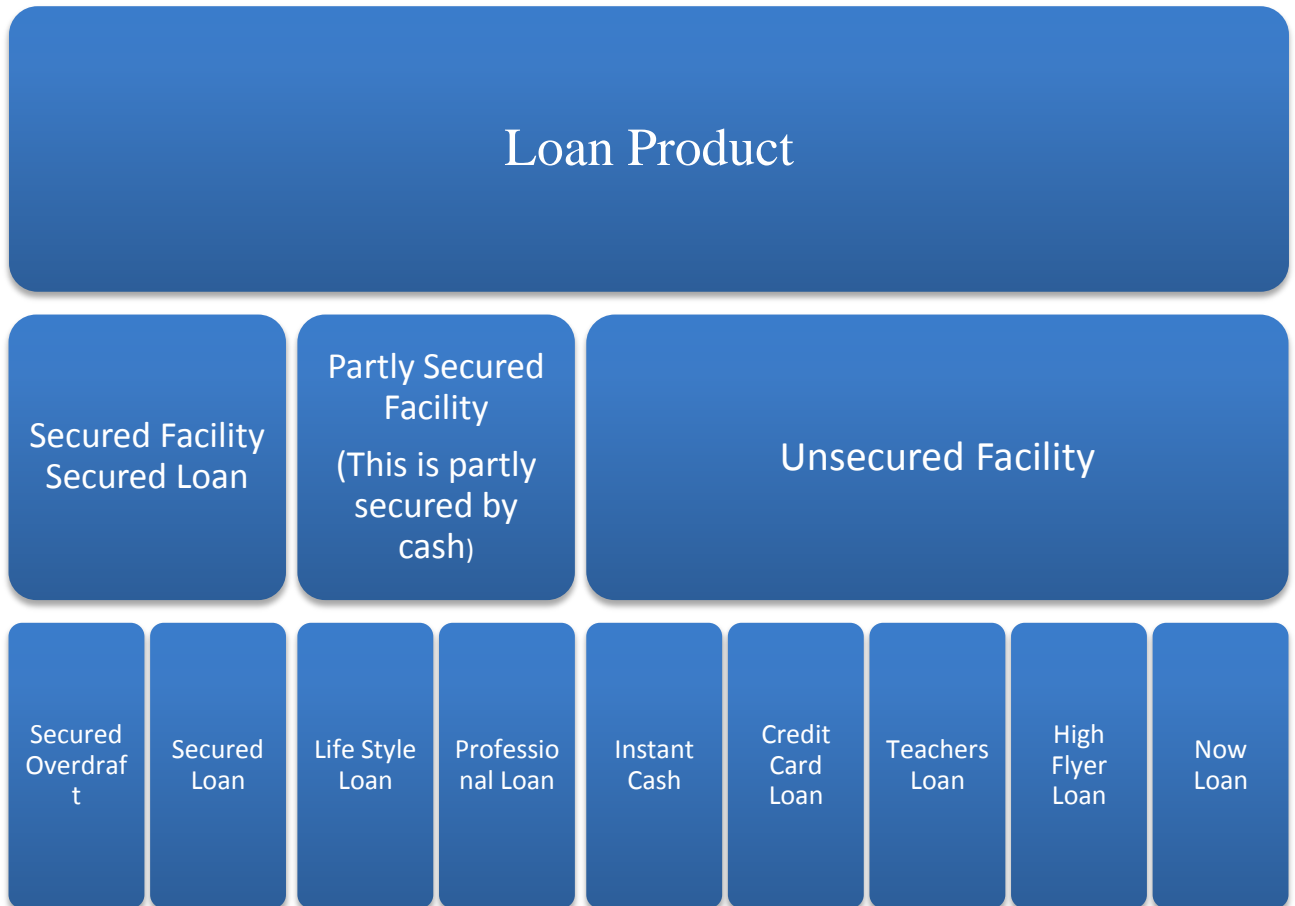


Table 3: Loan Products of Retail Banking

Process Flow of Retail Loan

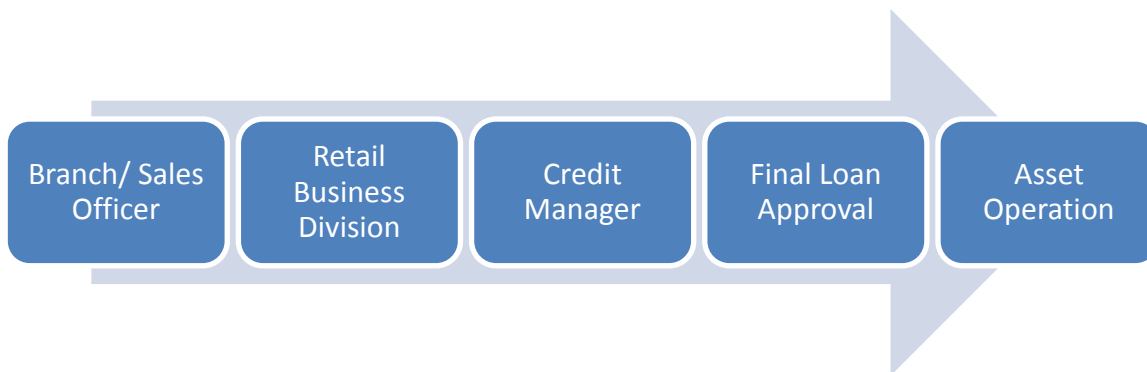


Figure 4: Process Flow of Retail Loan

III) Cards

With 157 outlets, over 300 ATMs and over 500,000 plastics in the market, BRAC Bank offers you a wide range of financial solutions to meet your everyday need.

- **Credit Card**
 - Platinum Card
 - Universal Card
 - i. Universal Visa/MasterCard Classic
 - ii. Universal Visa/MasterCard Gold
 - iii. Co-branded Universal ICDDR B Card

- **Debit card**
 - Visa/MasterCard Planet Card
 - BRAC Bank RFC D Debit Card

- **Prepaid Card**
 - Hajj Card
 - Travel Card

- **P@y Flex Programs**
 - Regular P@y Flex
 - Interest free P@y Flex

IV) Locker Services

Locker Services are available in the following branches

Sl	Branch
01.	Agrabad
02.	Asadgate
03.	Banani
04.	Bashundhara
05.	CDA
06.	Comilla
07.	Gulshan
08.	Halishahar
09.	Zindabazar
10.	Kazirdewri

Sl	Branch
11.	Khulna
12.	Mirpur
13.	Mogbazar
14.	Momin Rd.
15.	Narayanganj
16.	Rampura
17.	Satmosjid Rd
18.	Shyamoli
19.	Sylhet
20.	Uttara

Table 4: Locker Services of BRAC Bank

V) Foreign exchange and related Service

Travel Related Services (TRS)

Travel Related Services deals with the sale of Cash FCY against Individual's Travel Quota and Medical File. This entitlement is for a Calendar Year i.e. from 1st January to 31st December.

As per Bangladesh Bank Guideline –

- Travel Quota (For a Calendar Year)
 - USD 2000 or equivalent for SAARC Countries & Myanmar
 - USD 5000 or equivalent for Non SAARC Countries
- Medical File Quota (For a Calendar Year)
 - USD 10,000 or equivalent (If patient requires more than USD 10,000 for treatment, Bangladesh Bank's permission is required)
- Required Travel Document for FCY Endorsement
 - Valid Passport
 - Valid Visa
 - Air/ Bus Ticket (with return)

➤ Required Documentation for Medical File

- Valid Passport with Visa (Parent's Passport for Infant)
- Photo copy of Air ticket/ Bus ticket (Original needs to be shown)
- Invoice from prospective hospital
- Recommendation letter from personal physician
- Related medical documents (Prescriptions, Diagnosis Reports etc.)
- Previous overseas medical treatment documentation (If any) & Proof of treatment (After return from abroad)

➤ Education Related Services (ERS)

BRAC Bank ERS offers 'Student File' services which eases educational related financial transactions abroad. Student File opening is a mandatory requirement set by Bangladesh Bank for Foreign Exchange transfer to other countries. Through opening Student File, educational related expenses can be remitted abroad.

➤ **Facilities of BRAC Bank Student File**

- Easy transfer of Tuition Fess & Living expenses
- Faster processing of Student File
- Flexibility of Foreign Currency endorsement
- One Stop Service at Student Service Center
- Dedicated service desk in branches
- Competitive exchange rate

➤ **Eligibility**

Students who have taken admission in regular courses such as undergraduate, post graduate, language course pre-requisite to bachelor degree & professional diploma/ certificate courses in recognized institutions abroad

➤ **Student Quota**

Education Cost & Living Cost as per estimate furnished by Foreign Institution/University and USD 200 or equivalent for transit expenses

➤ **Services offered**

- Student File Opening
- Foreign Demand Draft (FDD)/ Foreign Telegraphic Transfer (FTT) issuance for tuition fees & to pay off living expense

➤ **Documents required**

- Valid Passport
- One Passport size photograph
- Admission letter issued by the educational institution in favor of the student
- Estimation of annual tuition fee, board and lodging, incidental expenses etc. issued by the concerned educational institution
- Refund policy
- All educational certificate and mark sheet
- Visa & confirmed ticket (Required to release the living cost)

1.24.3 Corporate Banking Division

Corporate Division provides full range of commercial banking products and services to any potential corporate clients including multinationals, large or medium local corporate, NGOs, institutional bodies.

The Corporate Banking Division has a centralized structure through on-line banking system. Any credit facility is processed at the Corporate Banking Division, Head office. After sanctioning of the facility, the limit is put on line and the customer can enjoy the facility from any of the BRAC Bank branches. Strict adherence to internal control guidelines and other legal and statutory compliance are followed. The Credit approval process involves separate Credit Division, the Managing Director and finally the Board.

Other departments like Foreign Trade, Treasury, and Credit Administration etc. play the support role for a comprehensive range of service to the Corporate Banking Division.

Treasury Division is one of the major divisions of BRAC Bank. Treasury Division deals with money market. All treasury related products are processed in conformity with the Bank's Operational, Trading, Money market, Overnight, Term placing, Deal settlement, Commercial position keeping, Treasury, Credit, Finance & other applicable policies.

Treasury Operations calculates investment figure, prepares the auction application, forwards the application to Bangladesh Bank for Bid and Treasury Operations maintains and reconciles all accounts with foreign and local banks.

1.24.4 Products and Services

BRAC Bank offers a full array of Financial Services to Corporations and Institutions. Having access to the deepest end of the country, BRAC Bank is there to assist businesses in Bangladesh. With us on your side, you have the power of local knowledge with the capabilities of global standard.

Categories- the facilities our corporate Division offers to our customers are mainly of two-

1. Corporate Loan Products
2. Trade Finance

➤ **Corporate Loan Products**

- Overdraft
- Short Term Loan
- Lease Finance
- Loan Against Trust Receipt (LATR)
- Work Order Finance
- Emerging Business
- Syndication
- Term Loan
- Project Finance
- Bill Purchase
- Bank Guarantees

Trade Finance are those type of facilities where customers don't get fund on their hand rather get Banks Guarantee service to do international trading-import and export. Letters of Credit, Bank guarantees etc. are the examples of the non-funded facilities.

➤ **Loan Approval Process**

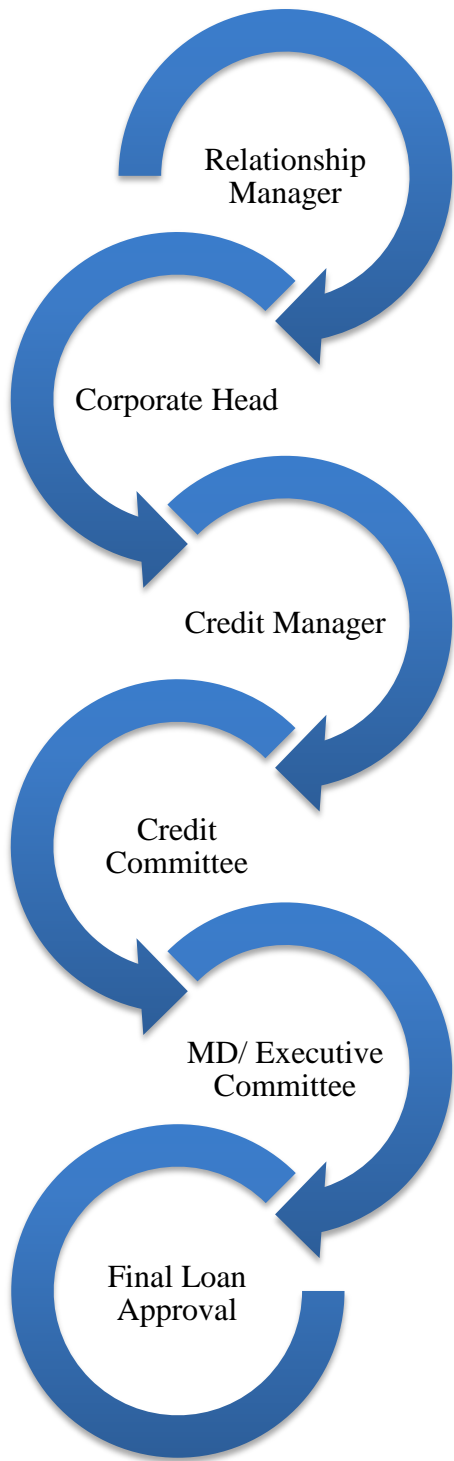


Figure 4: Loan Approval process

➤ **Working Process of Corporate wing**

An example will be handy to understand when the corporate wing starts its work. Say you are one of our clients. You need Tk. 5 core to be used in your business. The first you may contact is the RM (Relationship Manager) who is our delegate to make all kinds of negotiation with you. He then Would take the proposal to the corporate Head takes it for further analysis such as whether it would be profitable venture for the Bank, or whether the Bank can disburse more in the industry etc. Then if the Corporate Head thinks it fit to go ahead, he then would take the file to the credit division – works to find out the worthiness of the borrower and other relevant facts important to assess the possibility of recovery. Then it goes to the credit committee and then finally the file goes to the Managing Director. A diagram is given for better understanding-

1.24.5 Treasury

➤ **Money Market Desk**

BRAC Bank has a strong presence in the Treasury Market in Bangladesh. The Money Market Desk of the Treasury Division mainly deals in Bangladeshi Taka transactions. The basic activities undertaken by the Money Market Desk are:

- Management of Statutory Reserves viz. Cash Reserve Ratio (CRR) & Statutory Liquidity Ratio (SLR).
- Daily Funds & Liquidity Management
- Investment Management
- Treasury Services
- Call/Overnight Lending & Borrowing
- Term Money Borrowing & Lending
- Repurchase Agreement
- Treasury Bills (T-Bills)

1.24.6 Secured Remittance Services (SRS)

BRAC bank has introduced an innovative remittance services for Bangladeshis living abroad with some unique features compared to any of the existing remittance program. Bangladeshi expatriates can now send their money to their relatives anywhere in Bangladesh even to the remotest part within 24 hours at a reasonable cost and competitive exchange rate.

➤ **Secured Remittance Services**

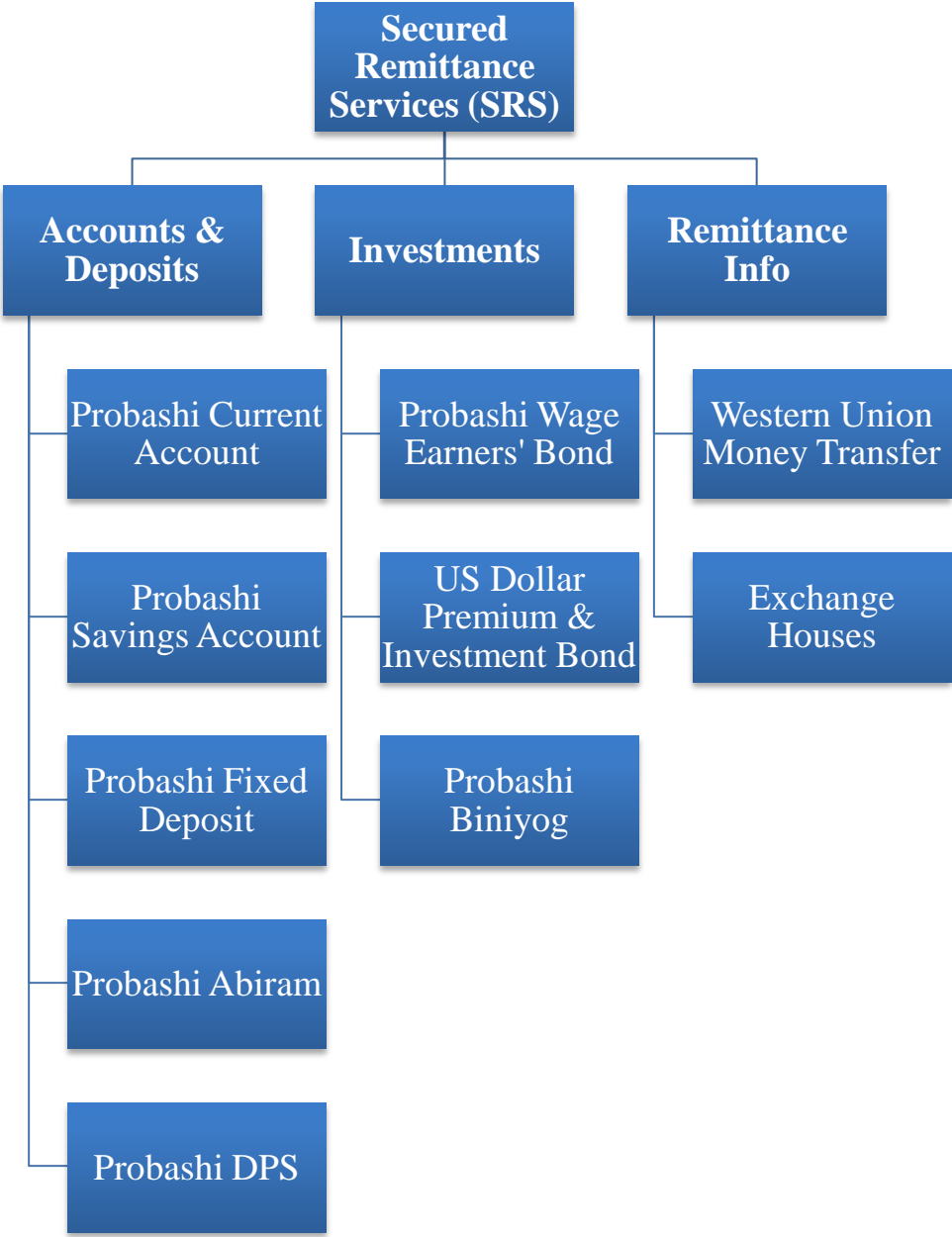


Figure 5: Secured Remittance Services (SRS)

➤ **Accounts & Deposits**

- Probashi Current Account
- Probashi Savings Account
- Probashi Fixed Deposit
- Probashi Abiram
- Probashi DPS

➤ **Investments**

- Probashi Wage Earners' Bond
- US Dollar Premium & Investment Bond
- Probashi Biniyog

➤ **Remittance Info**

- Western Union Money Transfer
- Exchange Houses

1.24.7 BRAC Bank Probashi Products and Services

Probashi Current Account is an interest-less account. To facilitate regular transactions, this account has cheque book and ATM card. This is an ideal account for the nonresident Bangladeshis who have to transact frequently.

- **Probashi Current Account**

Interest in this account is paid twice-June and December. Also, to aid the transaction process, the account holder/subscriber will get ATM card and cheque book facilities.

- **Probashi Current Account**

This account provides attractive interest amount based on regular deposits of small amount. A DPS account can be opened for a monthly deposit of any amount being a multiple of Tk. 500, the lowest being Tk. 500 itself. The tenures can be for 4, 7, 11 and 14 years as per the customers' instructions.

- **Probashi Current Account**

This account provides the customer with a substantial amount of interest at the maturity of the fixed deposit, which ranges from 3 months to 3 years.

- **Probashi Current Account**

This is a type of fixed deposit where the customer will get the interest on a monthly basis and its tenure ranges from 1 -3 years.

- **Probashi Current Account**

The remitters availing BRAC bank services through the exchange houses all over the world can enjoy the special life insurance coverage policy. Without any charges the remitter gets a 65 days insurance coverage. If the remitter dies due to any accident within this period, the beneficiary will receive Tk. 1 -5 lac, depending on the amount of remittance. In case of normal death, the beneficiary will receive Tk. 10, 000*.

- **Probashi Current Account**

A remitter can send money through any of the enlisted Exchange houses of BRAC bank in the form of a Demand draft.

- **Probashi Current Account**

A remitter can open this account for his/her beneficiary. The beneficiary can then enjoy the different services of BBL – SMS banking, Internet banking, Phone banking, etc. After this account is activated, the remitter only needs to inform the amount of remittance and the account number of the beneficiary. As per instructions, within 6 hours, the money will be credited to the beneficiary's account.

1.24.8 Small & Medium Enterprise (SME)

For SME loan operation, BRAC Bank Ltd has in total 900 unit offices, 80 zonal office, 12 territory and 1800 Customer Relationship Officers. These CROs work for the Bank to converge clients for getting the SME loan. Once CROs get the loan application and if it is less than 500,000 TK then zonal officers have the authority to approve the loan. But if it is above 500,000 then the CROs send it to Head Office for all necessary approval. After approving the loan then Asset Operation Department starts its work. As the scopes of businesses are growing, the amount of files and disbursement is getting bigger. In May 2007, AOD has processed 3249 files amounting Tk. 1,235,200,000. So SME Division's success greatly relies on the performance. Up to 2010, BBL provides loans for 3, 20,000 clients and in total BDT 144, 330 million. BDT 37,400 million asset disbursement was supplemented by BDT 8,970 million deposits. Fit – for – purpose strategies and strong drives towards both asset and liability made these successes possible.

1.24.9 Products and Services

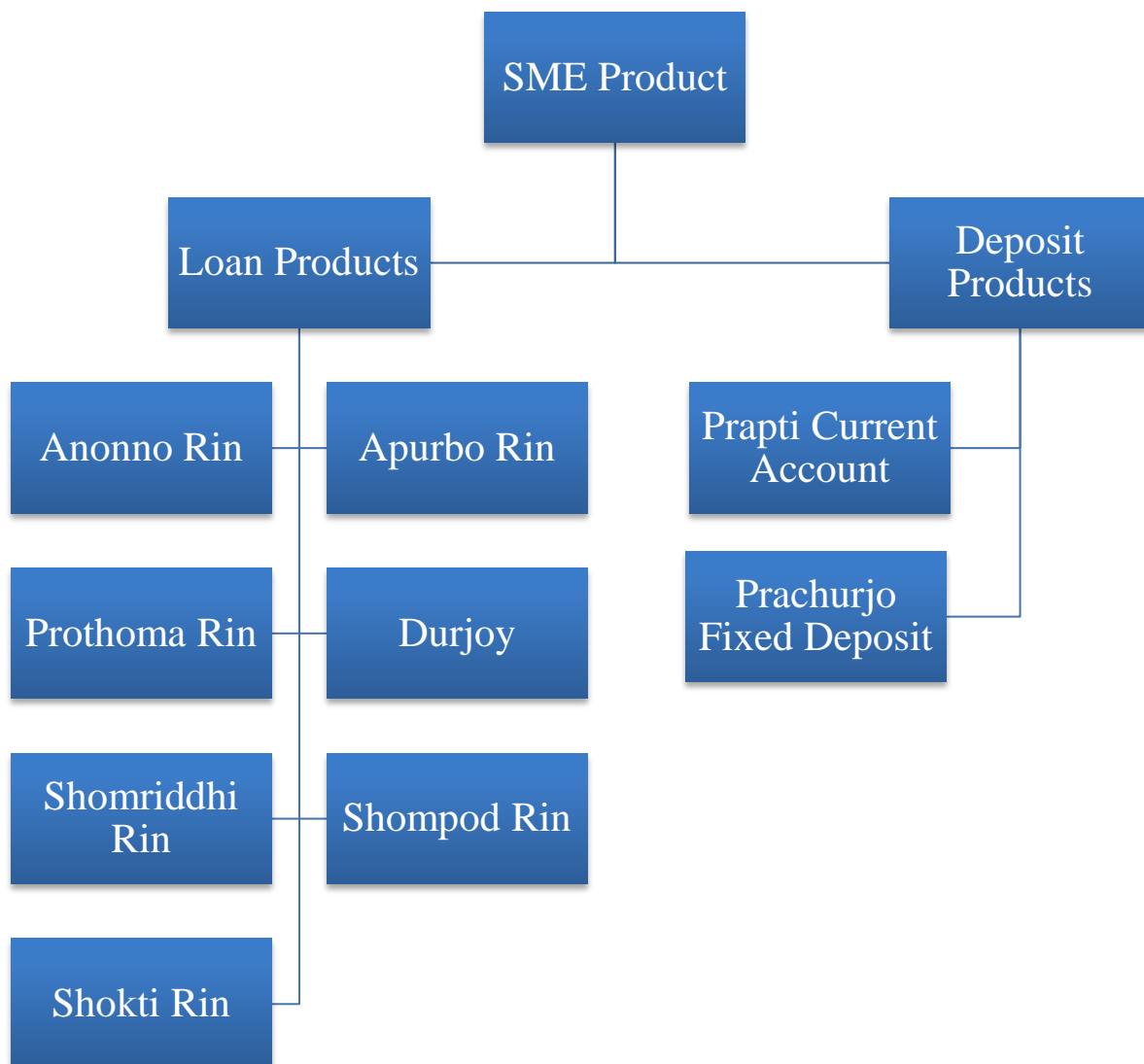


Figure 6: Products and Services of SME

Chapter Two

Internship

Experience

2.1 Job Description

I joined BRAC Bank as an intern in the marketing and communication department on 1st November 2013. I was selected after an interview with the senior manager Brands of the respected department. With the consent of my onsite supervisor my report is over 5 months of internship.

2.2 Specific Job Responsibilities

During my 5 months of internship I worked under the senior manager Brand in the marketing & communication department. The marketing & communication department is responsible for all kind of internal and external communication and all kinds of marketing activities of entire BRAC Bank. Which are



Figure 7: Department Responsibilities

2.3 Works involved during internship

During my attachment period I was directly involved in the all the events, activation and outdoor marketing of BRAC Bank. This includes events and activations of



Figure 8: List of events involved

2.4 Observation

- The total number of billboards of BRAC Bank around the entire Bangladesh is very low.
- Very less campaign are run around the year in the bank for the promotion of its products.
- With a limited number of billboards each board contains different promotions, so none of the promotions are significantly highlighted.
- The billboards are comparatively smaller than the competitors in the market. So it's less hightailed
- A very small team to pull of such a big work load of the entire department.
- The salary package for the entry and mid-level management is considerably low.
- Office area is very small for a marketing & communication department.

2.5 Recommendation

- The number of billboards should be increased for the increase for product promotion.
- More campaigns should be introduces so that all the products and offers are more highlighted.
- One promotion should run at a time for all the boards around the country. So that each promotion gets proper exposure.
- The billboards size should be increased for better recall.
- The team should be extended for better work efficiency as the work load is massive for a small department.
- Marketing activities should be increased to make the potential customers informed.

Chapter Three

The Project

3.1 Background of the Study

BRAC Bank Ltd. was established in 2001 with a focus on the small business sector, operating with a double bottom-line agenda: a combination of profit and social responsibility. The bank also focused on relationship based banking, as it believes that the pursuit of profit and developmental goals are mutually reinforcing. This focus makes the bank to emphasize more on to explore and access market opportunities as well as build asset base to its clients conforming significant contribution to the profitability of the Bank.

3.2 Description of the Project

The report has been prepared in order to provide a brief idea about the SME financing scenario of Bangladesh from the perspective of BRAC Bank Ltd. The broad objective and specific objectives of the report are given bellow-

3.3 Broad Objective

Broad objective of this study is to analysis the SME scenario of Bangladesh and to assess the performance of BRAC Bank Ltd in context of highly competitive market. Along with that the report will justify how SME is contributing in socio-economic development of the country.

3.4 Specific Objectives

The report will work on some specific objectives. Those are as follows-

1. To present an overview of SME division of BRAC Bank
 - Detail description of SME division of BRAC Bank
 - Operation Process of SME Loan Disbursement of BRAC Bank
 - Risk management process and collection process of BRAC Bank Ltd.

2. To find out the problems, if any, that BRAC Bank Ltd. as well as clients is facing in SME financing for small and medium entrepreneurs and to suggest remedies for the problems encountered.

3.5 Methodology

Both the primary and secondary data are used to make the report more rich and informative.

3.6 Primary Sources

- Face to face communication with the on-site supervisor and employees of the BRAC Bank Ltd.
- Open ended and closes ended questions with borrowers.

3.7 Secondary Sources

- Official Website of the Bank and bank records
- Different books, training papers, manuals etc. related to the topic.
- Different websites and publications, newspapers

3.8 Limitations

I have worked only for three months in the bank. Within this short period it is almost impossible to acquire very deep understanding of banking industry as it is such a broad area to study and activities are quite complex. There were number of impediments in my way of research which prevailed all through the internship-

1. Time shortage

I have already mentioned that internship period was too short to get the big picture of the organization.

2. Access to information

Due to confidentiality issues and policies of the bank I could not use all the data in this report making.

3. Lack of cooperation from Customers

Face-to-face conversation is most important to get the response from the customers. But not all the customers were co-operative. Many of them came here leaving their office or important job and wanted get over with the banking as early as possible, so not so eager to answer my question. Even whenever we visited any customer they were not supportive enough to disclose all their information.

4.0 Small & Medium Enterprises (SME)

SME is defined as, “A firm managed in a personalized way by its owners or partners, which has only a small share of its market and is not sufficiently large to have access to the stock exchange for raising capital”. SME ordinarily have few accesses to formal channels of finance and depends primarily upon savings of their owners, their families & friends. Consequently, most SMEs are sole proprietorships & partnerships. As with all definitions, this one is not perfect. Depending on context therefore definition of SME will vary.

Despite the common features globally, countries do not use the same definition for classifying their SME sector. Also, a universal definition does not appear feasible or desirable. SMEs have been defined against various criteria. The three parameters that are generally applied by the Governments to define SMEs are:

- Capital investment in plant and machinery
- Number of workers employed
- Volume of production or turnover of business

Other definitions are based on whether the owner of the enterprise works alongside the workers, the degree of sophistication in management, and whether or not an enterprise lies in the "formal" sector. The definitions in use depend on the purposes these are required to serve according to the policies of the respective countries/Governments. According to Bangladesh Bank’s Small and Medium Enterprise (SME) Credit Policies and Programs:

4.1 Definition of Small Enterprise

Small Enterprise refers to the firm/business which is not a public limited company the following criteria:

Serial No.	Sector	Fixed Asset other than Land and Building (Tk.)	Employed Manpower (not above)
01	Service	50,000 - 50,00,000	25
02	Business	50,000 - 50,00,000	25
03	Industrial	50,000 – 1, 50,00,000	50

Table 6: Small Enterprise

4.2 Definition of Medium Enterprise

Medium Enterprise refers to the establishment/firm which is not a public limited company and complains the following criteria:

Serial No.	Sector	Fixed Asset other than Land and Building (Tk.)	Employed Manpower (not above)
01	Service	50,00,000 – 10,00,00,000	50
02	Business	50,00,000 –10,00,00,000	50
03	Industrial	1,50,00,000 - 20,00,00,000	150

Table 7: Medium Enterprise

4.3 General SME Guidelines by Bangladesh Bank

Bangladeshi SME sector is guided by general SME Guideline of Bangladesh Bank. Guidelines are as follows-

- Each bank/financial institution shall follow a separate business strategy in financing SME loan with least formalities in executing documentation to ensure easy and speedy loan sanction and disbursement process.
- Priority shall be given to small entrepreneurs.
- For small entrepreneurs credit limit will be ranged from Tk. 50,000 (Fifty thousand) to Tk. 50, 00,000 (Fifty lacs)
- For more participation of women entrepreneurs in industrial development of the country and for conducting business activities by women entrepreneurs in large number, priority shall have to be given to potential women entrepreneurs in respect of SME credit disbursement.
- Banks & Financial Institutions shall put highest priority in receiving loan application from small and medium women entrepreneurs and settle the loan disbursement process within very reasonable time from the date of acceptance of the application.
- Each bank and financial institution shall establish a separate ‘Women Entrepreneurs’ Dedicated Desk’ with necessary and suitable manpower, provides them training on SME financing and suitably appoints a lady officer as chief of dedicated desk. Branch

wise list of 'Women Entrepreneurs' Dedicated Desk 'should be sent to SME and Special Programs Department of Bangladesh Bank within two months from the date of declaration of this policy and program.

- Banks and financial institutions may sanction up to Tk. 25, 00,000 to women entrepreneurs against personal guarantee. In that case, group security/social security may be considered.
- The success in SME loan disbursement will be considered as yardstick for further approval of new branches of the concerned bank. License for New Branches will be issued for financing the priority sectors like SME and agriculture from 2010 in the name of 'SME/Agriculture Branch' instead of 'SME Service Centre; in order to involve banks in financing priority sector like SME and Agriculture'.
- Each bank/financial institution shall fix the interest rate on SME loan sector/subsector wise. However, bank/financial institution will inform Bangladesh Bank sector/sub-sector wise rate of interest immediately and ensure disbursement of refinanced fund to the clients (women entrepreneurs) at Bank rate +5% interests.

4.4 Minimum Requirement for SME Financing According to Bangladesh Bank

Each and every SME provider is regulated by separate restriction given by Bangladesh bank along with general banking rules. It may be noted that those minimum requirement should not in any way interrupt the role of monument process through establishing comprehensive credit risk management system appropriate to their type, scope, sophistication and scale of operation. The Board of Directors of particular bank is required to establish policies, procedures and practice in order to define risks, specify security requirement, design internal control and ensure strict compliance with them.

All the minimum requirements can be described as follows-



Table 8: Minimum Requirement for SME Financing According to Bangladesh Bank

4.1.1 Pre-Operation

Before undertaking small enterprise financing, bank/financial institutions are required to follow some specific guidelines. Firms that have already established SME financing are required to compliance with the guidelines by six month of the date of issuance of Small Enterprise Financing Prudential Regulations. Pre-operation guidelines are-

- For the purpose of undertaken SME financing, banks are required to set up own separate risk management capacity which will be properly staffed in combined with sufficient expertise and experienced person in the field o consumer finance/business.
- The bank shell develops comprehensive credit policies suitably approved by Board of Directors. The policy will cover loan administration combined with documentations process, disbursement systems and appropriate monitoring mechanism. The policy will also revise with job description and job specification of different layer staffs. Along with it, policy shall specify powers/authority relating to approval/sanction of consumer finance facility.
- The bank shall develop specific Product Program Guide (PPG) for every type of SME activities. The program shall describe the eligibility of the borrower in terms of objectives or quantitative parameters. It shall also determine the maximum permissible loan limit of each borrower. Along with that, PPG shall indicate the maximum permissible exposure banks will take against each product.

- The SME undertaking bank shall have computer based Management Information's System (MIS) which will cater the need of small and medium enterprise financing portfolio and should be flexible enough to generate necessary information regarding various clients and their payments behaviors. This periodical report are expected to help in generating new policies, effectively implementation of current policies and facilities appropriate modifications of existing policy.
- The bank shall prepare product wise profit and loss account quarterly which will adjusted with the provision on account of classified account as expected. The profit and loss account should be present to the Board of Directors in the immediate next board meeting. In case of foreign banks, the report should be place before committee combined with Chief Executive Officer, Chief Financial Officer and Head of Small enterprise.
- The bank shall have comprehensive recovery procedures for the delinquent loan. There must have a constructive procedure to recover loan defaulters. That recovery procedure my very product to product, but the distinct should be prescribed in such manner so that pre-planned enforcement measures could be taken immediately.
- All the institutions starting/undertaken small and medium enterprise financing are instructed to gone through some training on an ongoing basis to their capabilities related with various aspects of SMEs. The bank shall prepare standardized set of borrowing and recourse documents for each types of SME financing.

4.1.2 Operations

- Like other financing institutions, small and medium enterprise financing institutions are subject to set up own credit risk management process. The process includes-information about borrower past dealing with banks, assessing the clients ability to repayment, sources of repayment, net worth and information obtained from Credit Information Bureau approved by Bangladesh Bank.
- While granting loan to the borrowers, bank shall obtain written declaration from the borrower reviling the details of various facilities he/she already obtained from other financial institutions. The bank shall carefully gone through the declaration detail and find out whether the customer exceeds the resemble limits as laid down in the approved policies of the banks. Additionally this declaration helps the bank to avoid exposure against an enterprise having multiple facilities from different financial institutions.

- Bank should establish its own internal audit and control system in order to review its activities. For its inheriting nature, SME portfolios are subject to high risk and various weaknesses. The internal audit review managerial decisions in order to rectify the weaknesses of SME financing and reduce the level of risk. Another function of the internal audit is to look after the delinquency of internal control. It also figured out whether standardized policies are developed and practiced in reality.
- The bank shall ensure that their accounting and computer systems are properly equipped so that bank can avoid mark up. Even if it marked –up, bank must ensure that the marked-up charge on the outstanding amount is kept separate from the principal. The banks shall also ensure that any repayment made by the borrower is accounted for before applying mark-up on the outstanding amount.

4.1.3 Discloser/Ethics

Bank shell disclose all necessary terms and conditions regarding fees-charges; interest rate and penalties. It should also reveal internal information to some extend because sometimes it contains conditions related with interest rate and pre-payments penalties. In order to make it hassle free and keep update with clients, banks are encourage to published brochures regarding their different mood of products, eligibility to apply and frequent asked questions.

4.5 Importance of SME in Bangladesh

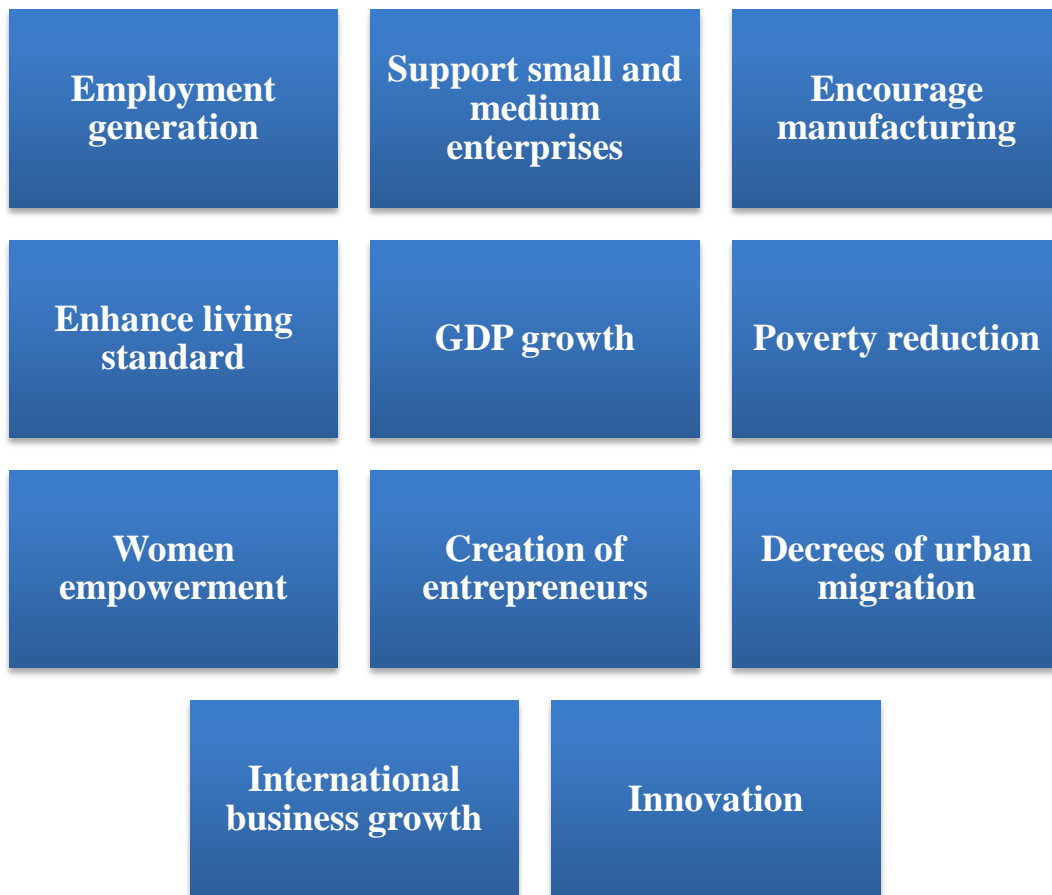


Table 9: Importance of SME in Bangladesh

- **Employment generation**

Developing country like Bangladesh where unemployment rate is near 17% (according to ADB), SME plays vital role to create employment. In 2006, 55% of jobs were created through SME. The National Private-Sector Survey of Enterprises in Bangladesh, 2003 identified that in Bangladesh the agriculture, manufacturing and industry, and service sector could create most employment for the poor people.

- **Support small and medium enterprises**

In Bangladesh, poor people are finance by micro-finance institutes while heavy businesses are encourage by corporate banks. Within this gap small and medium enterprise were ignorant by the traditional banking theme. However all those small and medium business are profitable. With the help of SME loan any potential borrowers can access BDT 2 lac – BDT 30 core which were unthinkable even before 10 years back. BRAC bank provided 47.49% as SME loan of its entire loan amount in 2011.

- **Encourage manufacturing**

Though Bangladesh is an agro-based country, for the time being entrepreneurs are more interested on manufacturing sectors. In the period of Jan-June 2012, BDT 10,463 billion has been invested in manufacturing sectors which is more than 2.3% of last year on the same period.

- **Enhance living standard**

SME sector contributes in increasing living standard through-GDP growth, GNP growth, and employment generations, providing low priced local products, transecting local resource and improving rural life.

- **GDP growth**

In 2011, SME resulted 25% GDP growth in Bangladesh. Through SME sector, Bangladeshi economy became able to decrease its dependency on foreign products, at the same time it has increased local resource transactions. SME's contribution to national exports is also significant.

- **Poverty reduction**

Poverty reduction is the logical sequence of employment generation by SME. Sector wise progress has facilities poverty reduction in both urban and rural areas.

- **Women empowerment**

There has been increased women's involvement in SMEs, especially home-based micro enterprises engaged in the production of clothing and textiles (boutiques and handicrafts, weaving and spinning), livestock and dairy, and retail sales.

- **Decreases of urban migration**

In Bangladesh most of the heavy firm, renowned businesses have been set up around Dhaka city. So there is tendency to come into Capital in-search of job. However SME has given new ray of hope to the entrepreneur of rural areas. About 60-65% of SME's are located outside of metropolitan areas of Dhaka and Chittagong, having easy access to labor and less problematic business environment. Business cost in rural areas is low which also offer better prospects for industrial dispersal. Thus SME decreases urban migration.

- **Creation of entrepreneurs**

SMEs are labor-intensive and low-capital based. Thus it's encouraging individual entrepreneur to invest and to take risk. Mainly they are encouraged to invest in manufacturing sector where general public appeal is high.

- **International business growth**

SME's contribution to export is significant through different industries such as readymade garments, jute and leather.

- **Innovation**

There is evidence in the context of developing countries that innovations from small enterprises have led to greater benefits to large-scale businesses. One salient feature of SMEs is that they often rely on home-grown techniques of production, which are based on authentic innovation. Now if they can be protected under intellectual property rights, this may generate substantial business opportunities for SMEs.

4.6 Overall SME Credit Supply Analysis

As on March, 2012, six private banks have 63.21% of the market share for SME lending nationwide, which equals a total of TK 27.50 billion. The remaining four public banks and financial institutions including specialized types of banks hold an estimated 12% market share (6% each) for SME lending. This suggests an estimated total current supply of SME credit (SME loan principal outstanding) of Tk32.55 billion in the first half of the 2012 where in 2011 the figure was BDT 26.143 billion. That means SME loan has been increased by 24% (The daily Protham Alo, 30th August 2012).

Bank Type	Principal Outstanding (TK in Billions)
Private banks	27.50670
Public banks	1.91468
Specialized banks	1.77967
Total SME lending volume (principal outstanding)	32.255
Yearly target achieved (%)	55%

Table 10: SME Loan Outstanding (TK in Billion)

4.7 SME Background of BRAC Bank Limited

BRAC Bank is a financial supermarket that offers financial solutions for all strata – be it retail, SME, wholesale banking, capital market, or remittance; but it always had a focus on SME. This bank was actually founded on a philosophy of keeping trust on the hopes and dreams of Bangladeshi entrepreneurs – and majority of these entrepreneurs have been beyond the conventional banking reach.

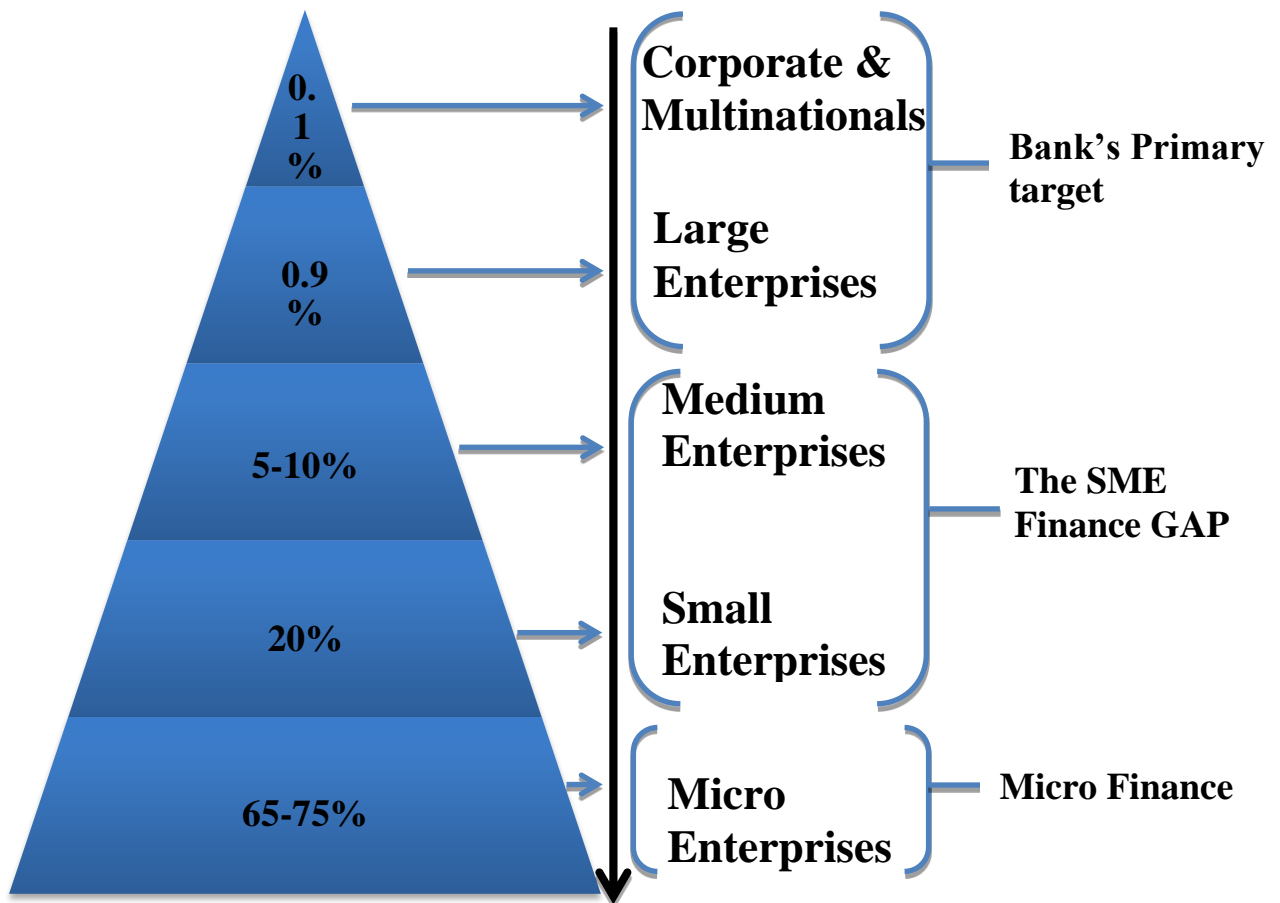


Figure 9: The SME Financing Gap

If we think of the financial pyramid, there are corporate institutions (local and multinational) at the top of the pyramid and there are low income individuals at the bottom. Those at the top are served by banks and other financial institutions while those at the bottom are served by Micro Finance Institutions (MFIs), e.g. NGOs. But SME sector in the middle were missing access to necessary banking services and that “Missing Middle” is BRAC Bank’s target in SME financing.

The corporate mission of BRAC Bank Ltd is to ensure sustained growth in SME sector. In parallel with this goal, SME sector, the main concentrated area of the bank financing since its inception, comprises of more than 50% of total loans and advances.

4.8 SME Banking Division

BRAC Bank Limited is the largest SME Bank in the country and 4th largest SME Bank in the world in terms of outstanding loan amount. SME Banking Division holds highest asset volume among the business divisions of the Bank (SME Banking, Retail Banking, Corporate Banking, and Probashi Banking). As the name signifies, it provides lending and deposit solutions as well as value adding services (payment remainder, payment notification, etc) to small and medium size businesses within the country.

According to “Major Economic Indicators, Monthly Update Status” as on 31st March, 2012-2013

- The division has captured 5.28% market share within SME Banking arena of Bangladesh which valued 8.35% within the private banking industries.
- It has served 320,000 entrepreneurs, with BDT 144,330 million of SME loan since its inception in 2001.

BBL SME Banking Portfolio

BBL SME Banking Portfolio	Amount
Asset Portfolio	BDT 50098.60 Million
Liability Portfolio	BDT 17200 Million
Portfolio in account	1, 21,131

Figure 10: The SME Financing Gap

4.9 BBL Small Business Organogram

Small Business is led by Head of Small Business directly from the Head Office who reports to the Head of SME. The Business is divided into three regions headed by the Regional Heads under whom the Territory Managers are there. Zonal Managers report to the Territory Manager regarding his/her zone who also supervises the CROs working at the very root level.

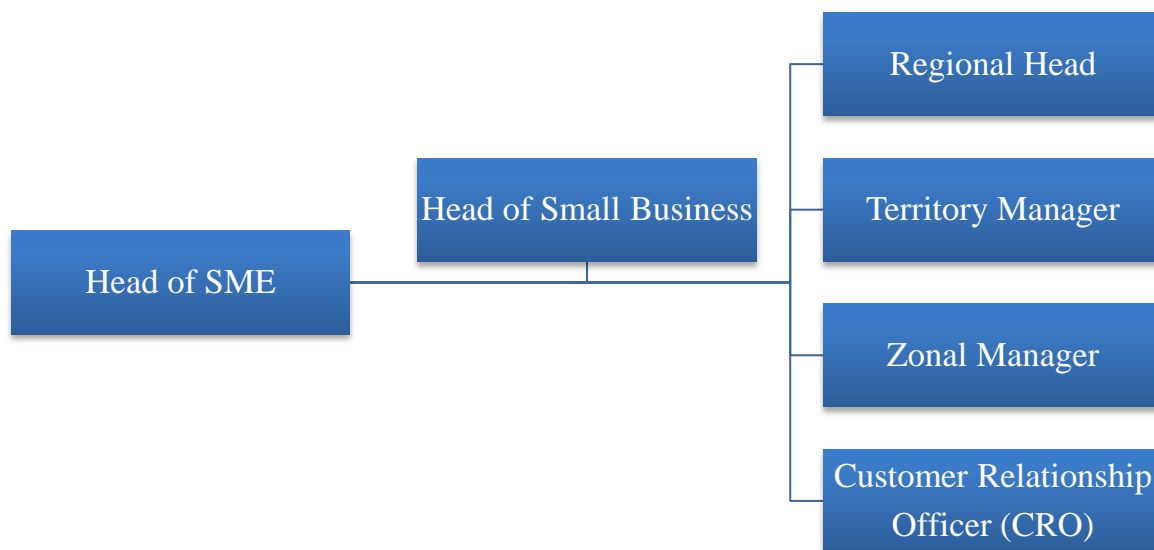
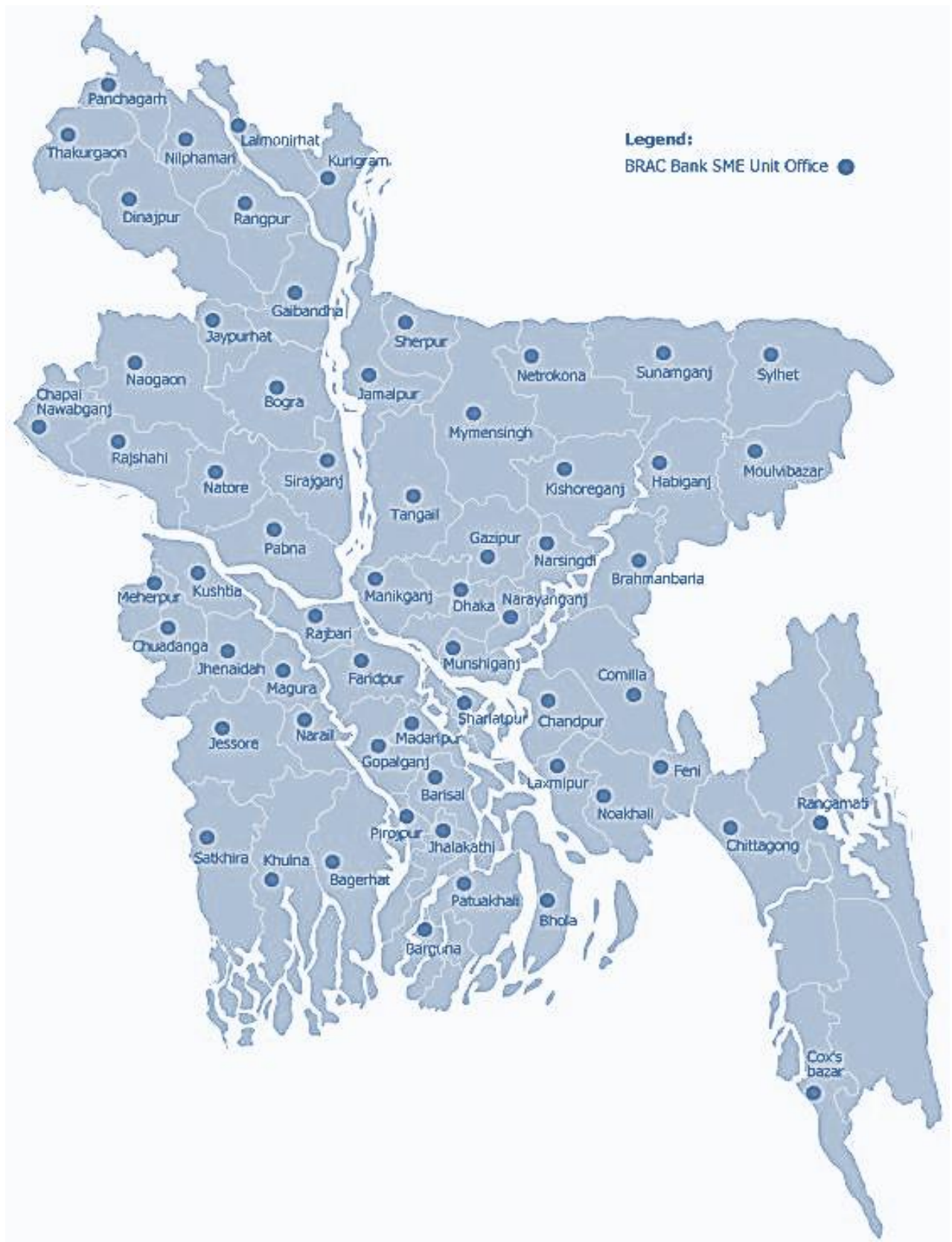


Table 11: Organogram of Small Business

➤ Presence of SME

Small Business department of the division works through 399 unit offices all throughout the 64 districts of the country. The department is divided into three regions named – Dhaka, Chittagong and Rajshahi. Each region comprises of 6 to 7 territories. Territories are divided into zones and zones are further divided into unit offices. Currently there are 21 territories and 119 zones. Medium Business department is currently located in Dhaka and Chittagong city to look after the mid-size borrowers of SME Banking arena. The total number of CROs is approximately 1300 supervised by 119 Zonal Managers.

4.10 SME Network Coverage



4.11 SME Products

BRAC Bank, being the youngest bank, took a step to break away from usual tradition and tapped into the true suburb entrepreneurial initiatives. Currently BRAC Bank has following SME loan products

Product Name	Eligibility	Loan Amount	Mortgage	Business Type	Overdraft facilities	Special features
ANONNO (Business Loan)	Small Sized businesses (Production , Trading, Service, Agro based products and others.) Having At least 3 years business background)	BDT 2 LAC to 10 LAC.	No	Sole Proprietors hip, Partnership or Private limited company		No security required
APURBO (Term Loan)	Any kind of business operating at least 3 or more years.	BDT 1 Million to 10 Million	Property/ Lad/building		Based on Business needs	
PROTHOMA (Term Loan)	Small scaled business operated by woman entrepreneur having 2 or more years of business experience.	Maximum BDT 1 Million	No	Sole Proprietors hip, Partnership or Private limited company		Low interest for woman entrepreneurs
SHOKTI (Business Loan)	Any kind a business having at least 1 year	BDT 1 Million to 10 Million			YES	Loan against partial security or

	bank statement.					fixed deposit
DURJOY (Business Loan)	Any kind a business having valid trade license which has been operating for at least 3 years. Also Need 1 year bank statement	BDT 3 LAC to 2.5 Million	No	Sole Proprietors hip, Partnership or Private limited company		Easy instalment up to 5 years.

Table 12: Comparative analysis of BRAC Bank SME products

Apart from it, there is SHOMRIDDHI SME Loan to meet import-export related expenses, post import expenses, tax/duty payment, local bill purchase and working capital. SHOMRIDDHI loan is offering BDT 1 Lac to BDT 20 million to any kinds of Sole proprietorship, Partnership or Private Limited Company having valid trade license and which has been operating for at least 3 years. It provides- 1) LC and LATR facility. 2) Revolving loan, overdraft and 3) Local bill discounting facility for exporter/importers.

4.11 SME Loan method of BRAC Bank

BRAC Bank Ltd. was set up with the growing need for capital mobilization and the need for formal contracts for a wider spectrum of clients of the country. When it came to SME financing, instead of approaching the problem by scaling down its regular operations, a separate program designed especially for SME financing was launched by BRAC Bank in 2002. BRAC Bank's effort is noted in this regard for its complete focus on the credit needs of the small and medium enterprises. Since the initiation of SME operations by BRAC Bank, it has become the Bank's largest and most profitable venture.

The unique feature of BRAC Bank is that it is the only bank that approaches prospective clients, while other banks wait for them to apply for loans when required. SME units of

BRAC Bank are located in all districts of the country. Each unit has two to five Customer Relations Officers (CROs). The role of CROs is instrumental in not only selecting and approaching clients, but also in maintaining regular interaction with each client, monitoring the use of the loan and ensuring regular repayment.

Customer Relations Officer (CRO) helps a customer choose the scheme which best meets his financial requirements and fits his business size and nature. The CRO then collects all the requisite documents from the customer, consolidates the information, and after ensuring that all the required documentation are in place, he prepares the Loan Application Proposal (LAP) and passes it on to his Zonal Manager. The Zonal Manager visits the business, gives the file a final check and forwards it to the Credit Risk Management department of our bank.

The in the SME Credit wing visits the business location and analyzes the loan proposal by making an assessment of the customer's ability to repay based on his business profile and matching customer's proposal with his credit assessment to determine whether the customer can be financed. In areas where there is no centralized credit assessment department, the bank has audit team that visits the business location and assesses the file. The Origination department verifies the documentation and opens the loan accounts of our customers. In addition, they help obtain the CIB report of the customer, a mandatory requirement of Bangladesh Bank. The loan is then disbursed to the customer. SME Business and CRM jointly manage the collection responsibility across the country based on overdue aging. SME Repayment Unit performs the functions of loan repayment and the Closing Unit does the loan closure.

The CRO obtains the deposit slip from the customers for the monthly installments; he sends a mobile text to Head Office for realization of the installment. The slips are collected at the repayment unit for reconciliation. As the loan matures, the closing and clearing units handle the necessary paperwork and forward the clearance certificate and redemption authority of mortgage property to the respective CRO/ZM, who then hand them over to our customer.

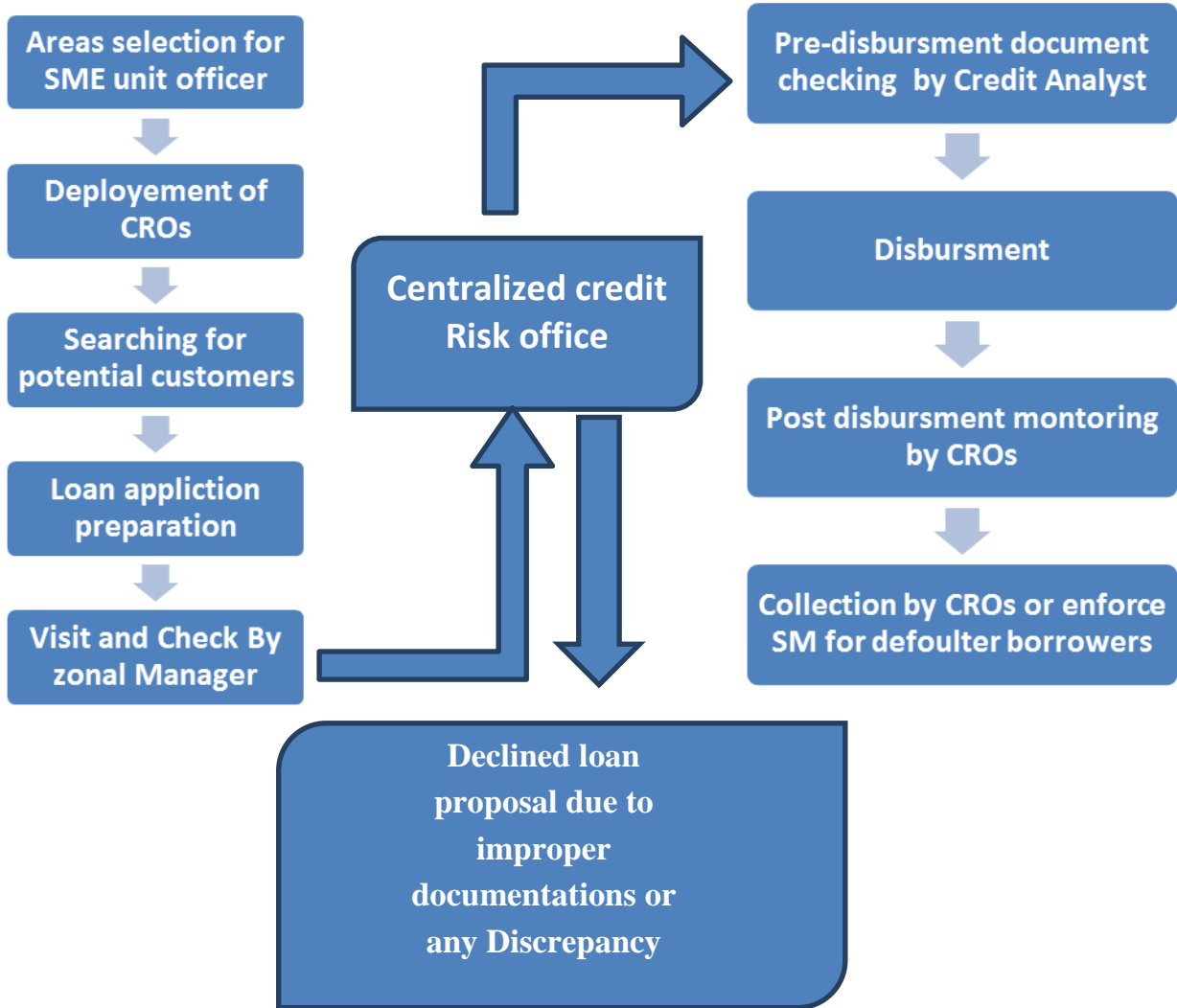


Figure 10: BRAC BANK Small Loan Processing Flow

4.12 Enterprise Selection Criteria

The success of SME will largely depend on the selection of a business and man behind it. In terms of the business (Enterprise), the following attributes should be sought:

- The business must be in operation for at least three year.
- The business should be environment friendly, no narcotics or tobacco business.
- The business should be legally registered, i.e., valid trade license, income tax or VAT registration, wherever applicable.
- The business should be in legal trade, i.e.; smuggling will not be allowed or socially unacceptable business will not be entertained.
- The business must have a defined market with a clear potential growth.
- The business must be located ideally close to the market and the source of its raw materials/suppliers. It should have access to all the utilities, skilled manpower's that are required.

4.13.1 Recommendation

Any risk assessed by the management in turn will become a credit risk for the bank. So effort should make to understand the risk faced by the business. The Enterprise Selection Criteria is good enough, but the management must ensure that the criteria been fulfilled by the CROs when they forward any file.

4.13 Potential entrepreneur Selection Criteria

In order to understand the capability of the management behind the business, the following Should be assessed:

- The entrepreneur should be physically able and in good health, preferably between the age of 25-50. If he/she is an elderly person closer to 50, it should be seen what the succession process will be and whether it is clearly defined or not.
- The entrepreneur must have the necessary technical skill to run the business, i.e. academic background or vocational training, relevant work experience in another institution or years of experience in this line of business.

- The entrepreneur must have an acceptable social standing in the community (People should speak highly of him), he should possess a high level of integrity (Does not cheat Anyone, generally helps people), and morally sound (Participates in community building)
- The entrepreneur must possess a high level of enthusiasm and should demonstrate that he is in control of his business (Confidently replies to all queries) and has the ability to take up new and fresh challenges to take the business forward.
- Suppliers or creditors should corroborate that he pays on time and is general in nature.

4.14.1 Recommendation

At times it is reported that people with bad reputation for integrity issues are offered loan in order to meet the business end targets, or because of political other pressures. So it has to be ensured that the criteria are fulfilled properly which will ensure smooth repayment of loan.

4.15 Guarantor Selection Criteria

Equally important is the selection of a guarantor. The same attribute applicable for an entrepreneur is applicable to a guarantor. In addition he should possess the followings:

- The guarantor must have the ability to repay the entire loan and is economically solvent (Check his net worth).
- The guarantor should be aware about all the aspect of the loan and his responsibility.
- Government And semi-govt. Officials can be selected as a Guarantor such as school teacher, college teacher, doctor etc.
- Police, BDR and Army persons, political leaders and workers, and Imam of mosque cannot be selected as a guarantor.
- The guarantor should know the entrepreneur reasonable well and should preferably live in the same community.

4.15.1 Recommendation

Knowing the guarantor is as important as knowing the borrower. The current practice is very good as the guarantor has to be the spouse of the borrower, or parents, or any one from the first blood relative.

4.16 Indictors and their interpretation from BRAC Bank perspective

➤ **Days Past Due (DPD)**

Refers the number of days borrowers are not giving instalment, counting from the following date of installment due date.

➤ **Portfolio at Risk (PAR)**

When a loan account became delinquent for more than 30 days we can identify that account to be included as a risky account among the portfolio. The standard international measure of portfolio quality in banking is portfolio at risk (PAR) beyond a specified number of days:

4.17 Competitive Scan

➤ **Small Business**

- Term loans to small entrepreneurs is primarily dominated by BRAC Bank while 9-10 Banks/FIs namely City Bank, Bank Asia, EBL, SCB, IDLC, Prime bank, AB Bank, IFIC, Islami Bank, & BRAC NGO (in rural areas) also doing substantial business.
- Overdrafts/CC (mortgage/stock hypo) business is mainly dominated by state-owned commercial banks (SCBs) and PCBs across the country. Our business is insignificant.
- Competition is growing and prices offered by almost all competition is lower than us.

➤ **Medium Enterprise**

- Financed by almost all scheduled banks in Bangladesh.
- Competition is intense and often price sensitive.

4.18 SME Financing: Major competitors

Banks/FIs/NGOs	Urban (Dhaka, Ctg, Sylhet, Khulna, Bogra, N'Ganj)	Semi-Urban & Rural
State owned Banks	<ul style="list-style-type: none"> • Sonali • Rupali, • Agrani, and • JanataBank 	<ul style="list-style-type: none"> • Sonali, • Rupali, • Agrani, and • Janata Bank
Private Commercial Banks	<ul style="list-style-type: none"> • The City Bank • EBL • AB Bank • Dhaka Bank • Prime Bank • Bank Asia • Islami Bank • IFIC 	<ul style="list-style-type: none"> • Pubali Bank • The City Bank • Islami Bank • National Bank • IFIC • Uttara Bank • AB Bank • Prime Bank
Foreign Commercial Banks	CBC	NIL
NBFI & NGOs	IDLC	BRAC, ASA

Table 13: Major Competitors

4.19 Analysis of Loan Repayment Behavior

SME loan is given to small or medium enterprises not for initiating the business but for the purpose of working capital management or for purchasing any long term asset. Any sound organization after three years of their starting of business can apply for this loan.

From the observation of 37 SME loan borrowers' personal and repayment information I find the following results:

- Average age of SME borrowers is 39
- Average education of most of the SME borrowers is Class IX or X.
- Average Experience (As a promoter of the business) is 11 years (along with some extreme values.
- Average Experience (As an employee of the same business) is 8 years
- Monthly income and expenditure of the Entrepreneur is around TK. 30000 and TK. 23000 respectively.
- Average personal and family assets are around TK. 150000 and TK. 240000 respectively
- Almost all of the borrowers are 55% retailer and 45% whole seller
- Average number of employees they have is 3

- Average Amount of loan taken by them is around TK. 379729.7
- Average time period of loan they take to repay is 26 months
- Average amount of loan supposed to be paid is 275314.47
- Average amount of loan currently repaid is TK. 286847.62 per person.
- Average amount of loan due for recovery is TK. 6679.62 per person.

4.20 Analysis

I have found eight variables for the analysis which is relationship between the loan borrowers and the variables. The variables which I am using for the analysis are:

- Age
- Education
- Experience of the borrowers related to their business
- Amount of loan taken
- Term of loan
- Income
- Personal Asset
- Nature of business

➤ Relationship of recovery rate with age of the borrowers

We can analyze the relationship sequentially Relationship of recovery rate with age of the borrowers. The relationship of recovery rate with the age of the customers can be described from the following charts:

Age group	Frequency	Recovery Rate (%)
21-25	1	80%
26-30	4	96%
31-35	9	100%
36-40	9	98%
41-45	7	98%
46-50	4	96%
51+	3	100%

Table 14: Relationship of recovery rate with age of the borrowers

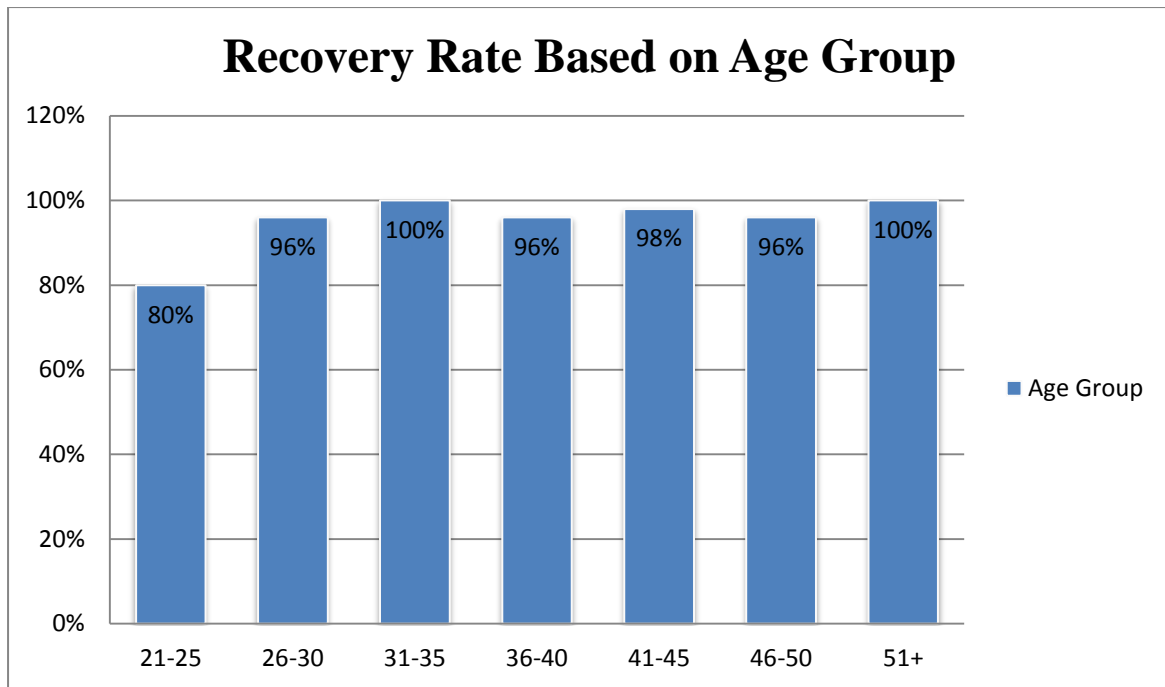


Figure 11: Recovery Rate Based on Age Group

From the above chart we can see that recovery rate increases as the age of the borrowers increases. Here the recovery rate is lowest at the age group of 21-25 for the lacking of experience and knowledge in the related business. They can't make the proper use of funds. And that's why their business fails. At the age of 31-35 recovery rate is 100%. At that age group people like to behave professionally and control everything with strict discipline. They are highly concerned about their career which brings success to their business. So at that time recovery rate is the highest. Again at the age of 50 and above recovery rate is also 100% because of their huge experience and success in business.

➤ **Relationship of recovery rate with education of the borrowers**

The relationship of recovery rate with education of the customers can be described from the following charts:

Education	Frequency	Recovery Rate (%)
Alphabetic-5	8	97%
6 to 10	20	98%
11 to 15	9	96%

Table 15: Relationship of recovery rate with education of the borrowers

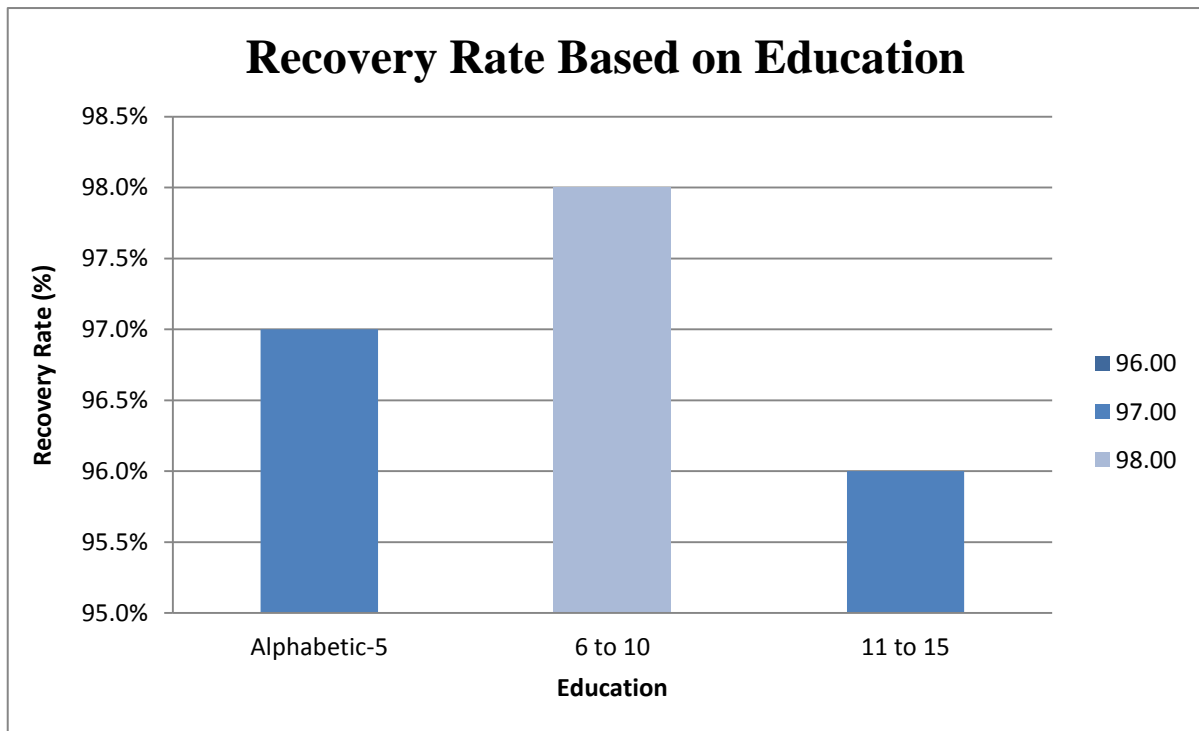


Figure 12: Recovery Rate Based on Education

From the above chart we can see that Small and medium businesses are not highly affected with the educational background of the borrowers. That's why recovery rate also is not much affected with the education of the borrower. There should be some other variables affecting it as well.

➤ **Relationship of recovery rate with experience of the borrower**

The relationship of recovery rate with experience of the customers can be described from the following charts:

Experience(year)	Frequency	Recovery rate (%)
1 to 5	13	94%
6 to 10	9	100%
11 to 15	5	100%
16 to 20	6	100%
20 and above	4	99%

Table 16: Relationship of recovery rate with experience of the borrowers

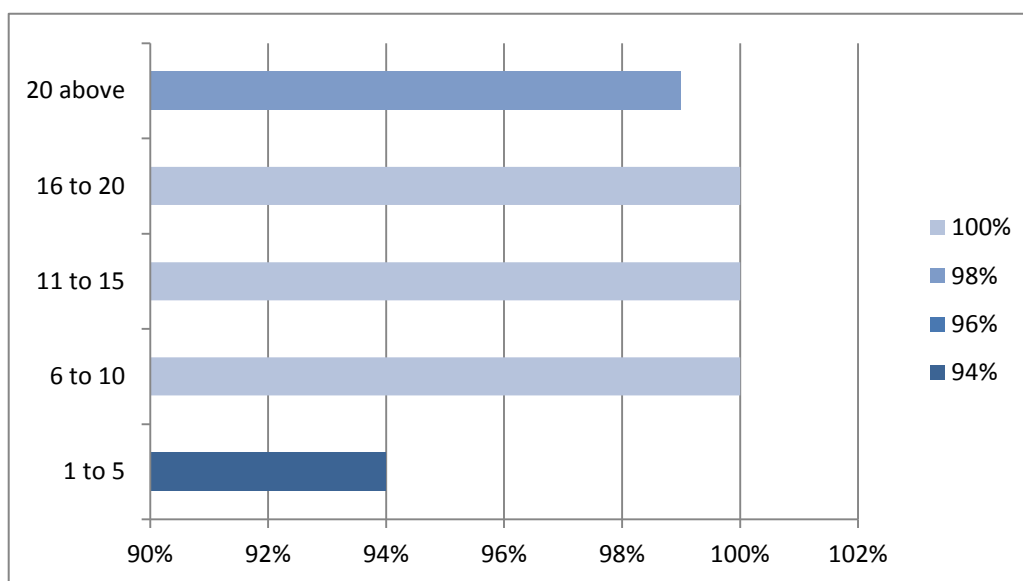


Figure 13: Recovery Rate Based on Experience

From the above graph we see that recovery rate is highly affected with the experience of the borrowers in the business he is engaged with. In fact, it is all out true that a business and its success are greatly affected by the experience the entrepreneur have on the same line of business. At the initial periods of the business lack of experience can cause the business to fail which ultimately results in the default of loan repayments. So BRAC Bank is always concerned about the related experience of the entrepreneur. They don't give SME loan to anybody having no experience or for initiating any business. And here also we see that recovery rate is lowest at the experience of 1 to 5 years.

➤ **Relationship of recovery rate with loan of the borrower**

The relationship of recovery rate with loan amount of the customers can be described from the following charts:

Amount of Loan	Frequency	Recovery Rate (%)
200,000	4	95 %
250,000	1	100%
300,000	12	97%
350,000	2	100%
400,000	6	100%
450,000	1	94%
500,000	10	97%
850,000	1	100%

Table 17: Relationship of recovery rate with loan amount of the borrowers

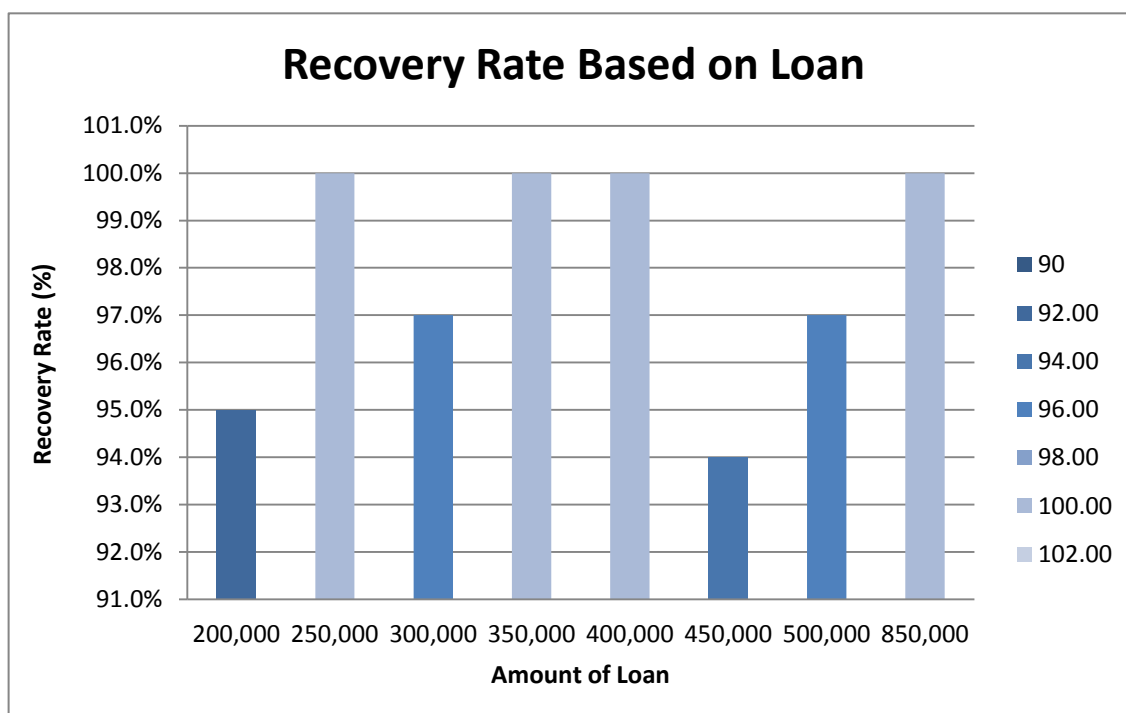


Figure 14: Recovery Rate Based on Loan Amount

From the above chart we see that it's tough to make a relationship with both the recovery rate amount of loan taken by the borrowers. But still it can be said that loan amount ranging from 250000 to 400000 have a good recovery rate on an average. That's why maximum amount or size of SME loan the authority like to disburse is 300000.

➤ **Relationship of recovery rate with term of loan**

The relationship of recovery rate with term of loan of the customers can be described from the following charts:

Term Of Loan(Month)	Frequency	Recovery rate (%)
15	3	98
18	3	100
21	10	100
24	11	98
27	1	94
36	5	94
48	4	91

Table 18: Relationship of recovery rate with term of loan

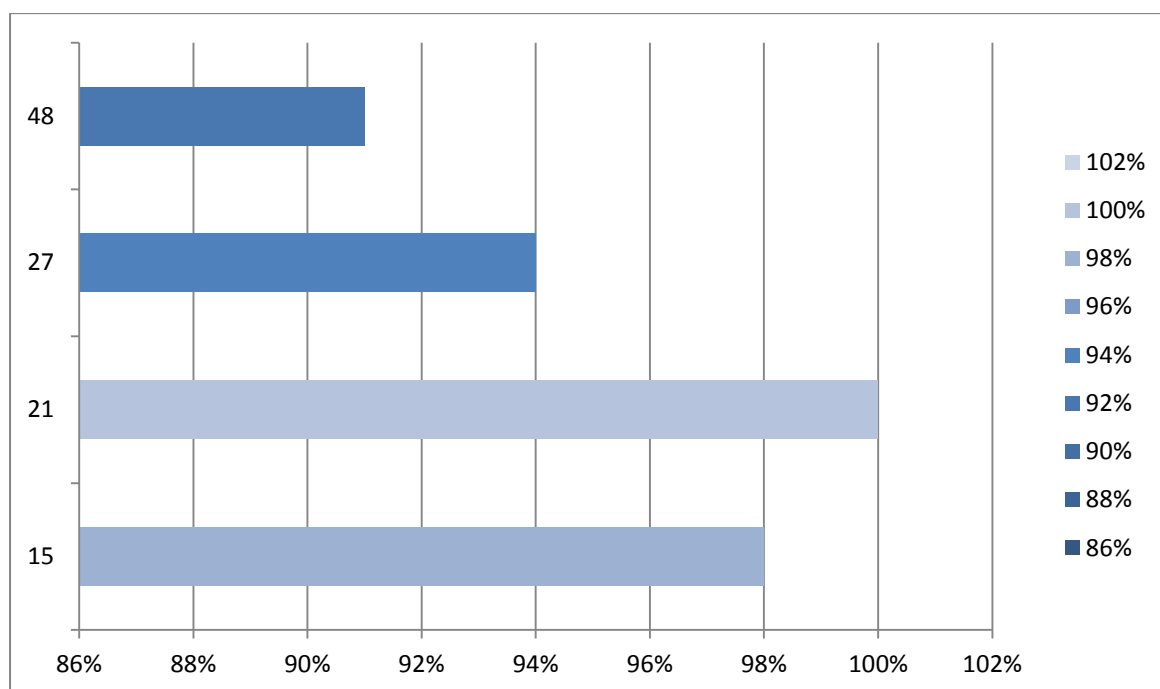


Figure 15: Recovery Rate Based on Term of Loan

The above graph shows that, as the loan duration increases the rate of recovery decreases. This may be the inherent reason of why the authority of BRAC Bank likes to disburse loan at a shorter term of 18 to 24 months.

➤ **Relationship of recovery rate with income of the borrower**

The relationship of recovery rate with rate of income of the customers can be described from the following charts:

Income Group	Frequency	Recovery Rate (%)
1000-10000	5	94%
10001-20000	15	98%
20001-30000	8	96%
30001-40000	1	100%
40001-50000	3	100%
50000- Above	5	100%

Table 19: Relationship of recovery rate with income of the borrowers

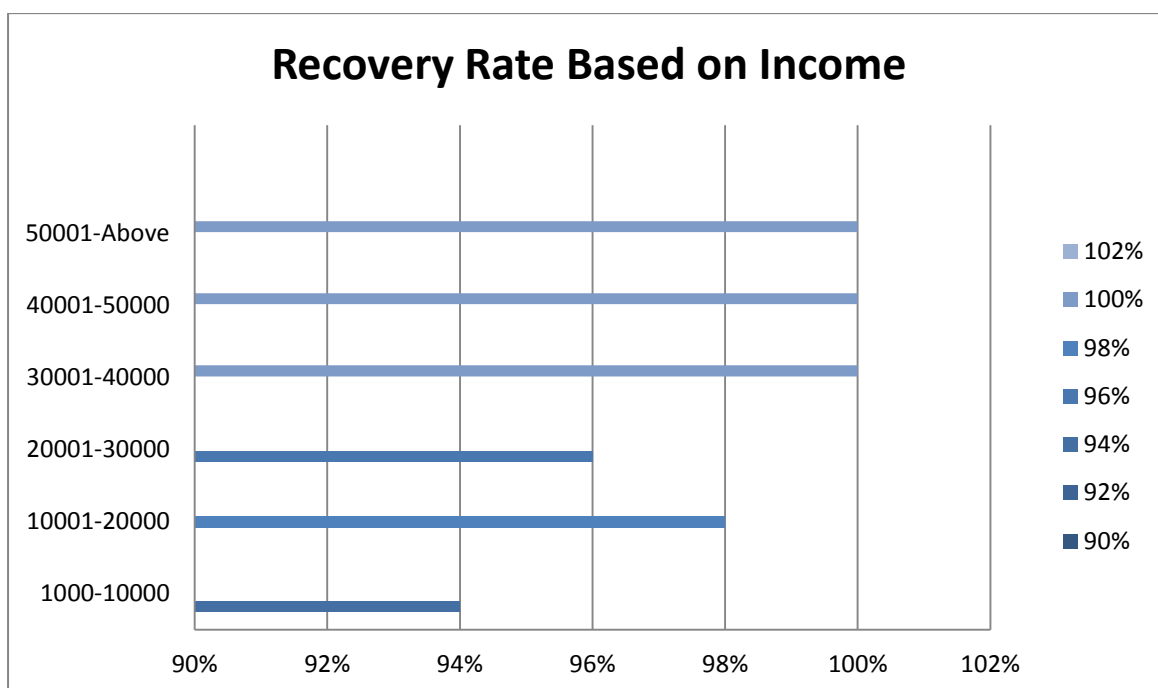


Figure 16: Recovery Rate Based on Income

In fact, income of a borrower can be a vital factor to repay his loan. And the above graph is a replica of this truth. Here we see that people with higher income group like 30000 to 50000 or above have the highest recovery rate. Entrepreneurs having a good skill, knowledge and experience in business can make success in their business which ultimately increases their income as well. So their recovery rate is good than those group of people who have lower income.

➤ **Relationship of recovery rate with the personal asset of the borrower**

The relationship of recovery rate with personal asset of the customers can be described from the following charts:

Personal Asset	Frequency	Recovery Rate (%)
100000-500000	9	94%
500001-1000000	14	98%
1000001-1500000	5	99%
1500001-2000000	3	100%
2000000 above	7	97%

Table 20: Relationship of recovery rate with personal asset of the borrowers

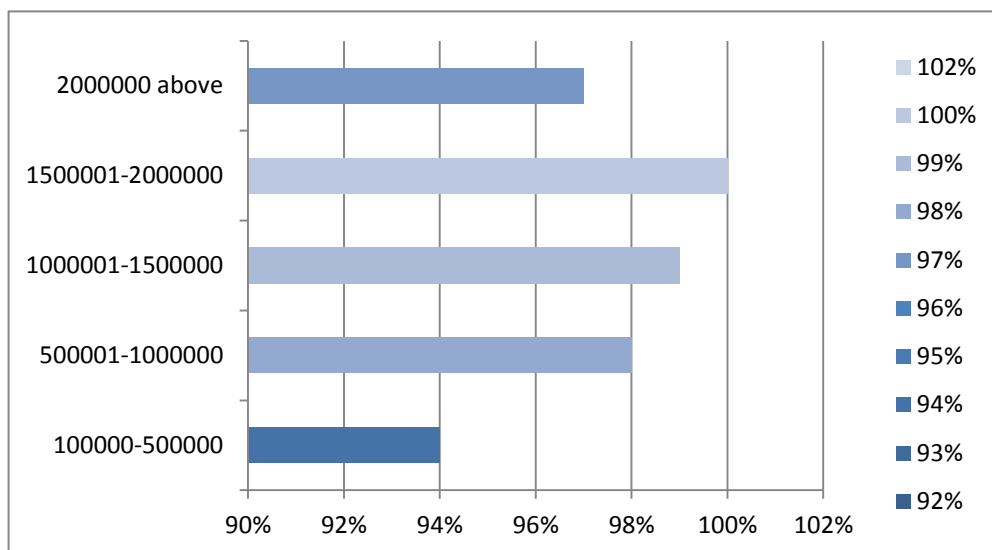


Figure 17: Recovery Rate Based on Personal Assets

Entrepreneurs who have sufficient personal assets and mortgage them for taking the loan have the record of higher recovery rate. They don't have the tendency to make a default in paying the installments. BRAC Bank likes to pay SME loans after collecting title deeds of those personal or family assets. People who don't have much personal asset must show that they have sufficient family asset. Here from the above chart we see that entrepreneurs having lowest personal asset have the lowest recovery rate of 94%.

➤ **Relationship of recovery rate with the Nature of business**

The relationship of recovery rate with nature of the business of the customers can be described from the following charts:

Nature of business	Frequency	Recovery Rate (%)
Whole Sale	13	98%
Retail	21	92%

Table 21: Relationship of recovery rate with nature of business of the borrowers

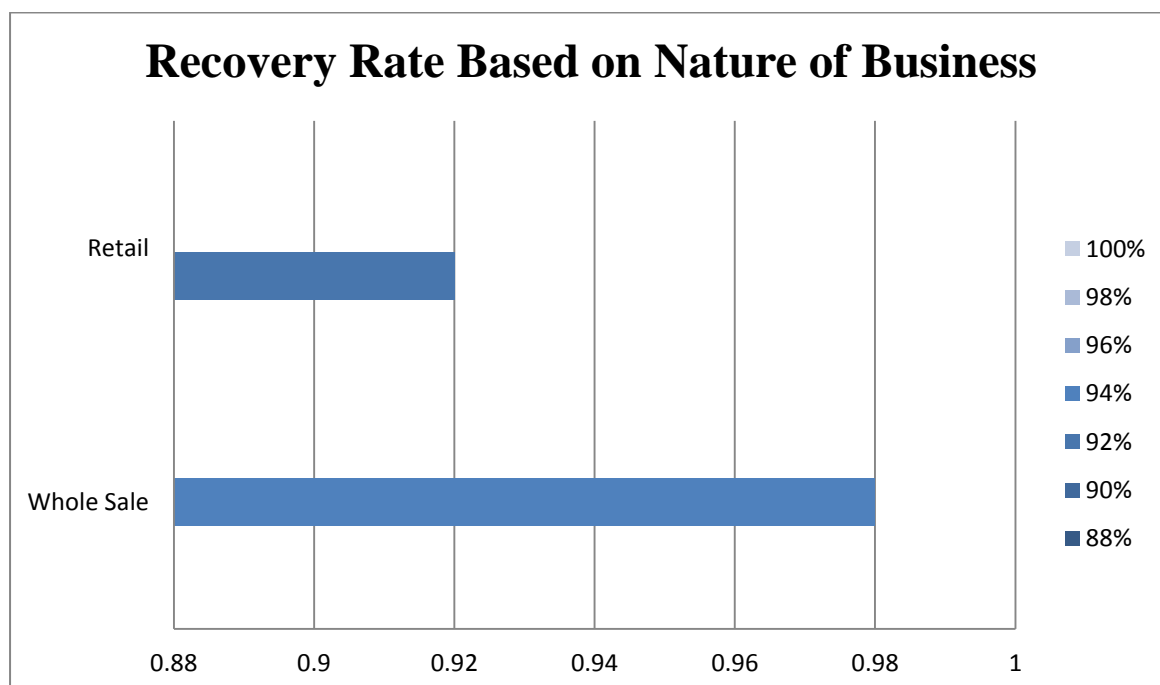


Figure 18: Recovery Rate Based on Nature of Business

From the above chart we see that entrepreneurs having retail business have a less recovery rate than the entrepreneurs having whole sale business. This may happen because whole sale business transactions happen at a large scale. So they can convert their stocks as well as accounts receivables into cash very quickly before the occurrence of any misfortune. On the other hand, retail business transactions happen at a small lot. So they cannot make swift conversion of their current asset in to cash.

4.21 Findings

BRAC Bank, as we know, is one of the fastest growing banks in Bangladesh. SME banking which has made the performance of this bank so enlightened is its core product to offer to the small and mediocre business entrepreneurs. In fact no businessman could think ever before that they could take loan so easily, without any collateral and without going to bank. But Brac Bank has made this improbable process so successfully through SME banking.

However from the analysis of SME loan repayment behavior I can make the following findings

➤ **Relationship of recovery rate with age of the borrowers**

Age has a significant impact on the recovery of SME loan. Young entrepreneurs have a lower rate of recovery. On the other hand as middle aged and experienced entrepreneurs are very loyal with their loan repayment they can make proper and timely repayment of their loans. And that's why most of the SME loan borrowers age ranges from 30 to 40.

➤ **Relationship of recovery rate with education of the borrowers**

Education does not have any direct relationship with the recovery rate. In fact, Most of the entrepreneurs of retail and whole business (small or medium in size) are not highly educated. Most of them studied up to class 9 or 10. Sometimes there are some entrepreneurs who have only alphabetic knowledge or who can give their signature only. But still they are running their business so well for many years. In this case experience makes them successful in their business. So, education does have much impact on these small and medium enterprises and also on the recovery rate of SME loans.

➤ **Relationship of recovery rate with experience of the borrowers**

Experience is the most significant variable which has a great impact on any kind of business and recovery rate as well. Experienced entrepreneurs run their business so tactfully, identify the exact time what is their pick time of sales and when they need fund. They take the loan in the pick season when they have excess demand but short of capital. Then they ensures the best use of the loan and finally they reach to success and make the dully installments. So their recovery rate is good and that's why BRAC bank looks always for experienced entrepreneurs.

➤ **Relationship of recovery rate with number of installments of the borrowers**

Number of installments (term of loan) and amount of loan taken do affect recovery rate slightly. But trends show that BRAC bank prefers to disburse loan of an amount of 300000 and at a term of 18 to 24 months.

➤ **Relationship of recovery rate with income of the borrowers**

Another variable affecting recovery rate very much is the income of the borrowers. The higher the existing income of the borrowers, the lower the rate of default. Higher income groups make the best use of the loan they have taken and get success. On the other hand lower income group may misuse the loan and ultimately may default in paying installments.

➤ **Relationship of recovery rate with asset of the borrowers**

Personal or family asset might have some impact while sanctioning the loan as well as when recovering the loan installments. Suppose if a borrower fails to pay one of his installments, bank can find his personal assets as back up for the recovery of the installments.

➤ **Relationship of recovery rate with type of business of the borrowers**

Retail business and whole sale business both types of businesses get loans from BRAC Bank but whole sellers have a higher recovery rate as their business transactions occur at lot size and their collection is much quick.

Finally we can say that SME loan is a loan given especially to entrepreneurs who are experienced small or medium businessmen, more or less middle aged, at least moderate income generated and who have reasonable personal or family asset. That's why their recovery rate is so high that is 97%. And their default rate is so small compared to other loan categories. Sometimes borrowers go for early settlements of their loans.

4.22 SWOT Analysis

SWOT analysis is an important tool for evaluating the company's Strengths, Weaknesses, Opportunities and Threats. It helps the organization to identify how to evaluate its performance and scan the macro environment, which in turn would help organization to navigate in the turbulent ocean of competition.

4.21 Strengths

Company status

BRAC bank has already established a favorable reputation in the banking industry of the country particularly among the new comers. Within a period of 11 years, BBL has already established a firm footing in the banking sector having tremendous growth in the profits and deposits. All these have led them to earn a reputation in the banking field.

Sponsors

BBL has been founded by a group of eminent entrepreneurs of the country having adequate financial strength. The sponsor directors belong to prominent resources persons of the country. The Board of Directors headed by its Chairman Fazle Hasan Abed. Therefore, BBL has a strong financial strength and it built upon a strong foundation.

Top Executive

The top management of the bank is also major strength for the BBL has contributed heavily towards the growth and development of the bank. The top management officials have all worked in reputed banks and their years of banking experience, skills, expertise will continue to contribute towards further expansion of the bank. At BBL, the top management is the driving force and the think tank of the organization where policies are crafted and often cascaded down.

Facilities and equipment

BBL has adequate physical facilities and equipments to provide better services to the customers. The bank has computerized and online banking operations under the software called MBS banking operations. Counting machines in the teller counters have been installed for speedy service and the cash counters. Computerized statements for the customers as well as for the internal use of the banks are also available.

Interactive corporate culture

BBL has an interactive corporate culture. Unlike other local organization, BBL's work environment is very friendly, interactive and informal. There are no hidden barriers or boundaries while interacting among the superior or the subordinate. The environment is also lively and since the nature of the banking job itself is monotonous, BBL's likely work environment boosts up the spirit and motivation of the employees.

4.22 Weaknesses

Marketing and Advertising of SME loan

This is a major setback for BBL and one of its weakest areas. BBL's advertising and promotional activities are satisfactory but its SME loan is not advertised well. It does not expose its SME product to general public and are not in lime light. BBL does not have neon sign or any advertisement for SME loan in the city. As a result people are not aware of the existence of this bank.

NGO name (BRAC)

BRAC is one of the largest NGO of the world and it is operating its activities in Bangladesh. BRAC bank is not a NGO bank but many people of them country consider it as a NGO bank like Grameen bank which is not correct.

Low remuneration package

The remuneration package for the entry and the mid-level management is considerably low. The compensation package for BBL entry level positions is even lower than the contemporary banks. Under the existing low payment structure, it will be very difficult to attract and retain high performing employees in BBL. Specially CRO's are not satisfied with compensation package provided to them.

4.23 Opportunities

Growing Market

The SME sector in Bangladesh is still growing and the Government of Bangladesh is focusing strongly on this sector. This ample market growth opening is a big opportunity for BRAC Bank Ltd.

Mobile Banking

Mobile banking or money transfer via mobile phone is already a popular choice among the mass. BRAC Bank also with its subsidiary b-Kash doing good, but there is a huge opportunity to grab the untapped market to bring it within their banking network.

ATM

This is the fastest growing modern banking concept. BBL should grab this opportunity and take preparation for launching ATM. Since BBL is a local bank, they can form an alliance with other contemporary banks in launching the ATM.

Large Customer Base

BRAC Bank Ltd has an existing large customer base which gives them a clear head start against their competitors.

4.24 Threats

Upcoming banks

The upcoming private local banks can also pose a threat to the existing private commercial banks like BBL. It is expected that in the next few years more local private banks may emerge. If that happens the intensity of competition will rise further and banks will have to develop strategies to compete against an onslaught of foreign banks.

Contemporary banks

The contemporary banks of BBL such as Dhaka bank, prime bank and Dutch Bangla are its major rivals. Prime bank and other banks are carrying out aggressive campaign to attract lucrative clients as well as big time depositors.

Inherent Risk of Business

The SME consists 60% of BRAC Bank Ltd's activity where other Bank and financial institutions generally prefer large enterprise clients because of lower transition costs, and greater availability of collateral.

4.25 Recommendation

To overcome challenges faced by SME is not easy. Both the government and individual organization need to concern about it. Some general instructions already discussed previous section. This section will recommend some policy could be adapted by BRAC Bank Ltd specifically.

To overcoming the barriers discussed in previous section following policies can be implemented

- Decrease the interest rate- Because many of their competitors are providing loans at a lower rate. For example most of the competitors banks providing loan at 18-22% interest rate. High interest rate is the result of high cost of fund, so they must source fund at lower cost.
- Prepare the Customer Relationship officers more comprehensively and realistically so that customers may not face any trouble while getting and repaying the loan.
- Some times CROs, bank staffs or direct sales tem select potential borrowers in order to meet sales target. It's a major reason of defaulter. So BRAC bank should not put excessive pressure on employees because at the end of the day it hampers bank reputation.
- Organize entrepreneurs meeting to train them up according to the business type.
- Prepare retail division staffs specially front line employees about SME vastly. Because most people do come to retail branch in order to get information's.
- A loan approval procedure is lengthy. This should be reducing.
- Borrower's assessment and monitoring system should be stricter. Current defaulter rate says that there are some weakness in loan approval and monitoring system.
- More media converge is needed to inform potential borrowers about products and services. There TV advertisement and radio coverage could be strong media.
- BRAC bank can share common platform in order to provide SME loan. It can jointly work with other financial institutes without hampering profits. For example entrepreneur training season could be arranged jointly with SME Foundation.
- Increase marketing activities in the urban area because other competing industries are given huge ad in urban area which helps them to increase their customer base.

- BRAC bank should have separate banking division for woman. This will encourage woman in banking activities.
- Analyze customers' behavior that what type of customer makes default and stop giving them SME loan.
- Risk Management department's audit report should be more strict and reliable so that possible defaulter may not get the loan.
- Increase the remuneration and compensation package for the entry and mid-level management otherwise BBL can't retain the efficient and experienced employees

4.26 Conclusion

In current times the Small and Medium Enterprise (SME) Financing has become an important area for Commercial Banks in Bangladesh. To align its corporate policy with the regulation of Central Bank, banks have become more concerned about SME and opened windows to conduct business in this particular area. BRAC Bank Ltd has been established on the visionary to finance “missing middle” in order to bring economic development of the country. With its unique thinking and impressive business strategies it has proven small and medium enterprises as an emerging economic opportunity.

Acronym

ATM	Automated Teller Machines
BBL	BRAC Bank Limited
CIB	Credit Information Bureau
CRO	Customer Relationship Officer
EMI	Equal Monthly Installment
EMT	Extended Management Team
ERMC	Enterprise Risk Management Committee
GDP	Gross Domestic Product
IFC	International Finance Corporation
MANCOM	Management Committee
PPG	Product Program Guide
RJSC	Registrar of Joint Stock Companies and Firms
ROA	Return on Asset
ROC	Regional Operation Center
ROE	Return on Equity
ROI	Return on Investment
SME	Small and Medium Enterprise loan
SSC	SME Service Center
TM	Territory Manager
ZM	Zonal Manager

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