



Internship Report
on
Customer Relationship Management
Mercantile Bank Limited

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1.1. Introduction

Mercantile Bank Limited emerged as a new commercial bank to provide efficient Banking services and to contribute socio-economic development of the country. The Bank commenced its operation on June 2, 1999. The Bank provides a broad range of financial services to its customers and corporate clients. The Board of Directors consists of eminent personalities from the realm of commerce and industries of the country.

The philosophy of Mercantile Bank Ltd is not to 'carry coal to the new castle'. The main target is to make credits available to the poor people and their activities are aimed at comprehensive growth where people from all economic strata will enjoy the benefits of better living standard, dignity of labor and self worth.

The Bank determined to build a long-term customer relationship with its corporate & general clients. As a part of this, Mercantile Bank Ltd. is trying to expand their business with the market leaders of each sector of business. Mercantile Bank Ltd. emphasizes not only on customer satisfaction but also emphasizes general banking and credit management system. So that customer can get better service from every side of overall banking.

With a view to achieving the aforesaid objectives of the bank, SME Loan is of paramount importance as the greatest share of the total revenue of the bank is generated from it. The success of a bank, therefore, depends on how efficiently and judiciously it makes use of its available resources. In other words, prudent and efficient management of its credit portfolio is very essential for the success of a bank.

Mercantile Bank Ltd. is committed to provide high quality services to its constituents through different financial products and profitable utilization of fund and contribute to the growth of GDP of the country by financing trade and commerce, helping industrialization, boosting export, creating employment opportunities for the educated youth and encouraging micro-credit leading to poverty alleviation and improving the quality of life of the people and thereby contributing to the overall socio-economic development of the country. MBL expects that they will ensure their

efficiency in delivering customer service. The efficient work force of Mercantile Bank acts as the fundamental pillar to reach the Bank at today's height of success. Always emphasizes to satisfy both the customers and employees offering better facilities than other commercial banks, such as viable remuneration package, training facilities at home and abroad, and other fringe benefits. MBL has formulated its Human Resources Policy calibrating with recruitment procedures, pay and benefits, training and development, disciplinary and grievance etc. Each year, MBL recruits new employees, fresh and experienced as well to meet the customers' ever-increasing demand and to support the ever changing business scenario.

Mercantile Bank Ltd is always ready to maintain the highest quality services by upgrading Banking technology, well management system and applying high standard of business ethics through its established commitment and heritage and is representing itself with true concept as 'Banglar Bank'.

The whole report is divided into three parts-Introductory parts, Learning part and project and concluding part. The first chapter is the introduction chapter of this report. The learning part shows customer relationship management of Mercantile Bank Limited, which includes description / nature of the job specific responsibilities of the job, different aspects of the job performance, critical observations and recommendation. The third and last chapter is the project part that contains problems, recommendations and conclusion of Mercantile Bank Limited.

1.2 History

Mercantile Bank Limited was incorporated in Bangladesh as a public limited company under the Bank Company Act 1991 on May 20, 1999. After obtaining license from Bangladesh Bank to carry on banking business, the bank commenced its operation on June 2, 1999 with an authorized capital of Tk 800 million divided into 8 million ordinary shares of Tk 100 each. On 31 December 2001, its paid up capital was Tk 596.5 million. Mercantile Bank Limited went for public issue of shares on October 21, 2003. Mercantile Bank Limited has been incorporated on May 20th, 1999 in Dhaka, Bangladesh as a public limited company with the permission of the Bangladesh Bank. MBL commenced formal commercial banking operation from the June 02, 1999. The bank stood

93 branches all over the country up to 2014. There are 30 sponsors involved in creating Mercantile Bank Limited; the sponsors of the bank have a long heritage of trade, commerce and industry. They are highly regarded for their entrepreneurial competence. The sponsors happen to be members of different professional groups among whom are also renowned banking professionals having vast range of banking knowledge. There are also members who are associated with other financial institutions insurance Companies, leasing companies etc. The bank provides a broad range of financial services to its customers and corporate clients. The Board of Directors consists of eminent personalities from the realm of commerce and industries of the country.

1.3 Product / Service offerings

Mercantile Bank believes in promoting the business through personalized services and perpetual relationship. Since the commencement, Mercantile Bank Limited has not yet only gained enormous popularity but also been successful in mobilizing deposit and loan products. It has strong commitment to stay competitive and serve the clients of different strata in the society as well as to accelerate the pace of economic operation. The business policy of Mercantile Bank Limited is to reach the goal through a win-win situation with the client. All the products and services offered by the bank can be classified under three major heads. With the above in view, Mercantile Bank has been operating with following popular and innovative products and services:

- Deposit products
- Credit & Loans
- Foreign Currency Accounts
- Corporate Banking
- Cards
- Plastic card Products
- Remittance Service
- L/C (Export Import) Products

1.3 Personal Banking

1.3.1 Deposit Schemes:

- Current deposit
- Saving deposit
- Short term deposit
- Fixed deposit
- Sundry deposit
- Deposit under scheme
- Monthly Saving Scheme
- Double Benefit Deposit Scheme
- Monthly benefit Scheme
- Special Saving Scheme
- Ajibon Pension Scheme

1.3.2 Credit & Loans:

- ✓ Consumer Credit Scheme(family type, Freeze, Furniture)
- ✓ Personal loan
- ✓ Car Loan
- ✓ House Loan
- ✓ Doctors Credit scheme
- ✓ Small and Medium Entrepreneur
- ✓ Overseas employment loan
- ✓ Short loan

1.3.3 Foreign Currency Account:

- ✓ Resident Foreign Currency Account
- ✓ Non-Resident Foreign Currency Account

1.3.4 Corporate Banking

Small & Medium Business:

- ✓ Cash Credit Hypothecation (CC Hypo)
- ✓ Cash Credit Pledge (CC Pledge)
- ✓ Secured Overdraft
- ✓ SOD against Work Orders

Large Business:

- ✓ Short Term Industrial Loan
- ✓ Mid Term Industrial Loan
- ✓ Long Term Industrial Loan
- ✓ Commercial House Building Loan

1.3.5 Foreign Trade:

The Mercantile Bank Limited provides solutions in the fields of international business and trade finance.

Letter of Credit (L/C)

Back to Back Letter of Credit (BTB)

Loan against Trust Receipt (LTR)

Loan against Imported Merchandise (LIM)

Packing Cash Credit (PCC)

Export Development Fund (EDF)

Payment against Document (PAD)

Bank Guarantee

1.3.6 Lease Financing

An entrepreneur, under this scheme, may avail of the lease facilities to procure industrial machinery (without having to purchase it by down payment) with easy repayment schedule. The clients also get special rebate in their income-tax payment under the scheme.

1.3.7 Financial Products

Financial Products of Mercantile Bank Limited (MBL) are mainly in 03(three) different categories:

These are:-

Short Term Financing Products

Mid Term Financing Products

Long Term Financing Products

Above categories of financing covers the following areas, which are drafts with at General Credit Division.

- ✓ Large & Medium Term Loan
- ✓ Working capital financing in Industrial units including small industries
- ✓ Commercial Credit Scheme and any other new product as and when launched for
- ✓ Term Loan in Small Industries
- ✓ Term Loan in Commercial House Building at urban area & Transport Loan
- ✓ Commercial Loan

1.3.8 Special Services

Consistent with the modern age and competing in a perfectly competitive market, The Mercantile Bank Limited has introduced some innovative banking services that are remarkable in a country like Bangladesh. The services offered by the bank are as follows:

ATM Service

The bank has joined the shared ATM Network Bangladesh with a pool of seven banks. The client of any member bank will have access to any ATM situated at different locations of Dhaka city. This bank's clients will get 24 hours cash withdrawal and utility bills payment facility.

Credit Card

To provide best possible customer services to its clients, the bank is going to launch Master Credit Card shortly.

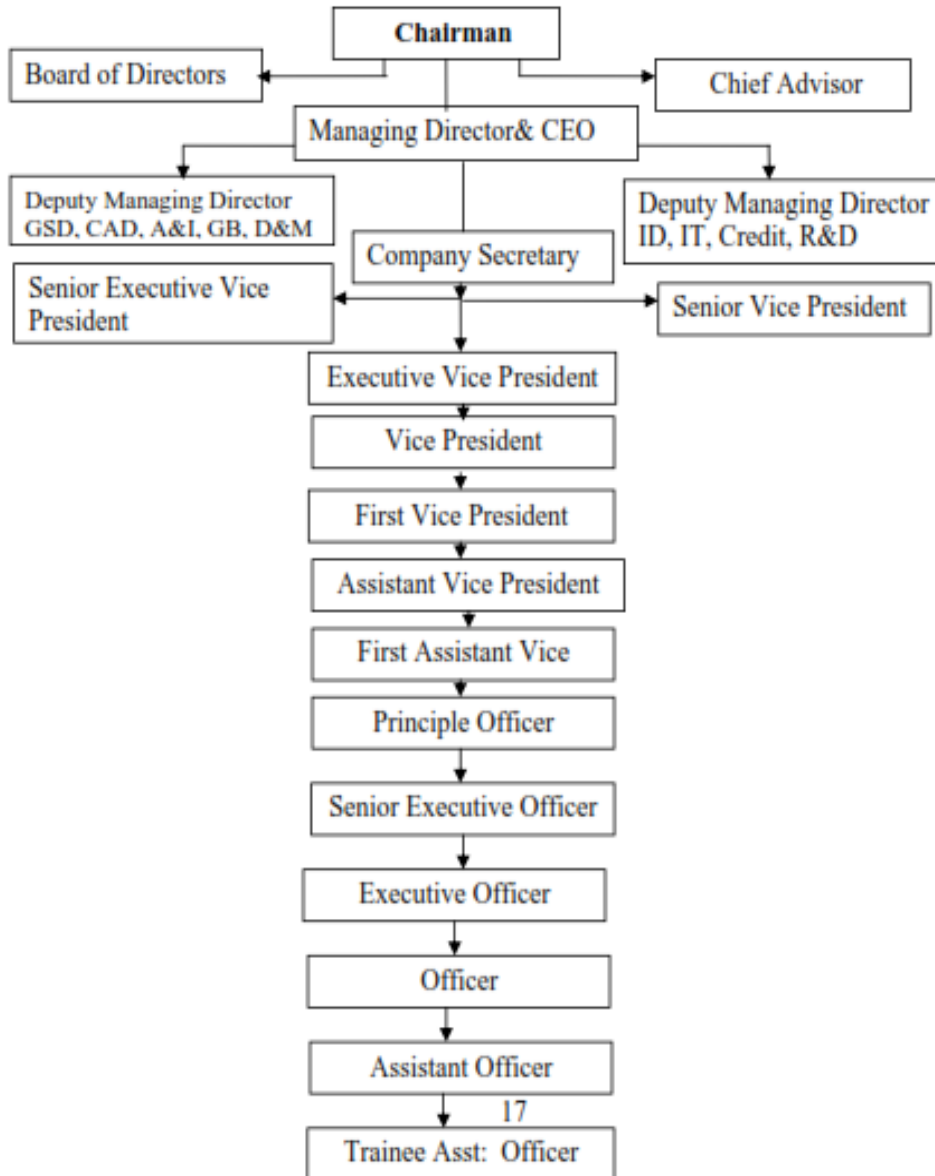
Swift

The bank has become a member of SWIFT and is providing a fast and accurate communication network for financial transactions to their valued clients through uninterrupted connectivity with thousands of user institutions in 150 countries around the world.

1.4Operational network organ-o-gram

Management of Mercantile Bank Ltd. is professional and experienced. Management decision and the policy formulation of the Bank are vested on the Board of Directors. The Board of directors consists of 13 members headed by chairman. Most of the directors are owners of large business groups having high net worth. The executives and officers of the bank execute the policies and programs are formulated by the Board. The Managing Director is the chief executive of the bank and he is assisted and supported by other qualified executives like Executive Vice Presidents, Senior Vice President (SVP), Vice President (VP), First Vice President (FVP), First Assistant Vice Presidents (FAVP) and other officers and staffs.

Operational network organ-o-gram of Mercantile Bank Limited



1.5 Visions for the future

1.5.1 Vision

Would make finest corporate citizen

1.5.2 Mission

Will become most caring, focused for equitable growth based on diversified deployment of resources and nevertheless would remain healthy and gainfully profitable bank.

1.5.3 Strategic objectives

- ▶ to increase shareholders' value
- ▶ to achieve economic value addition
- ▶ to be market leader in product innovation
- ▶ to be one of the top three financial institutions in Bangladesh in terms of efficiency
- ▶ to be one of the top five financial institutions in Bangladesh in terms of market share in all significant market segments we serve

1.5.4 Financial objectives

- ▶ To achieve 20% return on shareholders' equity or more, on average

1.5.5 Core values

For the customers

Providing with caring services by being innovative in the development of new banking products and services

For the shareholders

Increase shareholders' value

For the employees

Respecting worth and dignity of individual employees devoting their energies for the progress of the bank

For the community

Strengthening the corporate values and taking environment and social risks and reward into account

New technology

Adopting the state-of-the art technology in banking operations

2.Jobs:

Description / Nature of the Jobs

General banking performs the core functions of the Bank and operates the day-to-day transactions. This is also the section where the relationship between the bank and the customer starts. This section attract new customer by offering different types of deposit schemes, opening new savings or current accounts, deposit pension schemes, double deposit scheme, offering time deposit at an attractive rate etc. The customers actually provide the maximum portion of the fund out of which bank make credit and make so huge amount of profit. So, General Banking section has an important role in creating an image of the bank in the mind of the customer. If customers are satisfied by the service then they might think to do banking with that branch, apply for a credit, or open an L/C etc. So every bank branch tries to be alert and careful in providing general banking services. It is the storage point for all kinds of transaction of foreign exchange department, loans and advances department and itself.

General Banking department generally deals with the following sections: -

- ✓ Account Opening Section
- ✓ Cash Section
- ✓ Bills & Clearing Section
- ✓ Accounts section

2.2 Specific Work Responsibilities of the job

In internship program I work in general Banking site. My job responsibilities as an intern are given below:

- ✓ Helping customers to open various new Accounts
- ✓ Taking Cheque book Requisition
- ✓ Receiving Cheque
- ✓ Inward outward clearing registers writing
- ✓ Maintain cheque book Register
- ✓ Update Account opening Form
- ✓ Solving various customer quarries

2.3 Different Aspects of Job Performance

Account Opening Section

The relationship between Banker and Customer begins with the opening of an account by the customer. Opening an account binds the banker and customer into contractual deposit account relationship. Mercantile Bank Limited generally gives facility to open the following accounts:

Current Deposit Account

Saving Deposit Account

Short Term Deposit Account

Fixed Deposit Account

Current Account

A current deposit account may be operated in several times during a working day. There is no restriction on the number and the amount of withdraws from a current account and the banker does not allow any interest on the current account. The minimum balance requirement for this account is TK.5000/ and TK 250/- is deducted from the account in case of closing the current account.

A person can open a current a/c or any entity. The entity can be a partnership firm, limited company, proprietorship firm, association, clubs etc.

Savings Account

A saving a/c is meant for the person of the lower and middle classes who wishes to save a part of their income to meet their future needs and intend to earn an income from their saving. The current rate on the deposit amount is 6% and minimum balance requirement is TK. 500/-. The entire features are like CD a/c except some restrictions imposed by the bank. Accounts may be opened in the name of Club, Association and similar Institutions subject to production of their bylaws and Articles of Association acceptable to the bank.

The number of withdrawals over period of times is limited. Only two withdrawals are permitted per week. After that no interest will be paid on rest of the amount for that month. The total

amount of one or more withdrawals on any date should not exceed 25% of the balance in the a/c unless 7 days advance notice is given. If a depositor likes to close his/her A/C service charge of TK.250/- will be deducted from the A/C.

Short Term Deposit (STD)

According to characteristics, short-term deposit is similar to current deposit except interest. Normally various big companies, organizations, government departments keep money in STD account. Frequent withdrawal is discouraged and requires prior notice. The deposit should be kept for at least seven days to get interest. The interest offered for STD is less than that of savings deposit. Interest is calculated based on daily minimum product and paid two times in a year. Interest rate is 6.00%. STD account rules and regulation are just like current deposit account.

Fixed Deposit Accounts

A fixed deposit a/c is repayable after the expiry of a predetermined period fixed by the customer himself. The period varies from three months to five years. The customer may open his/her a/c for different time periods, which may be for three months, six months, one year, two years, three years, five years.

Though FDR is an a/c, it is something different from other a/c. FDR is a long-term deposit. Usually customers are allowed to open this a/c for a certain period. The rate of interest varies in accordance with the terms of its period.

The amount of FDR is payable once at a time. After the term for which the a/c was opened, the FDR gets its maturity. Paying the principal amount plus interest less income tax then fulfills the claim.

Cash Section

Cash section of any branch plays a very vital role in general banking department. Mercantile Bank Limited has a very equipped cash section. This section receives cash from depositors and pays cash against check, draft, pay order, pay in slip, over the counter. Generally following are the tasks done by the Branch of Mercantile in the Cash Counter section:

- (i) Cash payment
- (ii) Cash receive
- (iii) Receiving different bills
- (iv) Working as agent at the time of issuing IPO of different companies
- (v) Marketing of funds by maintaining sufficient amount of cash each day

Clearing Section

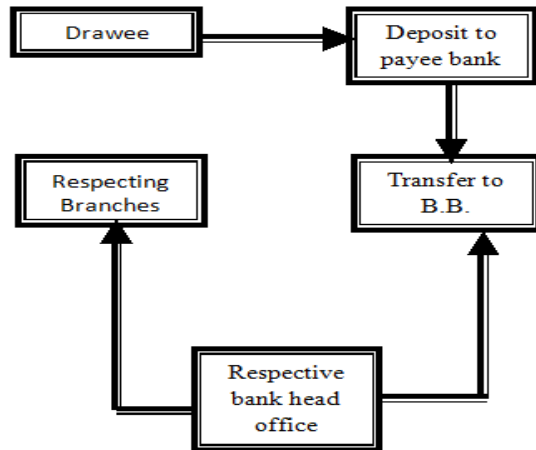
The amount of cheques, pay order (P.O), and demand draft (D.D) collection from other banks on behalf of its customer is a basic function of a Clearing Department.

Mercantile Bank limited is a scheduled Bank. According to the Article 37(2) of Bangladesh Bank Order, 1972, the banks that are the member of the clearinghouse are called as Scheduled Banks. The scheduled banks clear the cheques drawn upon one another through the clearinghouse.

Types of Clearing

Outward Clearing:When the Branches of our Bank receive cheques from its customers drawn on the other Banks within the local clearing zone for collection through Clearing House, it is Outward Clearing.

Inward Clearing:When the Bank receives cheque drawn on them from other Banks in the Clearing House, it is Inward Clearing.



Precaution should be taken at the time of cheque receiving for Clearing, Collection of IBC, OBC and TRANSFER. Because cheques may be dishonored for any one of the following reasons:

- Insufficient fund
- Amount in figure and word differs
- Cheque out of date/ post- dated
- Payment stopped by the drawer
- Payee's endorsement irregular / illegible / required
- Drawer's signature differs / required
- Other specific reasons not mentioned above

The dishonor Cheque entry in the return register & the party is informed about its Party's signature required in the return register to deliver the dishonor cheque. After duration, the return cheque is sent to the party's mailing address with Return Memo.

Bills Collection

If a party gives a Cheque to a branch of Mercantile to collect money from a branch of other bank, which is not situated in the clearinghouse then Mercantile collects money through OBC.

Remittance Section

Remittance is significant part of the general banking. The bank receives and transfers various types of bills through the remittance within the country. Obviously the bank charges commission on the basis of bills amount. Mercantile remittances are safe, swift, inexpensive and simple.

2.4 Critical Observations and Recommendation

To ensure better progress of Mercantile Bank in future some necessary steps have been recommended here on the basis of observation, collected data and my knowledge and judgment:

- Mercantile Bank is plays great role in placing right person to the right place.
- The authority of the Bank should become more aware about the customer service quality of the bank. The profit of the bank depends on its service quality.
- Mercantile Bank Limited should introduce home banking service to facilitate its customers. Every branch of the bank should be brought under the online banking network because of giving modern service to the customers.
- General banking activities of the bank should be made more computerized. Modern banking activities like phone banking, SMS banking should be implemented in general banking department of the bank.
- All the offices of the bank should be consulted with the internal advisor of the Bank so that maximum efficacy of the services can be provided.
- Different marketing strategies like media advertisement or arrangements of any kind of promotional activities; events to introduce the products and service of the bank should be applied to attract more customers.
- Personal relationship should be built with the big customers/depositors. To increase the relationship the management can send different gift items to customers like calendar, diary etc. on occasions, like Eid, New Year etc.
- The office layout should be designed in a way so that, there is no chance of confusing customer.
- The bank should give emphasis on modernized banking system and latest communication devices to make the foreign exchange operations more dynamic and less time

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consuming. Because the bank has no alternative but the modernization for sound and stable foreign exchange operation.

- Manager of the branch should take the responsibilities so that the employees are efficient enough to give better service quality.

Chapter -3

Internship Project
on
“Customer Relationship Management”
Mercantile Bank Limited

Customer Relationship Management-A case study on MBL



Picture of all employees and interns of Mercantile Bank Limited- Ring Road Branch



3.1 Introduction

Today, many businesses such as banks, insurance companies, and other service providers realize the importance of Customer Relationship Management (CRM) and its potential to help them acquire new customer, retain existing ones and maximize their lifetime value. At this point, close relationship with customers will require a strong coordination between IT and marketing departments to provide a long-term retention of selected customers. This paper deals with the role of Customer Relationship Management in banking sector and the need for Customer Relationship Management to increase customer value by using some analytical methods in CRM applications.

This project intends to analyze and investigate factors of “Customer Relationship Management” that influence the customer service quality of Mercantile Bank Limited, Ring Road, Dhaka, Bangladesh. The main objective of this project is to identify the key factors that influence the extent to which CRM helps to improve the service quality of the Mercantile Bank. It will be a causal study aimed to measure if the existence of or a change in independent variable causes or leads to a change in the Dependent variable. Moreover, the paper also tries to explain the relationship between customer relationship Management and service quality of the Bank. This study is based on primary data to understand the level of “Customer Relationship Management” that Influence on service quality of Mercantile Bank Ltd.

3.2 Objectives

The key purpose of this study is to find the relationship among factors of customer relationship management (Communication, Interpersonal Relationship and Efficiency) that helps to improve service quality of Mercantile Bank Ltd. It will help to look into the causes of the problems that Mercantile Bank Ltd is facing. The paper has been undertaken mainly to find out whether Customer Relationship Management affects service quality in context of Mercantile Bank Ltd.

3.3 Significance of the Study

Customer Relationship management is the strongest and the most efficient approach in maintaining and creating relationships with customers. Customer relationship management is not only pure business but also ideate strong personal bonding within people. Development of this type of bonding drives the business to new levels of success.

The idea of CRM is that it helps businesses use technology and human resources gain insight into the behavior of customers and the value of those customers. If it works as hoped, a business can provide better customer service, make call centers more efficient, cross sell products more effectively, help sales staff close deals faster, simplify marketing and sales processes, discover new customers, and increase customer revenues. It doesn't happen by simply buying software and installing it. For CRM to be truly effective an organization must first decide what kind of customer information it is looking for and it must decide what it intends to do with that information. For example, many financial institutions keep track of customers' life stages in order to market appropriate banking products like mortgages or IRAs to them at the right time to fit their needs. Next, the organization must look into all of the different ways information about customers comes into a business, where and how this data is stored and how it is currently used.

Looking at some broader perspectives given as below we can easily determine why a CRM System is always important for an organization.

1. A CRM system consists of a historical view and analysis of all the acquired or to be acquired customers. This helps in reduced searching and correlating customers and to foresee customer needs effectively and increase business.
2. CRM contains each and every bit of details of a customer, hence it is very easy for track a customer accordingly and can be used to determine which customer can be profitable and which not.
3. In CRM system, customers are grouped according to different aspects according to the type of business they do or according to physical location and are allocated to different customer managers often called as account managers. This helps in focusing and concentrating on each and every customer separately.

4. A CRM system is not only used to deal with the existing customers but is also useful in acquiring new customers. The process first starts with identifying a customer and maintaining all the corresponding details into the CRM system which is also called an 'Opportunity of Business'. The Sales and Field representatives then try getting business out of these customers by sophisticatedly following up with them and converting them into a winning deal. All this is very easily and efficiently done by an integrated CRM system.
5. The strongest aspect of Customer Relationship Management is that it is very cost-effective. The advantage of decently implemented CRM system is that there is very less need of paper and manual work which requires lesser staff to manage and lesser resources to deal with. The technologies used in implementing a CRM system are also very cheap and smooth as compared to the traditional way of business.
6. All the details in CRM system is kept centralized which is available anytime on fingertips. This reduces the process time and increases productivity.
7. Efficiently dealing with all the customers and providing them what they actually need increases the customer satisfaction. This increases the chance of getting more business which ultimately enhances turnover and profit.
8. If the customer is satisfied they will always be loyal to you and will remain in business forever resulting in increasing customer base and ultimately enhancing net growth of business.

In today's commercial world, practice of dealing with existing customers and thriving business by getting more customers into loop is predominant and is mere a dilemma. Installing a CRM system can definitely improve the situation and help in challenging the new ways of marketing and business in an efficient manner. Hence in the era of business every organization should be recommended to have a full-fledged CRM system to cope up with all the business needs.

In my study, the independent variables constitute a number of selected variables, as identified in Literature on CRM. These variables are Communication, Interpersonal, and Relationship and the Efficiency. In this study, each variable's influence will be assessed in an empirical investigation.

Interpersonal Relationship

According to (Amy Hawke & Troy Heffernan) interpersonal relationship increase commitment from both Customers & suppliers sides which finally increases trust between each other rendering business growth. According to (Juan Pablo Maicas Lopez, Yolanda Polo Redondo and Fco. Javier SeseOlivan) Customers maintaining a long-lasting relationship will be less predisposed to switch as they are with the firm for a long time. Using the service more in depth and investing in complementary services strong bond between two or more people refers to interpersonal relationship. Attraction between individuals brings them close to each other and eventually results in a strong interpersonal relationship. (Marx et al. 1998:349-350).

Communication refers to the communication between a bank and its clients. Little and Marandi (2003:30) also states that partnerships or relationships, between Banks and their consumers, are built on and maintained by communication. This is emphasized by Mundie and Cottam (1999:189) that state that communication can add value to the service in the eyes of the consumer. Communication is a continual series of dialogue or "conversations" with clients, with the goal being to get them to view the service firm as a partner (Swartz & Iacobucci, 2000:416). Communication with clients should be viewed as a two-way mechanism rather than as a one-way "promotion. Communication does not always lead to in-depth Listening by and learning in the other party. However, the value of two-way communication is evident because of its potential for spontaneity and creativity. Banks create value for clients through communication methods that ensure two-way communication (Buttle, 2004:254).

Efficiency refers to the degree to which a task or activity is performed correctly on time (Marx, Van Rooyen, Bosch & Reynders, 1998:349). The efficiency of banking Services may be defined as the degree to which a task or activity for the Clients of a bank are performed correctly or as desired. The influence of the Degree of perceived efficiency of banking services on customer

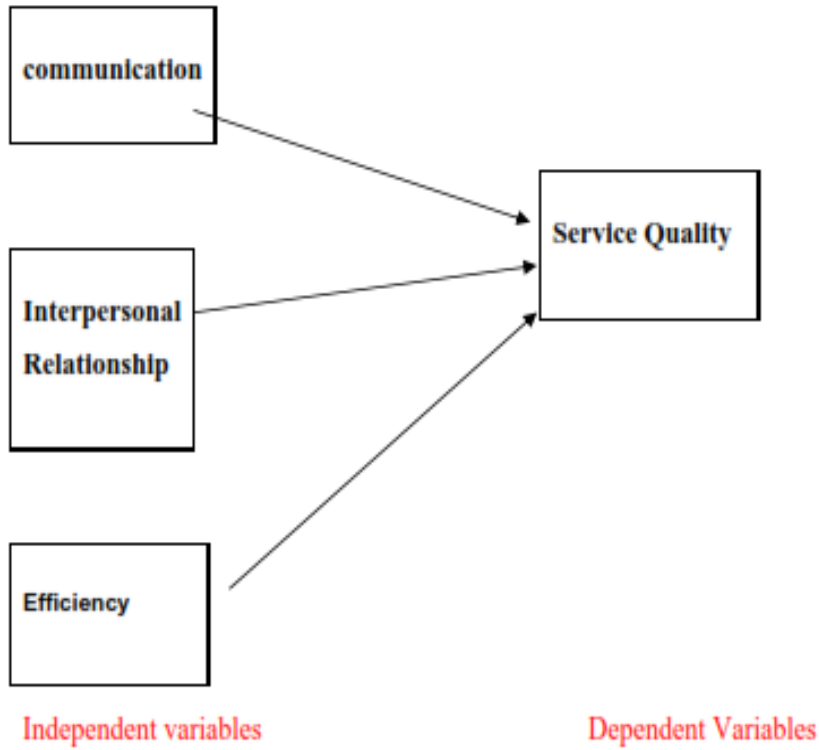
relationship Management will be investigated in this study. For the purpose of this study, Various dimensions within the service delivery of banking institutions are Included in the variable efficiency of banking services, namely confidentiality of Personal information; security of personal funds; ethical behavior of the Institution; variety of services offered; bank charges; and technical development within the institution. An explanation of each of these dimensions is provided below. Efficiency is defined as the degree to which tasks or activities are performed correctly and as desired (Marx et al. 1998:349-350). A firm needs to direct its employees as efficiently as possible in order to satisfy the needs of its target market and to reach its Objectives. For example, a bank needs to ensure that its employees conduct their Tasks and responsibilities in an efficient manner.

Service Quality

Gronroos (2000, p.46) defined service as, “A service is a process consisting of a series of more or less intangible activities that normally, but not necessarily always, take place in interactions between the customer and service employees and/or physical resources or goods and/or systems of the service provider, which are provided as solutions to customer problems”. Fogli (2006, p.4) define service quality as “a global judgment or attitude relating to a particular service; the customer’s overall impression of the relative inferiority or superiority of the organization and its services. Service quality is a cognitive judgment”. In 1988, Parasuraman Etal arranged a quantitative Research. They revealed an instrument for measuring Consumers’ perception of Service Quality, after that it became known as SERVQUAL.

Conceptual framework

Conceptual framework



3.4 Expected findings/ hypothesis:

Research Questions

- Do the staffs / employees of MBL effectively communicate with the clients?
- Does interpersonal relationship among staffs affect service quality in Mercantile Bank?
- Do the staffs of the Bank are efficient enough to provide you the required services?

Hypothesis

- The Communication affects Service Quality in context of MBL.
- The Interpersonal Relationship affects Service Quality in context of MBL.
- The Efficiency affects Service Quality in context of MBL.

3.5 Methodology:

In this report I have used both primary and secondary data.

i) The primary sources of data include the followings:

- Face to face conversation with the bank officers and staffs
- Direct conversation with the clients
- Practical Deskwork.

ii) The secondary sources of data include as under:

- Annual report of Mercantile Bank Limited
- Different manuals and publications of Mercantile Bank Limited
- Unpublished data received from the Branch
- Different text books

Sampling

A total of 40 customers to be interviewed from Ring Road Branch, a systematic random sampling method are to be used where every 3rd customer arriving in the branch will be contacted. Among those whoever fall under the criteria of holding an account for more than a year & visiting the branch at least once every two weeks will be interviewed.

Instrument

A structured questionnaire will be selected for this study. The questionnaire will comprise of three sections. The first section will contain questions regarding communication. The second section will contain questions regarding Interpersonal Relationship. The third section will contain questions regarding Efficiency of the Service. Each item is of 5 point scale, that ranges from 1 (strongly disagree) to 5 (strongly agree).

Data Collection

Questionnaires were distributed among 40 customers of Mercantile Bank. The reasons accounted for this choice are: There is an economy in data collection due to the focus provided by standardized Questions. Only questions of interest to the study are asked, recorded and analyzed. Because they are standardized, they are relatively free from several types of errors.

Data Analysis

Analysis has done for both qualitative and quantitative data. Due to time constraints and many other limitations, only qualitative research has been done to limit the research to a reduced length as required by the internship program in the university. To analyze the data collected in the survey through questionnaires, analysis was conducted mainly through the use of Microsoft word and excel.

Results and Analysis

The data obtained from the research are analyzed through Ms Excel. Results are given below in table. In the pie chart, Male is 55% percent and female is 45% percent respondent of the total sample size.

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Gender	Percentage
Male	55%
Female	45%

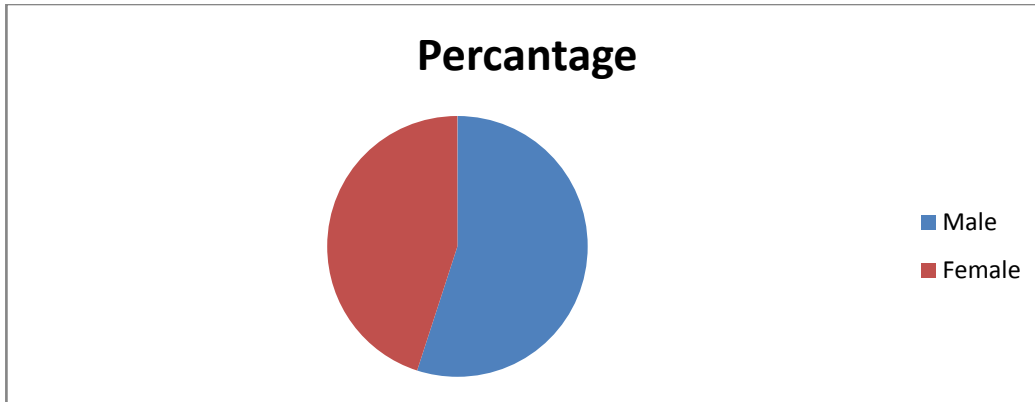


Fig: Pie diagram for presenting male and female sample size

Age:

AGE	Number	Percentage
15-25	6	15%
26-35	8	20%
35-45	12	30%
45 and above	14	35%

This table shows that 15% of Respondent are from 15 to 25 age group.20%respondents are from 26-35 age group,30% are from 36to45 age group and 35% are from45 above age group.

Interpersonal Relationship

Name of the factors	Number	Percentage
Strongly affected	8	20%
Affected	20	50%
Occasionally affected	10	25%
Disagree	1	2.5%
Strongly disagree	1	2.5%
Total	40	100%

(Each item is of 5 point scale, that ranges from 1 (strongly disagree) to 5 (strongly agree))

In the interpersonal relationship among staffs / customers are affected which percent is 50%. But 25 percent customers' belief the relationship affected only occasionally. On the other hand 20% percent customers strongly agree with the opinion. Around 5% are Disagree with interpersonal relationship with Banks Employees. That means Mercantile Bank have to improve their interpersonal Relation with their customer to provide them a better service. Interpersonal Relation has a relationship with service Quality. So if Bank doesn't improve their relation with their customers, customers will be dissatisfied and as a result they will switch to another bank.

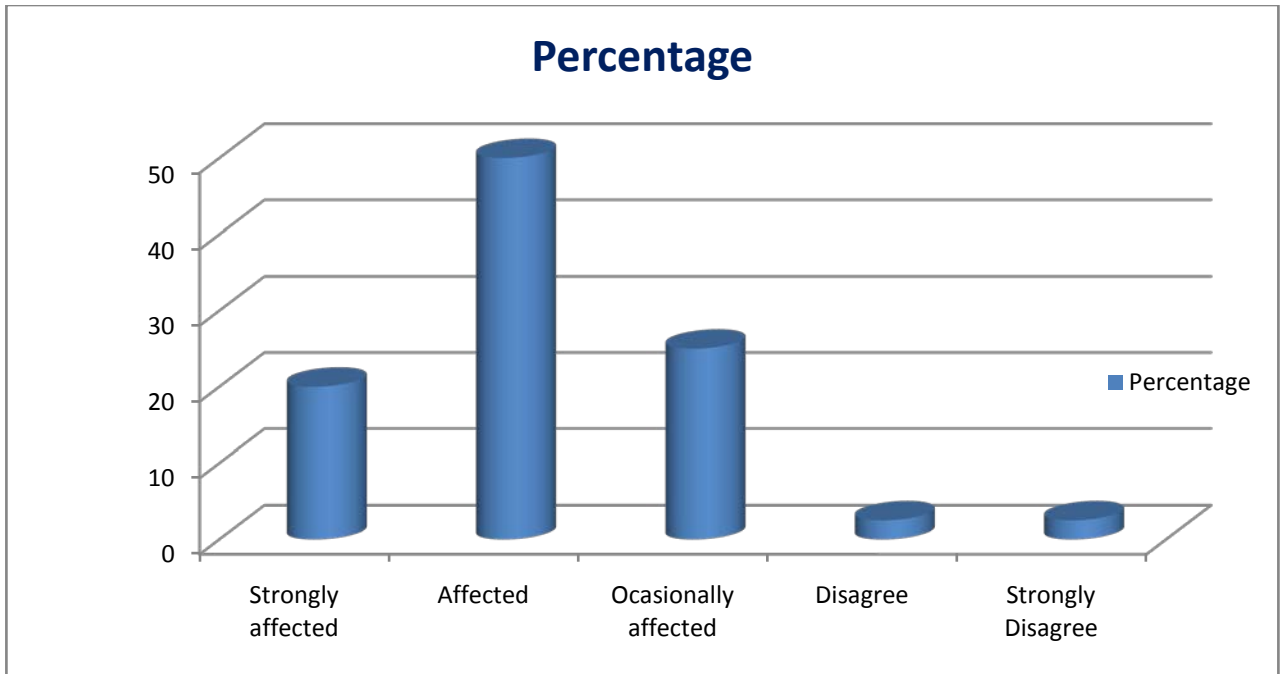


Fig: Interpersonal relationship

Communication

Name of the factors	Number	Percentage
Strongly agree	4	10%
Agree	24	60%
Moderate / Neutral	7	17.5%
Disagree	4	10%
Strongly disagree	1	2.5%
Total	40	100%

(Each item is of 5 point scale, that ranges from 1(strongly disagree) to 5 (strongly agree))

Chart shows the customer communication with bank. Here most of the respondent is agreed (60%) with the level of communication by the bank staffs. Number of not satisfied people is lesser than satisfied people. Not satisfied is 12.5% percent. This is very low. So here Communication is not badly affecting Service Quality. A large number of customers are

satisfied by the communication that is made by the Bank. But Mercantile Bank Still have to Improve their Communication with clients because 17.5% of the customer still in Moderate Label. So if they try to improve it their service quality will be more efficient. So by this we can easily understand that communication have a relation with the service quality of Mercantile Bank.

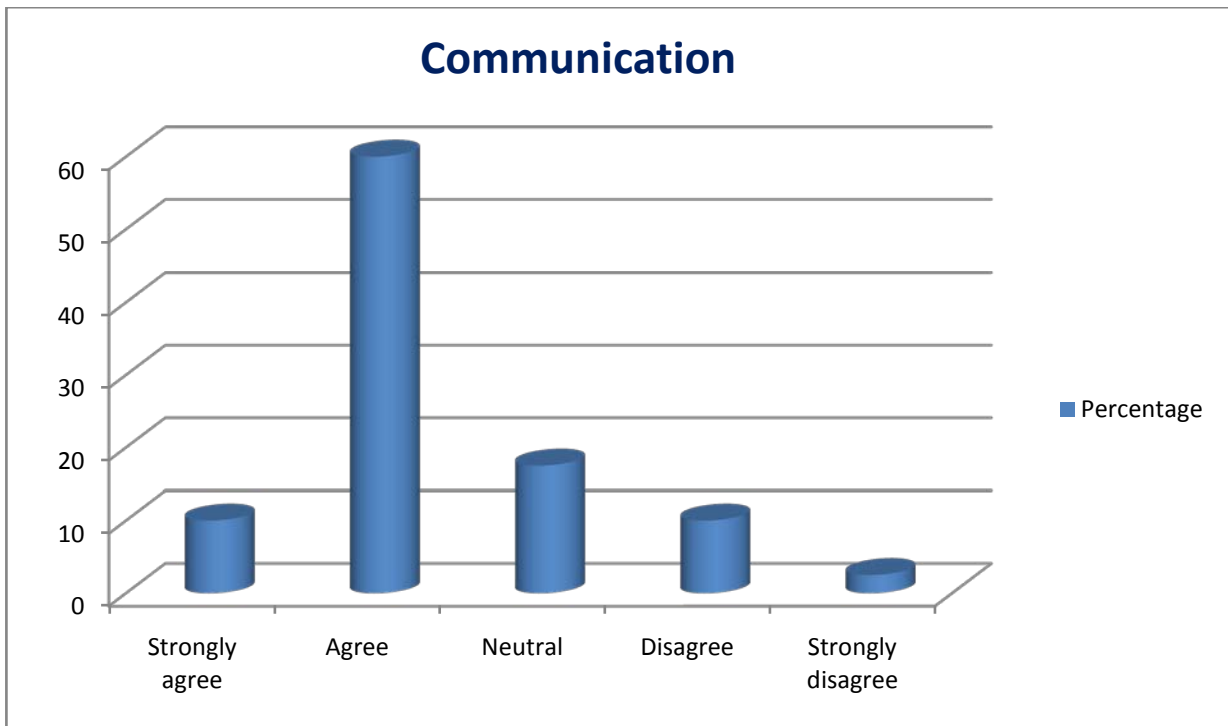


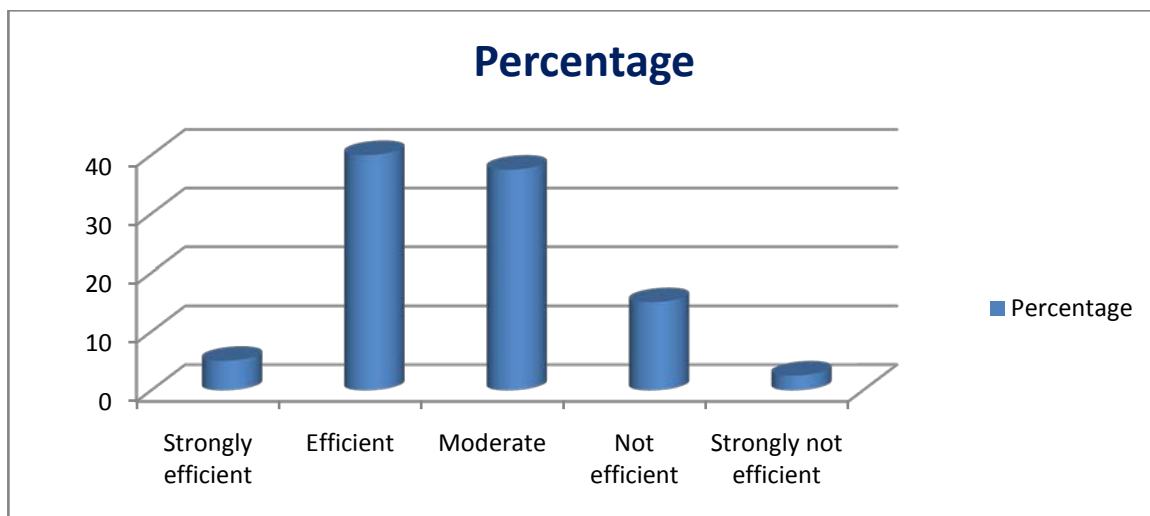
Fig: Communication

Efficiency

Name of the factors	Number	Percentage
Strongly efficient	2	5%
Efficient	16	40%
Moderate / Neutral	15	37.5%
Not efficient	6	15%
Strongly not efficient	1	2.5%
Total	40	100%

(Each item is of 5 point scale, that ranges from 1(strongly disagree) to 5 (strongly agree))

The table shows Moderate label of customer about efficiency. 17.5 percent customer is not satisfied at all with efficiency of the bank. This shows that they lose their customer only for service efficiency. On the other hand around 45 percent are agreed with the efficiency. Efficiency level with not efficient and strongly efficient is 15% percent and 2.5% respectively. This is not very high. Although communication is not badly affecting Service Quality, the efficiency of the bank is need to gear up to the mark before banks service quality will decrease. So, we can understand efficiency have relationship with service quality of the bank.



Data Interpretation

Mean

For a data set, the mean is the sum of the values divided by the number of values. The mean of a set of numbers x_1, x_2, \dots, x_n is typically denoted by "x bar". The question for each variable has five different factors. The customers of the Mercantile Bank are fairly satisfied with some services provided but also dissatisfied with some other service provided to them.

Sample Mean	Population Mean
$\bar{x} = \frac{\sum X}{n}$	$\mu = \frac{\sum X}{N}$

where $\sum X$ is sum of all data values

N is number of data items in population

n is number of data items in sample

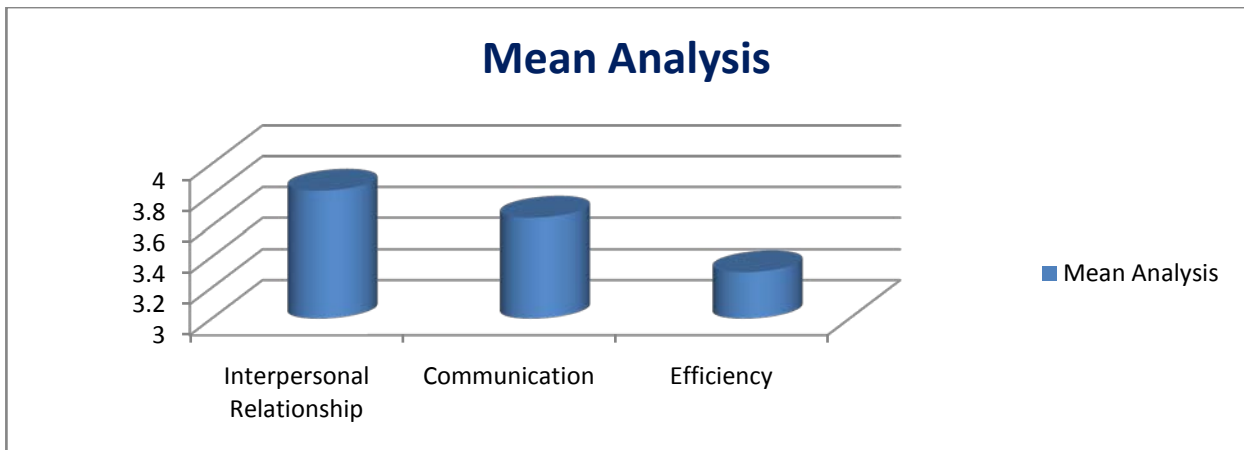
Mean Value:

Interpersonal Relationship = $(8*5+20*4+10*3+2*1+1*1)/40 = 153/40 = 3.825$

Communication = $(4*5+24*4+7*3+4*2+1*1) / 40 = 146/40 = 3.65$

Efficiency = $(2*5+16*4+15*3+6*2+1*1) / 40 = 132/40 = 3.3$

These results explain that most of the customers think the Banks Interpersonal relationship and system of Communication is good and customers are very satisfied with these services. This result also indicates that the efficiency level of the bank management is needed to improve.



Variance& Standard Deviation:

Variance defines how far a set of numbers is spread out. The square root of the variance gives us standard deviation. More the variance, the more the answers from one individual to another individual vary. To reduce the variance we have to take a greater sample. It is better to have a less variance as then the use of the statistical data becomes easier. We can deduce that most customers are not satisfied with similar grants.

Mathematically Variance, S²:

$$S^2 = \frac{\sum (X - \bar{X})^2}{N - 1}$$

Variance of Interpersonal Relationship

Serial no	Value of data	(X-X ⁻)	(X-X ⁻) ²	Variance (X-X ⁻) ² /(40-1)
1	4	0.175	0.030625	0.763
2	5	1.175	1.380625	
3	3	-0.825	0.680625	
4	3	-0.825	0.680625	
5	4	0.175	0.030625	
6	5	1.175	1.380625	
7	3	-0.825	0.680625	
8	4	0.175	0.030625	
9	4	0.175	0.030625	
10	3	-0.825	0.680625	
11	5	1.175	1.380625	
12	2	-1.825	3.330625	
13	4	0.175	0.030625	
14	4	0.175	0.030625	
15	3	-0.825	0.680625	
16	5	1.175	1.380625	
17	4	0.175	0.030625	
18	4	0.175	0.030625	
19	4	0.175	0.030625	
20	3	-0.825	0.680625	
21	4	0.175	0.030625	
22	4	0.175	0.030625	
23	3	-0.825	0.680625	

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24	5	1.175	1.380625		
Serial no	Value of data	(X-X ⁻)	(X-X ⁻) ²	(X-X ⁻) ² /(40-1)	
25	4	0.175	0.030625		
26	4	0.175	0.030625		
27	3	-0.825	0.680625		
28	4	0.175	0.030625		
29	5	1.175	1.380625		
30	4	0.175	0.030625		
31	4	0.175	0.030625		
32	4	0.175	0.030625		
33	1	-2.825	7.980625		
34	4	0.175	0.030625		
35	4	0.175	0.030625		
36	4	0.175	0.030625		
37	5	1.175	1.380625		
38	5	1.175	1.380625		
39	3	-0.825	0.680625		
40	3	-0.825	0.680625		
Total	153		29.775		0.763

In above table we can see the calculation variance and it becomes difficult for a bank to satisfy all of its customers when they want different things. Different factors are important for different individuals. Sometimes this plays a major role in customers mind and the bank faces problems and loses its most important and valuable customers.

Interpersonal Relationship - Standard Deviation(S):

The standard deviation is a measure of how spread out the data is. The square root of Variance gives us standard deviation.

$$s = \sqrt{\frac{\sum (x - \bar{x})^2}{n - 1}}$$

$$S = (0.763)^{1/2} = 0.873$$

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The standard deviation is below 1, so we can say the variation in the answers are low. Most people gave similar answers. So, when we do the overall statistics we can say the standard error is comparatively less. And the sample size is more or less near perfect.

Variance of Communication skill analysis:

Serial no	Value of data	$(X-X^-)$	$(X-X^-)^2$	Variance= Sum of $((X-X^-)^2)/(40-1)$
1	4	0.35	0.1225	0.795
2	5	1.35	1.8225	
3	3	-0.65	0.4225	
4	3	-0.65	0.4225	
5	4	0.35	0.1225	
6	5	1.35	1.8225	
7	3	-0.65	0.4225	
8	4	0.35	0.1225	
9	4	0.35	0.1225	
10	3	-0.65	0.4225	
11	5	1.35	1.8225	
12	2	-1.65	2.7225	
13	4	0.35	0.1225	
14	4	0.35	0.1225	
15	3	-0.65	0.4225	
16	5	1.35	1.8225	
17	4	0.35	0.1225	
18	4	0.35	0.1225	
19	4	0.35	0.1225	
20	3	-0.65	0.4225	
21	4	0.35	0.1225	
22	4	0.35	0.1225	
23	3	-0.65	0.4225	
24	5	1.35	1.8225	
25	4	0.35	0.1225	
26	4	0.35	0.1225	
27	3	-0.65	0.4225	
28	4	0.35	0.1225	
29	5	1.35	1.8225	

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30	4	0.35	0.1225	0.795
Serial no	Value of data	(X-X̄)	(X-X̄) ²	
31	4	0.35	0.1225	
32	4	0.35	0.1225	
33	1	-2.65	7.0225	
34	4	0.35	0.1225	
35	4	0.35	0.1225	
36	4	0.35	0.1225	
37	5	1.35	1.8225	
38	5	1.35	1.8225	
39	3	-0.65	0.4225	
40	3	-0.65	0.4225	
Total	153		31	

Communication skill -Standard Deviation(S):

$$s = \sqrt{\frac{\sum (x - \bar{x})^2}{n - 1}}$$

$$S = (0.795)^{1/2} = 0.892$$

Variance of Efficiency analysis:

Serial no	Value of data	(X-X̄)	(X-X̄) ²	(X-X̄) ² /(40-1)
1	4	0.7	0.49	0.779
2	2	-1.3	1.69	
3	3	-0.3	0.09	
4	4	0.7	0.49	
5	2	-1.3	1.69	
6	4	0.7	0.49	
7	4	0.7	0.49	
8	4	0.7	0.49	
9	2	-1.3	1.69	
10	3	-0.3	0.09	
11	4	0.7	0.49	
12	3	-0.3	0.09	
13	3	-0.3	0.09	
14	4	0.7	0.49	
15	3	-0.3	0.09	

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16	4	0.7	0.49	
17	2	-1.3	1.69	
18	3	-0.3	0.09	
19	3	-0.3	0.09	
20	2	-1.3	1.69	
21	4	0.7	0.49	
22	3	-0.3	0.09	
23	4	0.7	0.49	
24	4	0.7	0.49	
25	5	1.7	2.89	
26	3	-0.3	0.09	
27	2	-1.3	1.69	
28	4	0.7	0.49	
29	3	-0.3	0.09	
30	4	0.7	0.49	
31	1	-2.3	5.29	
32	4	0.7	0.49	
33	3	-0.3	0.09	
34	5	1.7	2.89	
35	3	-0.3	0.09	
36	4	0.7	0.49	
37	3	-0.3	0.09	
38	3	-0.3	0.09	
39	4	0.7	0.49	
40	3	-0.3	0.09	
Total	132		30.4	0.779

Efficiency -Standard Deviation(S):

$$s = \sqrt{\frac{\sum(x - \bar{x})^2}{n - 1}}$$

$$S = (0.779)^{1/2} = 0.883$$

Result & Interpretation:

The standard deviation for interpersonal relationship is 0.873, for communication skill the standard deviation is 0.892 and for efficiency, the standard deviation is 0.883. So we can say

that the standard deviation is below 1 and the variation in the answers is low. Most people gave similar answers. So, from the overall statistics, we can say the standard error is comparatively less. And the sample size is more or less near perfect.

3.6 Limitation of the Study

Like any other study, the limitations of this study are not out of questions. The following factors seem to me the main points of weakness of this study, despite all out co-ordination from the bank officials:

- ✓ Due to time limitations many of the aspects could not be discussed in the report.
- ✓ The main constraint of the study is inadequate access to information, which has hampered the scope of analysis required for the study
- ✓ Since the Bank personnel's were very busy, they could provide me very little time.
- ✓ I carried out such a study for the first time, so inexperience is one of the main constraints of the study.
- ✓ Entrance to every nock and corner of the bank was not possible for me.

Conclusion

From the practical implementation of customer dealing procedure during the whole period of my practical orientation in MercantileBank limited I have reached a firm and concrete conclusion in a very confident way. I believe that my realization will be in harmony with most of the banking thinkers. It is quite evident that to build up an effective and efficient banking system to the highest desire level computerized transaction is a must. Besides, proper training should be given to enhance the quality of the bank staff at all levels of organization. Success in the banking business largely depends on effective lending. Less the amount of loan losses, the more the income will be from Credit operations. The more the income from Credit operations the more will be the profit of the Mercantile Bank Limited. Mercantile Bank Ltd seems to have acceptable level of satisfaction with its customers. The all three CRM factors Communication, interpersonal relationship and Efficiency of banking service seem important since all these have moderate relationship with Service Quality. To improve the all three CRM factors Communication, interpersonal relationship and Efficiency Bank should arrange Employee Training so that Employee can improve themselves in those three CRM factors.

It can be argued that this report can become useful to explain the banking practices that are followed by the MercantileBank Ltd. and also attempt to harmonize and link the theoretical knowledge, acquired in the MBA program, with the experience gathered in the period of practical orientation.

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Letter of Transmittal

June 10, 2014

To
Dr. Salehuddin Ahmed
Professor
BRAC Business School

66 Mohakhali, Dhaka, Bangladesh

Subject: Submission of internship report on Customer Relationship Management of MBL

Dear Sir,

Here is my internship report on “Customer Relationship Management” of Mercantile Bank Limited. I am submitting this report as the part of my internship. While preparing this report, I tried my level best to follow your instructions and the instructions that have given to me by my organization supervisor. The entire report is based on my practical experience in the Ring Road Branch. I have tried my level best to provide what I have learned during the internship program.

I shall be highly encouraged if you are kind enough to receive this report. If you have any further enquiry concerning any additional information, I would be very pleased to clarify that.

Sincerely yours,

Md. Hasan Shahriar
ID: 11264022
MBA Program
BRAC University

Acknowledgement

The report on “Customer Relationship Management” has been prepared to fulfill the requirements of MBA degree. I am very much fortunate that I have received sincere guidance, supervision and co-operation from various respected people while preparing this report.

At the very beginning I would like to express my gratitude to almighty Allah for special blessing in completing the report. Then, I would like to thank my academic supervisor of the Internship Program Dr. Salehuddin Ahmed, Professor of BRAC Business School (BBS) for giving me the opportunity to prepare this report. He also provided me some important advices and guidance for preparing this report. Without his assistance, this report would not be a comprehensive one. Secondly, I would like to thank Career Service Office (CSO) of BRAC University, where I received support of requirements of finishing the internship program and daily updates of university.

Then I would profusely like to express my gratitude to all the people from Mercantile Bank Limited of Ring Road Branch and Head Office who have always been kind enough to answer my queries despite their extremely demanding work. I would like to thank Ms. Mahmuda Akter, Vice President & Head of Branch and Mr. Kazi Abdul Wadood Assistant Vice President & Manager Operation of Ring Road Branch.

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Executive Summary

Many businesses such as banks, insurance companies, and other service providers realize the importance of Customer Relationship Management (CRM) and its potential to help them acquire new customer, retain existing ones and maximize their lifetime value. This paper deals with the role of Customer Relationship Management in banking sector and the need for Customer Relationship Management to increase customer value by using some analytical methods in CRM applications. The main objective is to identify the key factors that influence the extent to which CRM helps to improve the service quality of the Mercantile Bank. Mercantile Bank Ltd seems to have acceptable level of satisfaction with its customers. The all three CRM factors Communication, Interpersonal relationship and Efficiency of banking service seem important since all these have moderate relationship with Service Quality. To improve the all three CRM factors Communication, Interpersonal relationship and Efficiency Bank should arrange employee Training so that employee can improve themselves in those three CRM factors. The whole report is divided into three parts-Introductory parts, Learning part and Project part. The first chapter is the introduction chapter of this report. The learning part shows customer relationship management of Mercantile Bank Limited, which includes description / nature of the job specific responsibilities of the job, different aspects of the job performance, critical observations and recommendation. The third and last chapter is the project part that contains problems, recommendations and conclusion of Mercantile Bank Limited. It can be argued that this report can become useful to explain the banking practices that are followed by the Mercantile Bank Ltd. This report also attempt to harmonize and link the theoretical knowledge, acquired in the MBA program, with the experience gathered in the period of practical orientation.