

An Overview of Standard Bank Limited & the Level of Customer Satisfaction

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Letter of Transmittal

Date: 5 March, 2015.

Mr. Shamim Ehsanul Haque.

Senior Lecturer

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Subject: Internship report on “An Overview of Standard Bank Limited and the Level of Customer satisfaction”

Dear Sir,

I have the pleasure to submit the internship report on “An Overview of Standard Bank Limited & the Level of Customer Satisfaction”. I thank you for allowing me to do such practical oriented job. To prepare this intermediary report, I have tried to devote my best effort and conducted extensive literature review to find out the study relevant materials. I sincerely hope and believe that my report will secure your approval and serve its purpose. During the process of preparation due to various constraints there may be some mistakes. However, I apologize for all those and beg your kind consideration in this regard.

Finally, I hope that you would be kind enough to receive this report and bless me heartily.

Thanking you.

.....

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ACKNOWLEDGEMENT

With heartiest gratefulness, I would like to acknowledge a few individuals for their immense support and guidance in the completion of my internship report. At first I would like to condole the All mighty God ALLAH for giving me the strength and knowledge to do such work and I'm deeply grateful to him.

My thanks go to Mr Shamim Ehsanul Haque, Senior Lecturer, Dept. of Business Administration, BRAC Business School, BRAC University, who gave me her utmost assistance and sincere cooperation with effective guidelines to make this report worthwhile.

My heartiest thanks go to Mr. Md. Abu Sayeed, SAVP and Branch in charge, Standard Bank Limited, Mohammadpur Branch, Mrs. Sabiha Islam, SEO & 2nd man, Standard Bank Limited, Mohammadpur Branch, Mrs. Shamim Ara Tania (EO), Mohammadpur Branch, Mr. Kabir Uddin (EO), Mohammadpur Branch, Mrs Taslima Akhtar, Senior Officer, cash in charge, Mohammadpur Branch, Ashikul Haque Chowdhury, Assistant Officer, Mohammadpur Branch, Mrs Farhan Akhtar, Assistant Officer, Mohammadpur Branch, Mrs Rahat Akhtar (TAO), Mohammadpur Branch, for always being there to help me out with their experience and knowledge and encouraging me during my stay at the organization as an intern. They have been a great source of guidance and motivation which not only has given me experience about the professional environment but has also imposed a positive impact on my overall personality.

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EXECUTIVE SUMMARY

I have chosen Standard Bank Limited (SBL) for gaining on-field experience as an intern for a period of three months starting from 29th May 2014 till 29th August 2014, as a part of my internship program of Masters of Business Administration (M.B.A.) requirement. I was recruited as an intern for the department of General Banking Services at the Mohammadpur branch of SBL.

I have conducted a study on the overall activities of SBL as well as the customer satisfaction within the organization and presented it on a working report with the title “An internship report on the overview of Standard Bank limited & its customer satisfaction level”. This report consists of information about the project I had been assigned with which happens to be the customer satisfaction level measurement. I have conducted a survey based on a structured questionnaire & tried to get as information as I get from the customers in a direct formal way. In addition to this, I have also provided an overview of the company, the department I have been assigned to along with an account of my experience as an intern at SBL.

Standard Bank Limited is a scheduled Bank under private sector established under the ambit of bank Company Act, 1991 and incorporated as a Public Limited Company under Companies Act, 1994. The Bank started commercial banking operations effective from June 06, 1999. Although there are some problems of marketing that comes to my mind at the time of my internship there. But there is a niche marketing program that is followed by the management of bank. As a marketing student I have given my efforts to find out of their marketing strategy because only a successful marketing strategy can improve the overall condition and bring customer satisfaction. The Bank had been widely acclaimed by the business community, from small entrepreneur to large traders and industrial conglomerates, including the top rated corporate borrowers for forward-looking business outlook and innovative financing solutions. Thus within this very short period of time it has been able to create an image for itself and has earned significant reputation in the country’s banking sector as setting a new standard in banking. The various programs undertaken by the Bank to enrich the quality of human resource are mainly aimed at increasing professional

knowledge and skill levels of employees through training and development, in order form a well-equipped work force for providing superlative services to the customers. In preparation of this digest both secondary and primary data sources have been used. The primary data were mainly collected while conducting the survey on customer satisfaction. The secondary data sources were the company website, the annual reports and other publicized documents of the company as well as from other books. The report will mainly focus on what criteria Standard Bank Limited of Bangladesh is maintaining for satisfying the customers in different sectors like investment, deposit scheme, loan sanction, remittance etc.

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ACRONYMS AND ABBREVIATIONS

ATM	Automated Teller Machine
BL	Bad and Lost
CIB	Credit Information Bureau
CRG	Credit Risk Grading
CRM	Credit Risk Management
CFS	Cash Flow Statement
CCR	Consumer Credit Risk
DSE	Dhaka Stock Exchange
RMG	Ready Made Garments
SME	Small and Medium Enterprise
DF	Doubtful
FDR	Fixed Deposit Receipt
ICC	International Chamber of Commerce
KYC	Know Your Customer
L/C	Letter of Credit
PNW	Present Net Worth
SS	Substandard
SM	Special Mention
SLR	Statutory Liquidity Reserve
WL	Watch List
WAN	Wide Area Network

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CHAPTER- 1

INTRODUCTION

1.1 ORIGIN OF THE REPORT

This report is prepared as a course curriculum requirement of “Masters of Business administration (M.B.A.) program under BRAC University. It entitled- “An Overview on Standard Bank Ltd and The Level of Customer satisfaction” -is an analyzed deliverance of three months long internship program at customer service department in the Standard bank ltd. The internship program started on May 29, 2014 and will finish on August 29, 2014. The submission of this internship report is properly guided and approved by the organization and the respective supervisor.

1.2 OBJECTIVES OF THE REPORT

The objective of this report is to gather practical knowledge and experience about the Standard Bank Limited and its operations in different fields and its customer satisfaction level.

More Specific Objectives:

- To find out the position of Standard Bank Limited in the banking industry.
- To find out how its present strategy is working.
- To analyze the bank’s performance in some key areas.
- To find out existing problems of the bank.
- To find out the customers satisfaction in services and products.
- To formulate alternative strategies for solving the problems.

1.3 METHODOLOGY OF THE STUDY

The report has been written on the basis of information collected from primary as well as secondary sources. The primary information has been collected from the institution and some of the general clients of the bank. In this case, I have made a questionnaire whereas I could have personal interviews with thirty institutional clients and also some sample general clients of the bank to get in-depth information about their experiences of Standard Bank Ltd. (SBL). Some opinions and ideas have been incorporated in this paper through interactive Sessions and interviews with the top management and mid-level executives of the Organization. The Secondary information has been collected from the bank’s records, corporate Newsletter, branches manuals, various publications of the bank and Bangladesh Bank. Different books and journals are used as a means of this study.

1.4 SCOPE OF THE REPORT

The scope of this report is limited to the overall description of the company, its services and its financial performance analysis. The scope of the study is limited to organizational setup, functions, and performances. Since Standard Bank Limited is still in its growth stage in Bangladesh; it has still to go a long way to achieve its destination. The report will mainly focus on what criteria Standard Bank Limited of Bangladesh is maintaining for satisfying the customers in different sectors like investment, deposit scheme, loan sanction, remittance etc.

1.5 LIMITATIONS OF THE REPORT

To prepare this report, I have faced some limitations, which are mentioned below.

- **Limitation of time:** It was one of the main constraints that hindered to cover all aspects of study.

- **Lack of Secondary Information:** The annual report was the main secondary source of information that was not enough to complete the report and provide the reader a clear idea about the bank.

- **Limitation of the Scope:** While collecting data, institution did not disclose much information due to the confidentiality of the organization.

Chapter 2

An Overview of the Bank (SBL)

2.1 THE BANK

Standard Bank Limited is a scheduled Bank under private sector established under the ambit of bank Company Act, 1991 and incorporated as a Public Limited Company under Companies Act, 1994. The Bank started commercial banking operations effective from June 06, 1999. During this short span of time the Bank had been successful to position itself as a progressive and dynamic financial institution in the country. The Bank had been widely acclaimed by the business community, from small entrepreneur to large traders and industrial conglomerates, including the top rated corporate borrowers for forward-looking business outlook and innovative financing solutions. Thus within this very short period of time it has been able to create an image for itself and has earned significant reputation in the country's banking sector as setting a new standard in banking. Presently it has eighty seven with two Islami window branches in operation.

The emergence of Standard Bank Limited at the junction of liberation of global economic activities, after the WTO has been an important event in the financial sector of Bangladesh. The experience of the prosperous economies of Asian countries and in particular of South Asia has been the driving force and the strategies behind operational policy option of the Bank. The Company Philosophy – “Setting a New Standard in Banking” has been preciously the essence of the legend of bank's success.

Standard Bank Limited has been licensed by the Government of Bangladesh as a Scheduled Bank in the private sector in pursuance of the policy of liberalization of banking and financial services and facilities in Bangladesh. In view of the above, the Bank within a period of 16 years of its operation achieved a remarkable success and met up capital adequacy requirement of Bangladesh Bank.

2.2 SILENT FEATURES OF THE BANK

- a) It has been performing conventional commercial banking activity.
- b) It is the pioneer in introducing and launching different customer friendly deposit schemes to tap the savings of the people for channelizing the same to the productive sectors of the economy.
- c) For uplifting the standard of living of the employee of the Bank, it has introduced Consumer Credit Schemes by providing financial assistance in the form of loan to the employee for procuring household durables, which have had encouraging responses.
- d) The Bank is committed to continuous research and development so as to keep pace with modern banking.
- e) The operations of the Bank are fully computerized so as to ensure quick, prompt flawless and services to the customers.

2.3 MISSION, VISION, OBJECTIVES AND CORE VALUES

➤ **Vision:**

Standard Bank, being a modern bank, has the objective of building a sound national economy and to contribute significantly to the public exchequer.

➤ **Mission:**

To be the best private commercial bank in Bangladesh in terms of efficiency, capital adequacy, asset quality, sound management and profitability.

➤ **Long-term objective:**

- To be the market leader both in terms of deposits and good loans among private commercial banks by 2025.

➤ **Short-term objective**

- To increase current market shares at least 5% by 2015.
- To increase it's number of branches to 100 by 2017.

➤ **Goals**

- Become the most profitable bank.
- Provides highest level of satisfaction to customers.
- Enhance the value of shareholders investments and optimize return on their investment.

➤ **Strategic Intent**

Bring out new financial products and to ensure that customers receive a consistent standard quality of service.

➤ **Business Strategies**

- Achieve business vision through quality and customer acceptance by providing financial services.
- Maintain highest ethical standards in every aspect.
- Customer focus – a perspective of quality throughout:
 - The entire organization or each department and bank.
 - All processes, systems and services.
- Compliance – with regulatory requirements.
- Added value – through continuous improvements to benefit customers and the bank.

➤ **Core values**

- **Our shareholders:** By ensuring fair return on their investment through generating stable profit.
- **Our customer:** To become most caring bank by providing the most courteous and efficient service in every area of our business.
- **Our employee:** By promoting the well being of the members of the staff.
- **Community:** Assuring our socially responsible corporate entity in a tangible manner through close adherence to national policies and objectives.

2.4 ORGANOGRAM OF THE STANDARD BANK LTD.

Serial number Based on position

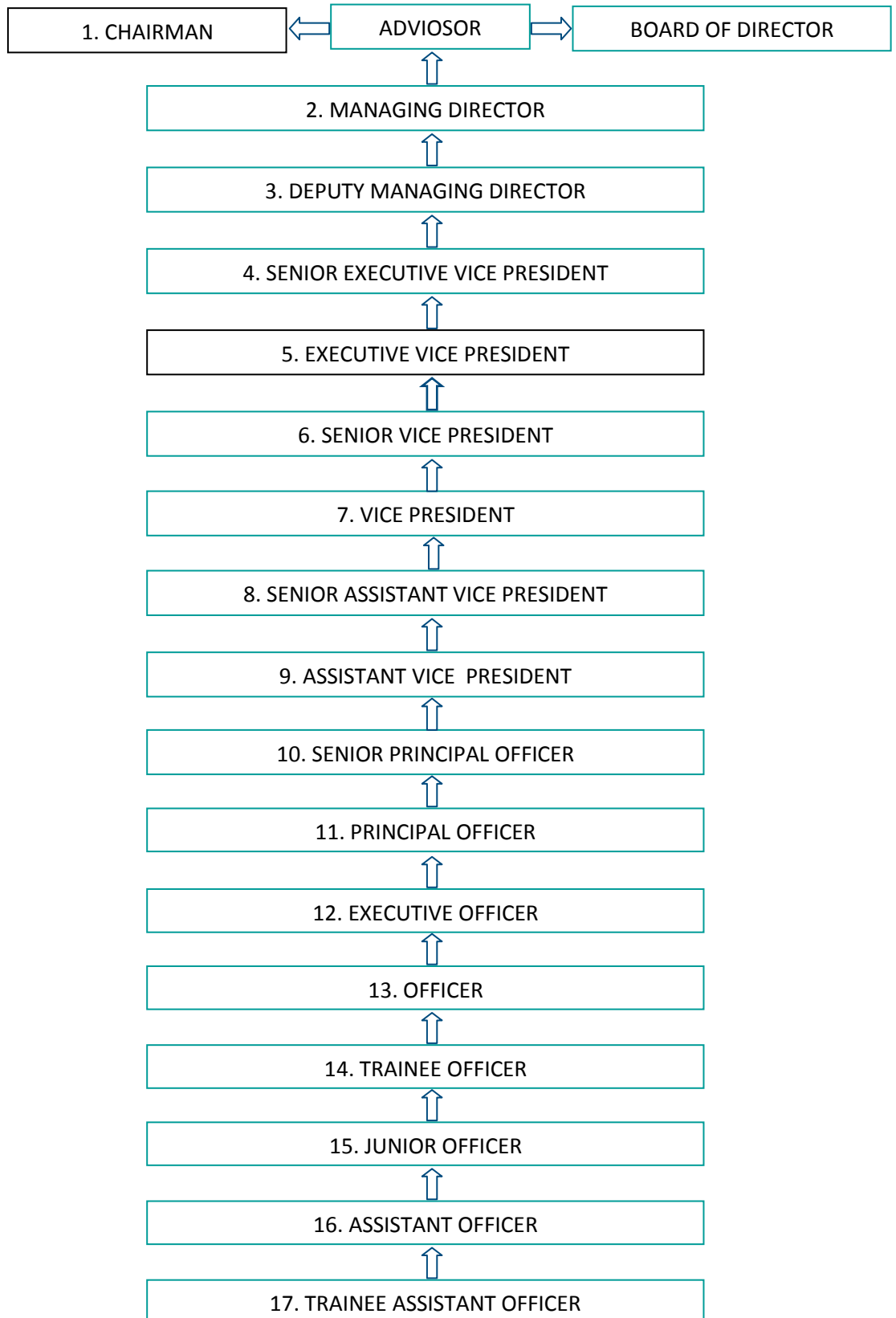


Figure: Organogram of SBL

2.5 MANAGEMENT HIERARCHY OF THE STANDARD BANK LTD.

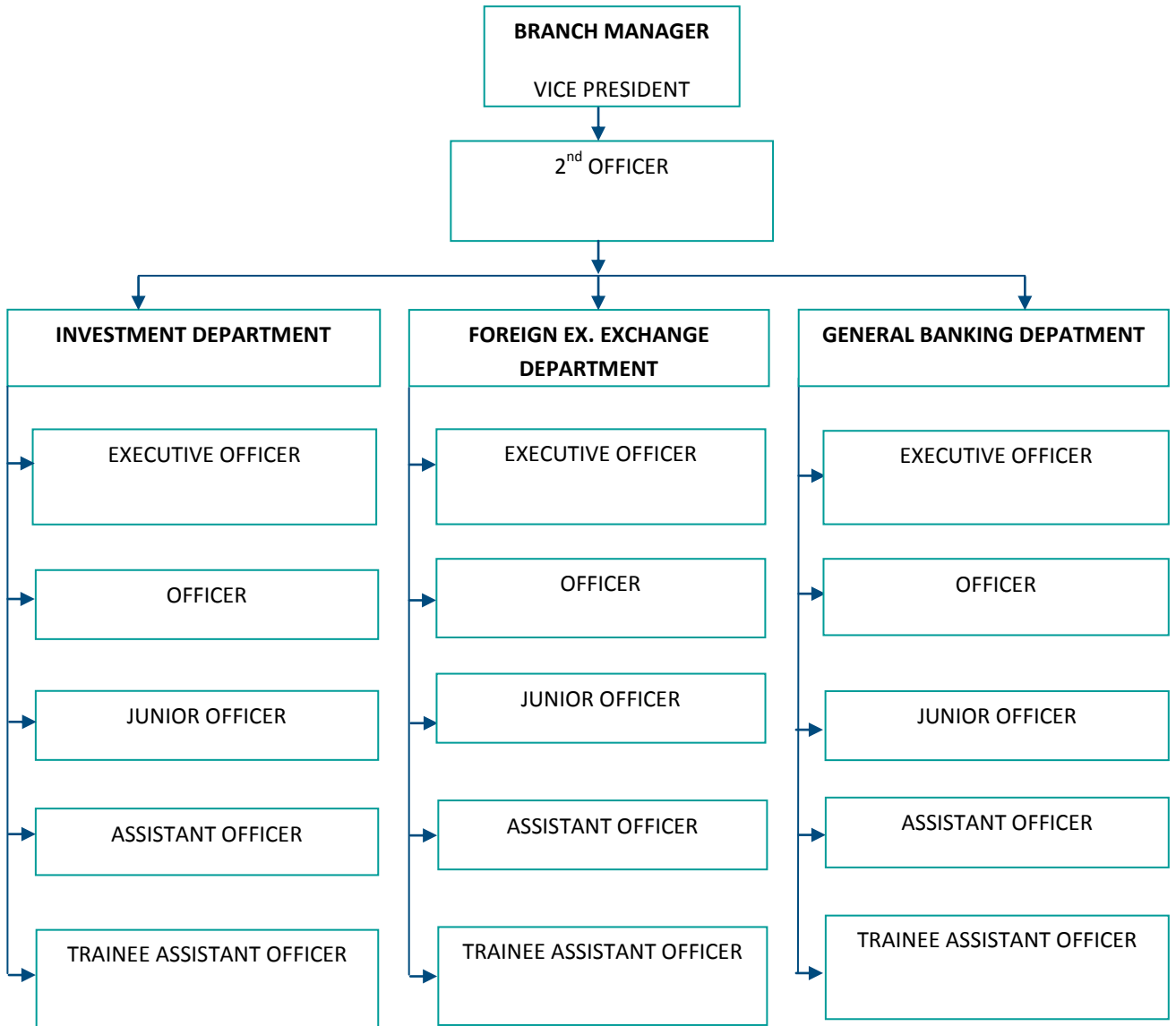


Figure : Organizational configuration of every Branch's, Standard Bank Ltd.

2.6 PERFORMANCE OF STANDARD BANK LIMITED AT A GLANCE

(TK IN MILIION)

Table: Performance of SBL

Particulars	2011	2010	2009	2013	2012
Authorized Capital	15,00	8,800	8,800	1500	1500
Issued, Subscribed& Paid-up Capital	4,061	3,173	2,644	5700	4874
Equity Fund (Capital and Reserve)	6,871	5,825	4,222	9289	8220
Deposits	68,871	58,344	42,556	87962	76077
Loans and Advances	50,407	56,167	38,056	74181	61528
Import Business	46,368	41,919	40,411	51056	48500
Export Business	29,177	25,072	29,177	43288	33967
Operating Income	2194	1911	2194	4724.66	462.79
Operating Expense	972.00	186.26	972.00	1768.70	1417.03
Operating Profit	813.35	742.69	630.30	3179	3001
Net Profit after taxation & Provision	952	872	767	1011	1333
Total Assets	55,831	53,246	49,001	108574	94696
Earning per Share (Taka)	2.89	3.53	2.90	1.77	2.73
Return on Equity (ROE)	20.75%	27.81%	20.06%	12,51%	17.67%
Return on total assets (ROA)	1.71%	2.06%	2.16%	1.10%	1.57%
Non performing loans as % of total loans	2.19%	1.96%	1.83%	3.50%	2.50%
Total Capital Ratio	11.39%	10.32%	13.56%	10.67%	11.28%
Cost of Deposit	9.98%	7.83%	9.49%	10.51%	10.79%
Cash Dividend	-	-	-	10%	-
Number of Employees	1040	1018	821	1368	1270
Number of Branches	68	58	41	87	77

2.7 DIVISION OF BANK

Administration Division

The division controls all the administrative activities of the bank.

Systems & Operation Division

Activities regarding general banking are cash affairs, opening new branches, customer service and legal affairs.

Audit and Inspection Division

The role of this division is to conduct extensive visit to various branches all the branches and check and observe their performances and take notes on the issues, which they think are not fit to the originality.

Credit Division

Various types of loans and advances are initiated, followed up and recovered through this division.

Financial Control Division

Central accounts division does all the A/Cs related activities here. All the branches send their monthly and daily statement to the Head Office. The bank is using STEALER for their electronic data management system.

International Division

To deal foreign exchanges business, which is known as international division.

Branch Network:

Standard Bank Limited has a predominately network of its 87 branches as on 31st December 2013, which are tightly bound with each other are in online.

2.8 ASSETS VISION OF STANDARD BANK LIMITED

Industrial Credit – Term Loan

One of the vital and prerequisites of country's development is its industrial growth. The bank has rightly identified and carefully extended industrial Term Loan. Out of the total credit portfolio of Tk. 74049.89 million in 2013. Tk. 35737.98 million has been deployed for large and medium scale industries.

The Bank has given concentration to disburse loan in the urban area. Only Tk 1405 million (1.89%) loans have been disbursed in the rural area.

Guarantee Business

The Bank has been assisting different business houses by providing non-funded banking facilities in the form of Bank Guarantee which is most lucrative and remunerating. The total Bank Guarantee business reached around Tk.5126.10 million during 2013 which is 26.66% higher than that of the previous year.

Consumer Credit Scheme

The Bank also extends its credit to the employee against to help increasing their living standard. Around Tk. 153.23 million has been extended under the scheme under easy terms in 2013.

Commercial Lending / Working Capital

The Bank has been continuously providing working capital / commercial lending support to the small and medium entrepreneurs / business and as well as large industries. Around Tk. 5708.8 million i.e. 34.65% of the present credit portfolio has been extended in this area.

Loans to Leasing / Housing Finance Companies / Micro Finance Agencies

Standard Bank Limited has also opened up the window of financing the leasing / Housing Finance Companies / Micro finance agencies on short, medium and long term basis for on lending / re-lending to their customers. Almost all the leasing companies have been enjoying this financing which presently amounts to around Tk. 1539.19 million and the leasing business is found to be visibly vibrant.

2.9 BUSINESS ACTIVITIES

Standard Bank Limited (SBL) has been able to achieve appreciable progress in all areas of its operations during the year 2013 and earned a pre-tax profit of Tk. 3179 million registering a growth of 28.03% over the profit of the year 2012. We attribute this success to the dynamism displayed by all those who worked hard for the growth of this organization.

Capital

The Authorized Capital of the Bank has increased from Tk. 1320.00 million of 2009 to Tk. 1500.00 million in 2013. The Bank went public and floated shares of Tk. 430 million in the year 2009 which was fully subscribed, thereby raising the issued and paid-up Capital to Tk. 1354 million in the year 2011. With the increase of paid up capital, the capital base of the Bank has become stronger.

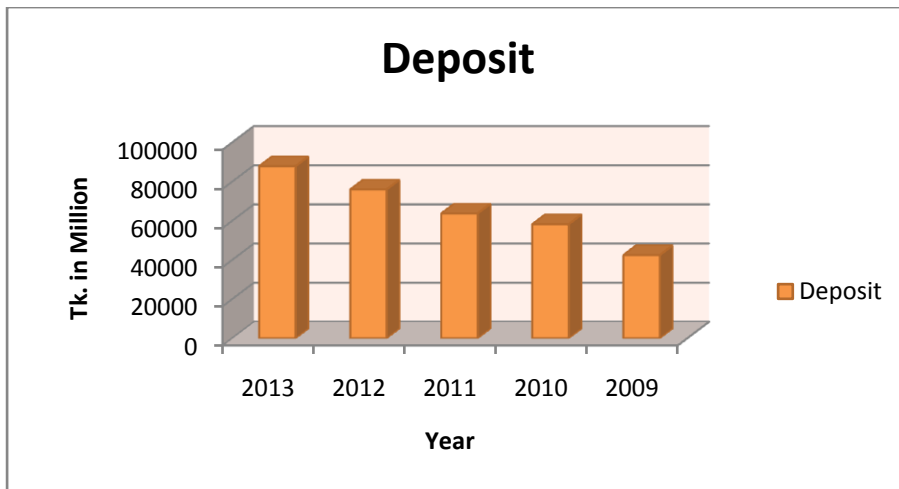
Reserve fund and other reserves

The Bank raised its statutory reserve from Tk. 2489 million to Tk. 2912 million during the year 2013 which is quite significant compared to the position of the previous year.

Deposits

SBL always tried to give highest return on the deposits from the customers. The deposits of SBL reached the level of tk. 87962.50 million during 2013 from tk. 76077 million of previous year. The growth rate is 15.62%. Cost of deposit for the year stood at 10.51% compared to the previous year cost of 10.79%. The increase in deposit was possible due to superior customer service delivery at the branch level.

Year	2013	2012	2011	2010	2009
Deposit	87962	76077	63821	58344	42566



Five Years Deposit Schedule of Standard Bank

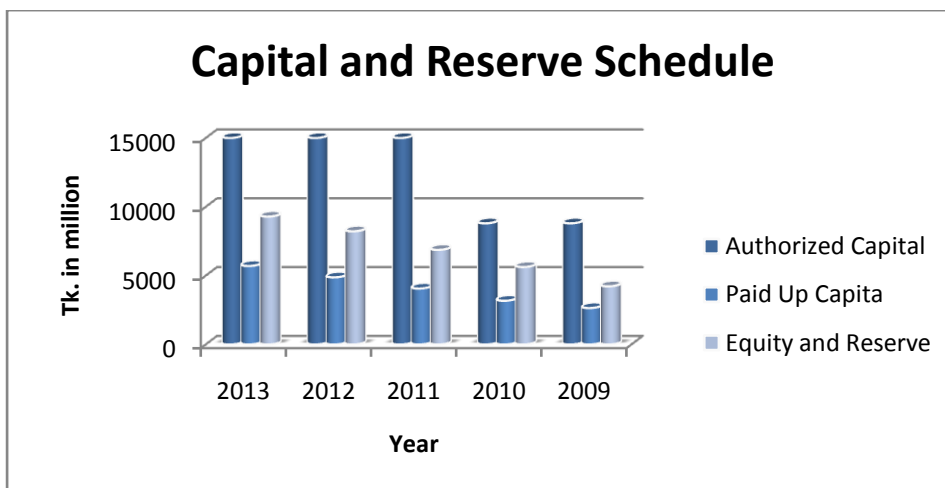


Chart: Relationship among different capital

Loans and advances:

The total loans and advances made by the Bank amounted to Tk. 41,052 million as on December 31, 2012 against Tk. 38,034 million as on 31 December, 2010. Continued emphasis on quality assets resulted in the growth of loan portfolio to the extent of 40% which has paved the way for building of a sound asset base for the Bank. Trade-related and working capital finance were the principal areas where lending activities were concentrated.

Year	2013	2012	2011	2010	2009
Loan and Advances	74181	61528	55332	51758	38056

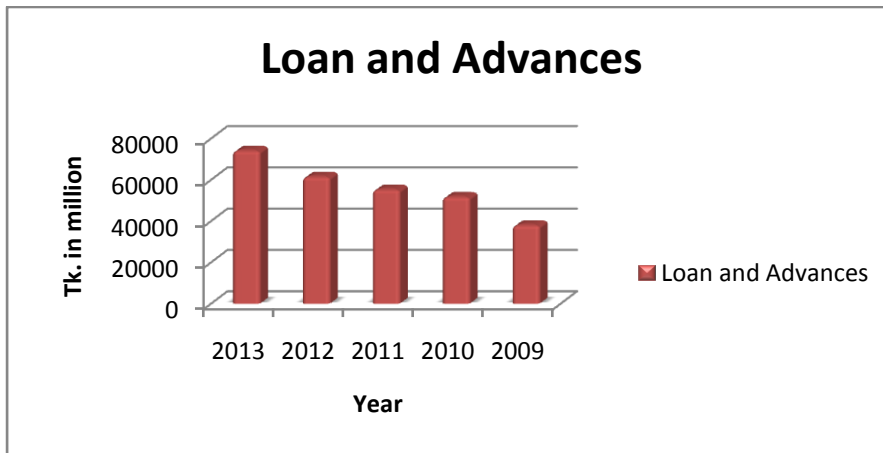


Chart: Loans and Advances of SBL

Import and export business

The import business handled by the Bank during the year 2013 rose to Tk. 51056 million against Tk. 48500 million in 2012 which shows growth rate 5.27%. The total foreign exchange business handled by the Bank also showed a marked increase from that of the corresponding period.

The export business handled by the Bank during the year 2013 rose to Tk. 43288 million against Tk. 33967 million in 2012 which shows growth rate 27.44%. The total foreign exchange business handled by the Bank also showed a marked increase from that of the corresponding period.

Year	2013	2012	2011	2010	2009
Import	51056	48500	50497	56167	40411
Export	43288	33967	45356	41919	29177

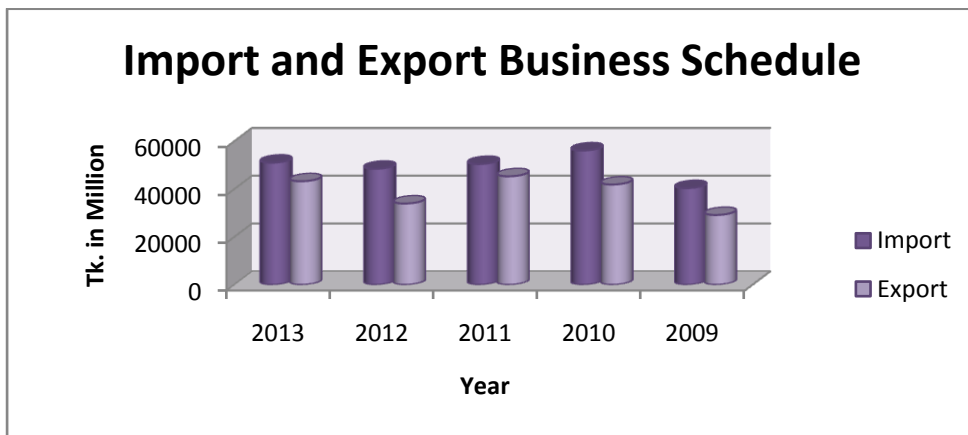


Chart: Import and Export of SBL

Treasury

Treasury dealings in local and foreign currencies were of significant value. The treasury division comprises with two wings. One is money market dealing with the local currency for managing and utilizing fund and the other is foreign exchange dealing with the foreign currency. During the year 2011 total income from the treasury was tk. 159.63 crore from which tk. 90.58 crore earned from the local currency transactions in the money market.

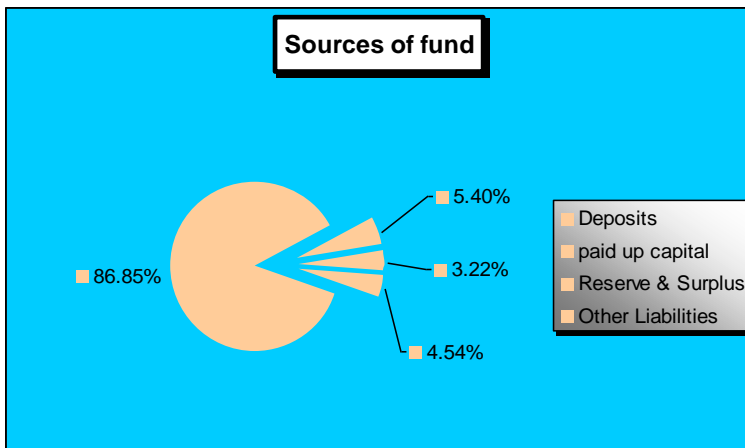


Chart: Sources of fund in SBL

Profit and operating results

Standard Bank Limited generated an operating profit of tk. 317.92 crore in 2013 compared to Tk. 300.07 crore in 2012 making a growth of 6%. After all provisions including general provisions on unclassified loans, profit before taxation stood Tk. 233.10 crore compared to previous years Tk. 2561 crore . Earnings per share (EPS) are Tk. 1.77 in 2013 compared to Tk. 2.73 previous year.

Notwithstanding the tough and cutting edge competitiveness prevailing in the market, the business of this Bank has expanded substantially compared to that of the previous year. This year the management teams as well as the workforce are confidently poised to take on newer challenges with a view to reach the ambitious level of performance in respect of accomplishment of the total business activities including attainment of higher profitability of the Bank.

(Tk in Million)

Particulars	2013	2012	2011	2010	2009
Operating Profit	3179	3001	2869	2771	1531



Chart: Operating profit in different years in SBL

Dividend

The Board of Directors of the Bank has been pleased to recommend 10% cash dividend for the year 2013 to the Shareholders of the Bank.

Foreign correspondents

Foreign Trade operation of the Bank played a significant role in the overall business development of the Bank. The number of foreign Correspondents and Agents of the Bank in the year 2013 with 52 foreign Banks covering the prime business and trade centers of the world. During the period the Bank maintained excellent relationship with leading international banks.

2.10 INFORMATION TECHNOLOGY

STANDARD BANK is committed to deliver efficient, prompt and personalized service to their distinguish customers who are their first priority and driving forces. They want to provide them quality services through the integration of the latest state of the art technology.

IT division has been COM powered with more manpower to drive the bank technologically. They have started ON-LINE banking services for their all branches including Principal branch, Dhanmondi branch, Gulshan branch, Agrabad branch, Khatunganj branch, Jubilee road branch, and Topkhana and Khulna branch where clients can deposit or withdraw their money.

Communication backbone of their bank has been connected through VAST, FIBER-OPTIC or RADIO LINK by using CISCO ROUTERS. More branches are being brought under the network of ON-LINE banking.

2.11 HUMAN RESOURCE MANAGEMENT OF STANDARD BANK LIMITED

Human resource development and management has been proved as one of the most critical aspects of attaining organizational effectiveness. Human Resource management (HRM) is concerned with the “people dimension in management. Standard Bank Limited, since its inception, has placed equal emphasis on all the four key functions of the process of HRM- **acquisition, development, motivation and retention**. The various programs undertaken by the Bank to enrich the quality of human resource are mainly aimed at increasing professional knowledge and skill levels of employees through training and development, in order form a well-equipped work force for providing superlative services to the customers. The reinforcement and enhancement of motivational aspects of the employees, at the same time, have remained one of the major concerns, as we all know that “success of an organization lies in getting employees to give them little bit extra.”

Standard Bank Limited has arranged professional training programs for newly recruited probationary officers. The Bank has so far sent a number of executives for attending training for 6 countries and workshops in China, United States of America, Hong Kong, Singapore, Malaysia and India.

The Bank has developed its own training centre with both in-house and visiting faculties and resource person. To further strengthen its efficient work force has recruited fresh business graduates of reputed universities as Probationary Officer. The recruited personnel joined the mainstream of banking which would surely enrich the quality of human resources and eventually contribute towards the Bank's operational effectiveness and long term sustainable results.

❖ **Human resources objective of Standard Bank**

Human resource objective of Standard Bank is to provide the organization's requirements on human resource demand on its various sectors. HR functions in Standard Bank refer to policies and practices to carry out personnel aspects of the organization. These practices and policies are the followings:

- Conducting job analysis (determining nature of each employee's job)
- Planning employee needs
- Selecting and recruiting job candidates
- Orienting and training new employees
- Managing wages and salaries
- Providing incentives and benefits
- Appraising performance
- Counseling and disciplining
- Training and developing
- Building employee commitment

❖ **Recruitment**

There is no alternative to skilled and trained manpower in service Industry. Bearing this in mind the well-educated, promising and honest workers are being appointed and trained. Standard bank has given top priority for developing skilled manpower and introducing them with modern technologies with the purpose to develop quality customer services. Standard bank recruit experienced bankers as well as fresh university graduates. In general, the board of directors determines the recruitment policy of the bank from time to time. The minimum entry-level qualification for any official position other than supportive management is a Bachelor degree. However, informally the management prefers a minimum master's degree for the appointment of Probationary Officers / Management Trainee in the Executive Officer position. The recruitment for entry-level positions begins with a formal written test, which is conducted and supervised by the Institute of Business Administration, University of Dhaka. After successful completion of the written test, a personal interview is conducted for the successful candidates by a panel of experts comprising of renowned bureaucrats and prominent bankers of the country.

❖ **Training**

The Bank gives utmost importance to impart training to build up quality manpower at every level and focuses on motivational devices for appropriate career progression of the employees. The Bank regularly organizes various training courses at its own Training Institute in Head Office, Bangladesh Institute of Bank Management (BIBM) and the Institute of Bankers. Apart from imparting training, officials / executives of the Bank often participate in various seminars and symposiums outside the country to acquaint them with global banking environment.

In the year 213, 72 employees were sent to BIBM for training on different Banking policies and strategies while 114 employees were also sent for foundation training at BIBM. 62 employees were sent to the different Institutions in the country for participating in workshops, symposiums etc. Besides on invitation of Foreign Banks and Organizations, 21 employees were sent in the different part of globe to attend seminars, workshop and symposiums, which made themselves aware of the latest knowledge and techniques of Modern banking.

2.12 ON LINE OPERATION

All branches of the Bank including the Head Office have a STEALER bank Based Local Area Network (LAN) on UNIX platform, which is a multi-user and most reliable and internationally recognized secured Operating System. Our banking program supports all core banking facilities including: Current Accounts, Savings Accounts, Foreign Currency Accounts, term and Fixed Deposits, Loans and Advances, Special Schemes for Deposits and Advances etc. Besides the maintenance of various types of customer account, calculation and applications of interests, automatic deduction of various types of taxes on lives, the bank's books of accounts are also fully automated and integrated in to the banking software thus the Balance Sheet, Statement of Affairs and other management reports and generated by the computer system under Bank's Standard Chart of Accounts on daily basis.

WEB-PAGE

The Internet has brought about a revolutionary change in the world leading to convergence of communication and computing technologies. In order to provide round the clock and up to date information on the Bank to the trade and business communities worldwide, our own IT Team has developed a web page for the Bank. It can be accessed under the domain name: www.standardbankbd.com

SWIFT

The Bank has become the member of SWIFT Alliance Access, a multi-branch secure financial messaging system provided by the Society for Worldwide Inter-bank Financial Telecommunication (SWIFT), Belgium. With the activation of the SWIFT system the Bank enjoys instant, low-cost, speedy and reliable connectivity for L/C transaction, fund transfers, message communication and other worldwide financial activities.

2.13 PRODUCT & SERVICES OF SBL

2.13.1 SAVINGS ACCOUNT

This deposit is primarily for small-scale savers. There are certain limitations in Savings Account, i.e., customer can draw only twice a week, if they want to get interest on the deposited money. If a customer draws more than twice in a week he will not receive any interest for that month. Heavy withdrawals are permitted only against prior notice. Some Important Points are as follows-

- ❖ Minimum opening deposit of Tk.5000/= is required;
- ❖ Below 1.00 lac interest rate is 6%, Tk. 1.00 lac to 5.00 lac interest rate is 8%, above 5.00 lac interest rate is 8.50%.
- ❖ Minimum Tk. 1000/= balance must always maintain all the time;
- ❖ Withdrawal amount should not be more than 1/4th of the total balance at a time and limit twice in a month.

Customer Benefit

- ❖ Cheque Book facility.
- ❖ Opportunity to apply for safe deposit locker.
- ❖ Utility payment service.
- ❖ Collect foreign remittance.
- ❖ Transfer of fund from one branch to another by-
 - Demand draft.
 - Mail transfer.
 - Telegraphic transfer.
- ❖ Online banking service.









2.13.2 CURRENT DEPOSIT ACCOUNT

Standard Bank facilitates customers with different types of current account. There are current accounts for individuals, proprietorship firms; partnership firms, Joint Stock Company, school, college, association, trust and N.G.O. Account opening form for these categories are different.

Some terms and documents may differ but the overall process of account opening is similar to that of the saving account. Here I like to state what kinds of information to be furnished in the form and which documents customer should provide.

Current Account (individual): Branches use the forms distributed by the SBL head office for opening a current personal/ individual account.

Current Account (Proprietorship): To open a proprietorship current account photocopy of trade license, attached by the concerned officer, is required along with the procedure mentioned for individual current account. A customer should meet the following requirements to see an account has been opened in his/ her name:

-  Name of the applicant
-  Profession or business of applicant
-  Address of the applicant
-  Photographs of the applicant
-  Introduced by an account holder of the branch
-  Signature on the application form
-  Signature on the specimen signature card
-  Verification of details and signatures by authorized officer.

Current Account (Partnership): Opening procedure of a partnership current account is almost same as the opening of individual current account but some additional documents are required which are as follows:

- Partnership deed
- Letter of partnership
- Trade license

Current Account (Joint Stock Company): All the formalities of individual current account opening should be met for the opening of Joint Stock Company; additionally following documents also should be submitted to the bank. These documents are:

- ❖ Registration certificate from Register of joint stock companies
- ❖ Certificate incorporation
- ❖ Memorandum of association
- ❖ Articles of association
- ❖ Annual audit report
- ❖ Copy of board Resolution containing
- ❖ Name of the persons authorized to operate the bank account on behalf of the company.
- ❖ Name of the persons authorized to deal documents with the bank.

SBL current account meets the needs of individual and commercial customers through its schedule benefit.

Minimum balance: Tk 5000/-

Interest rate : Nil

Customer Benefit:

- ✚ Cheque book facility
- ✚ Opportunity to apply for safe deposit locker facility
- ✚ Collect foreign remittance in both T.C. and Draft.
- ✚ Transfer of fund from one branch to another by
 - Telegraphic Transfer
 - Demand Draft
 - Mail Transfer
- ✚ Collection of cheque through clearing house
- ✚ Online banking service.

2.13.3 SHORT TERM DEPOSIT (STD)

Short Term Deposit or STD account opening procedure is similar to that of the saving account. The difference is the interest rate.

❖ Bank Deposit in SBL

Amount	Interest Rate
Below 5 Crore	4%
5-10 Crore	5.5%
Over 10 Crore	6.5%

Table: Interest rate of STD in SBL

❖ Other than Bank Deposit

- **Public Bank Deposit:** (Govt., Semi Govt., Autonomous Body, Educational Institutions, Association, Trust and NGO)

Amount	Interest Rate
Upto 1 Crore	6.00%
Above 1-5 Crore	7.00%
Above 5-10 Crore	7.50%
Above 10 Crore	8.50%

Table: Interest rate of STD in Public Banks

- **Private Bank Deposit**

Amount	Interest Rate
Upto 1 Crore	5.50%
Above 1-5 Crore	6.00%
Above 5-10 Crore	6.50%
Above 10 Crore	7.00%

Table: Interest rate of STD in Private Banks

Features

- ✚ Minimum 7 days' notice is needed for the withdrawn of the both STD. but it is now become practice to withdraw money by the client without any earlier notice.
- ✚ If any financial organization or any autonomous bodies open this account then no excise duty will be deducted but tax will be deducted.
- ✚ Interest rate is calculated on daily basis.

2.13.4 FIXED DEPOSIT RECEIPT

Fixed Deposit is the amount deposited by the customer for a fixed period of time. It offers comparatively higher rate of interest. For 1 month interest rate is 7.5%, for 3 months interest rate is 8.5%, for 6 months interest rate is 8.5% and for 1 year interest rate is 9.5%.

Procedure of FDR Account

- ✚ Bank provides the interested customer a Fixed Deposit form.
- ✚ Customers fill the form, which contains name of the customer, amount of money, duration, rate of interest etc.
- ✚ After filling the form customer pay the money by cash or cheque.
- ✚ After receiving the form from the customer the respected officer look for the cash seal or transfer seal. If any of these are present and the form is properly signed the officer provides a specimen signature card to the customer.
- ✚ Customer signs thrice on the specimen signature card along with his or her full name.
- ✚ At the same time respected officer issue a fixed deposit receipt on the specific FDR block.
- ✚ This block includes:
 - Name of the customer
 - Amount of money deposited
 - Date on which the is deposited
 - Due date- on which the FDR will be matured.
 - Duration for which FDR has been made.
 - Rate of interest to be paid

An FDR is renewed automatically if the customer does not come to cash it after the maturity period. It can also be renewed upon the direction of the customer.

Features

- ✚ Interest is compounded once a quarter
- ✚ Loan may be allowed up to 80% of the deposited amount under lien.
- ✚ Excise duty and source tax etc. are deductible from the depositor profit.

2.13.5 DEPOSIT SCHEMES

Under deposit scheme, the Standard Bank Ltd (SBL) offers different types of products (scheme) to help the fixed income people to save money and meet any future financial obligations. The schemes offer a large amount of money after a certain period of time if the account holders deposit a specific amount on monthly basis.

The schemes are-

- I. Three stage savings scheme
- II. Monthly benefit scheme
- III. Juniors savers scheme
- IV. Lakhpati scheme
- V. Pension Savings Scheme (PSS)
- VI. Education Savings Scheme (ESS)
- VII. Marriage Savings Scheme (MSS)
- VIII. Savers Benefit Deposit Scheme (SBDS)

2.13.6 LOAN SCHEMES

The loan portfolio of the Bank is well diversified and covers funding to a wide spectrum of business and industries including readymade garments, textile, edible oil, ship scrapping, steel & engineering, chemical, pharmaceuticals, cement, construction, health-care, real-estate and loans under consumer's credit schemes allowed to the middle-class people of the country for acquiring various household items.

<u>Loan Schemes</u>	<u>Lending Categories</u>
Agricultural Scheme	Loan to primary producers
	Loan to agricultural input traders and fertilizer

	dealers/distributors
Commercial Lending	Jute Trading
	Others Commercial Lending
Working Capital	Jute
	Other than Jute
House Building Loan	Real Estate Developers
	Individual/Housing Finance Co.
Other Loans	Finance to NBFIs
	Consumer Credit Scheme
	Others
Small/Cottage Industry	Term Loan
Large/Medium Scale Industry	Term Loan
Loan against Export	Jute Goods Exports
	Other Exports

Table: Loan Schemes and Lending Categories of SBL

BILLS COLLECTION

In modern banking the mechanism has become complex as far as smooth transaction and safety is concerned. Customer does pay and receive bill from their counterpart as a result of transaction. Commercial bank's duty is to collect bills on behalf of their customer.

Types of Bills for Collection

- i. Outward Bills for Collection (OBC).
- ii. Inward Bills for Collection (IBC).

OBC

OBC means Outward Bills for Collection .OBC exists with different branches of different banks outside the local clearing house. Normally two types of OBC:

- 1) OBC with different branches of other banks
- 2) OBC with different branches of the same bank

Procedure of OBC

- ◆ Entry in the OBC register.
- ◆ Put OBC number in the cheque.
- ◆ “Crossing seal” on the left corner of the cheque & “payees account will be credited on realization “seal on the back of the cheque with signature of the concerned officer.
- ◆ Dispatch the OBC cheque with forwarding.
- ◆ Reserve the photocopy of the cheque, carbon copy of the forwarding and deposit slip of the cheque in the OBC file.

Commission for collection

Up to 1 lac -----	0.15%
Above 1 lac-----	0.10%
Above 5lac -----	0.05%

Table: Commission for collection of bills

Inward bills for collection (IBC)

When the banks collect bills as an agent of the collecting branch, the system is known as IBC. In this case the bank will work as an agent of the collection bank. The branch receives a forwarding letter and the bill.

Procedure of IBC

- ◆ IBC against OBC: To receive the OBC cheque first we have to give entry in the IBC Register .The IBC number should put on the forwarding of the OBC with date.
- ◆ Deposit of OBC amount: OBC cheque amount is put into the “sundry deposit-sundry Creditors account”, prepare debit & credit voucher of it. If the OBC cheque is honored, send credit advice (IBCA) with signature & advice number of the concern branch for the OBC amount.
- ◆ If the OBC cheque is dishonored, the concerned branch is informed about it.

Again place in the clearing house or send the OBC cheque with Return Memo to the issuing branch according to their information.

2.13.7 DEBIT /ATM AND VISA CREDIT CARD

SBL decided to bring more diversification in its array of products and services. This was necessitated to cater to the emerging needs of the market.

Debit/ ATM card and VISA credit card are two such products, the bank could hardly afford not to have them and offer to its customers. In the last quarter of the year under review, the board of directors decided to have its own network of ATMs in strategic locations preferably in branch premises. To do this the bank further agreed to join and share existing network of ATMs currently available in the country. Dutch Bangla Bank Ltd (DBBL) and Q-cash are such two networks which have the largest footprint in Bangladesh. Accordingly SBL has entered into agreement with these networks to give maximum coverage to our ATM cardholders in addition to banks own network.

The bank has also engaged IT Consultants Limited (ITCL) as a third party processor for visa card management. Most of the preparatory works has been done and waiting for visa certification to launch Standard Bank Visa credit card at the earliest.

2.13.8 MERCHANT BANKING WING

In order to broaden the base of service SBL obtained a full-fledged merchant banking license from the Securities and Exchange Commission (SEC) on 06 April 2009. A dedicated wing named, Merchant Banking Wing (MBW) was established for this purpose. After completion of all formalities including staffing, infrastructural facilities, renovation etc .MBW of the bank started operation from august 2009.

The bank has initiated steps to expand the activities of merchant banking operations as below:

- ◆ **Merchant Banking subsidiary company:** The formation of a Merchant banking subsidiary named SBL capital Management Limited is underway. It is expected that this subsidiary will commence operation from june2013.

- ◆ **Opening of new branches:** SBL has plans to open a few branches of merchant banking subsidiary at different areas if Dhaka city phase by phase during June 2014.
- ◆ **Introduction of new products:** SBL is also working to launch a few new products under the merchant regulation.

2.13.9 ISLAMIC BANKING

There are two Islamic banking windows of Standard bank ltd. Those are:

- ◆ Topkhana road branch, Dhaka.
- ◆ Agrabad branch, chittagong.

Accordingly SBL has opened 2 Islamic banking wings in two divisions during the year 2009. They are following and maintaining properly the guidelines for islami banking issued by Bangladesh Bank. In this regard SBL has installed separate high profile islami banking software which is known as “HIKMA” software.

This “HIKMA” software is completely separate from the conventional software where method of profit calculation is as per Bangladesh Bank guidelines and as per Islamic Banking.

SBL is offering the following deposit and investment products to the clients under islami banking:

- ◆ **Deposit products**





01. Al-Wadiah current account
02. Mudaraba savings account
03. Mudaraba special notice deposit account.
04. foreign currency account
05. NFCD account
06. RFCD Account
07. Mudaraba term deposit receipt Account
08. Mudaraba monthly savings scheme
09. Mudaraba hajj saving scheme.

- ◆ **Investment Products**

01. Bai- Murabaha
02. Bai-Salam
03. Bai-Muajjal

2.13.10 RETAIL BANKING

According to the statistics and market research paper available, the consumer lending market in Bangladesh has a size of BDT 2600 billion whereas loan outstanding of September 30, 2013 as per schedule bank statistics of Bangladesh bank is around BDT 52 billion. This indicates that only 32% of the market has been utilized by the financial institutions. So the remaining 68% of the market holds tune potential for the loan giving institutions. To exploit the rapidly increasing opportunities in the fast expanding SME sector through maximizing effectiveness of our product development, distribution & sales strategies of Standard bank Ltd.has established a retail banking division in 2012 with the launching of consumer financing & small enterprise financing. The division has introduced the following asset products on consumer financing:

-  Salary loan scheme
-  Car /auto vehicles loan
-  House renovation loan
-  Self-employed professional loan.

The division has always been discovering the potential of retail & consumer finance in Bangladesh, understanding the current market condition and examining the latest development within the retail banking , mastering new & successful ways to reduce or mitigate the risk of retail & and small financing

2.13.11 CORRESPONDENT BANKING DIVISION

The main aim of Standard bank limited is to increase its foreign exchange business and in this connection they are doing international banking with all major banks of the world. At present they are maintaining correspondent banking relationship with 23 major banks of the world. These are:

The Hong Kong and Shanghai banking corporation (HSBC), Citibank N.A., Standard chartered bank(SCB), American Express bank ltd., Mashreq bank PSC., Wecchovia bank, The bank of Tokyo-Mitsubishi ltd., Union De Banques, Et Arabes Francaises, Danske bank ltd, A/S Commerz bank, Dresdner bank, Bank Islam Malaysia, Berhad, Nepal Bangladesh bank ltd., NIB bank ltd., Arab Bangladesh bank ltd., AB international finance limited, Bhutan national bank, UTI bank ltd., The bank of Nova Scotia and ICICI bank limited , Habib bank, Ag Zurich, Nordea bank and Samen bank.

2.13.12 EXCHANGE HOUSE

Standard bank limited is maintaining drawing arrangement with 1(one) exchange house in the UK and another 1 (one) in the USA for inward foreign currency remittance. These 2(two) exchange house are remitting sufficient funds through our bank. Establishment of some exchange house in the U.A.E. is going to execute very soon.

2.13.13 TREASURY

Treasury unit is a core-banking unit and Standard Bank limited s treasury unit is one of the best earnings sources of the bank. The bank is well equipped with skilled human resources for efficient dealing. Our everyday business evolves around participation in foreign exchange market and money market in a substantial volume.

2.13.14 RISK MANAGEMENT

The strategy of every commercial bank is to control & manage the risks which are inherent with the very nature of its business. So as to eliminate the possibility of loss & to aim maximize profit.

The board of directors of Standard bank limited gives full cognizance on the importance of various risk involved in the business of banking. The risk areas are managed by experienced, skills & prudent bankers duly supported by modern technologies i.e. Credit risk grading manual under credit risk management. The management of SBL has been given top priority on core risks in banking and the process of proper structuring is under way as per prudential guidelines provided by Bangladesh Bank for efficiently managing the risk elements in order to protect the investments of their valued clients & honorable shareholders.

2.13.15 ANTI MONEY LAUNDERING (AML)

STANDARD BANK Ltd. Established anti money laundering department (AMLD) headed by one Vice President designated as Chief Anti-Money Compliance Officer (CAMLCO).The department since its inception, has been conducting seminar, workshop and training on regular basis for awareness against money laundering among the executives and officers of the branch level and head office level. Anti-Money Laundering Department (AMLD) also implements the instructions of Bangladesh Bank circulars issued from time to time .The bank has an Anti-money laundering policy and guide notes under managing core risk in banking duly approved by the board of directors of the bank.

The Anti-Money Laundering Department of the bank has developed uniform **KYC** format covering all information of the constituents and account opening checklist

and those were distributed to the branches to ensure obtainments in support of information incorporated in the A/C opening form to protect un-scrupulous persons at the entry point of the branches

2.13.16 INTERNATIONAL TRADE

Foreign exchange operation of the bank played a significant role in the overall business of the bank. The Bank is contributing in the country's national economy after successfully handling foreign transactions offering a broad spectrum of trade finance product through its 17 A.D branches. During the year 2013 the bank has contributed in the country's national economy after successfully handling of foreign exchange transactions VIZ. import, export and remittance. In 2013 volume of import has significantly increased from Tk. 48499.70 million to Tk. 51036.10 million, which was 11.59% higher than last year, the volume of export business has tremendously increased from Tk. 42520.80 million to Tk. 42574.50 million which was 4.74% higher than last year and foreign remittance business also remarkably increased from 703.45 million to Tk. 989.83 million which was 32.33% higher than last year.

CHAPTER 3

Customer Satisfaction level Of Standard Bank Ltd.

3.1 Introduction

Satisfaction is a person's feelings of pleasure or disappointment resulting from comparing a product's perceived performance (or outcome) in relation to his or her expectations. Whether the buyer is satisfied after purchase depends on the offer's performance in relation to the buyer's expectations. If the performance falls short of the expectations, the customer is dissatisfied. If the performance matches the expectations, the customer is satisfied. If the performance exceeds expectations the customer is highly satisfied or delighted. A company would be wise to measure customer satisfaction regularly because one key to customer retention is customer satisfaction. A highly satisfied customer generally stays loyal longer, buys more as the company introduces new products and upgrades existing products, talks favourably about the company and its products, pays less attention to competing brands and is less sensitive to price, offers product or service ideas to the company, and costs less to serve than new customers because transactions are routine.

One of the vital and prerequisites of country's development is its industrial growth. The bank has rightly identified and carefully extended industrial Term Loan. Out of the total credit portfolio of Tk. 4364.33 million in 2013. Tk. 1298.23 million has been deployed for large and medium scale industries.

The Bank has been assisting different business houses by providing non-funded banking facilities in the form of Bank Guarantee which is most lucrative and remunerating. The total Bank Guarantee business reached around Tk.436.3 million during 2013 which is 38% higher than that of the previous year.

The Bank also extends its credit to the employee against to help increasing their living standard. Around Tk. 16.00 million has been extended under the scheme under easy terms in 2013.

3.2 Graphical Analysis

The data collected with the help of questionnaires is tabulated and analyzed.

01. Is Branch location convenient?

Response	No of respondent	Percentage
Satisfied	22	44%
Somewhat satisfied	19	38%
Not satisfied	9	18%
Total	50	100%

Analysis

From the above we can clearly see that most of the people from the sample size are quite happy with branch location of SBL but it is not total satisfaction. Some of them also think that the location of branch should be more convenient for the customers to do their daily activities. It should be very near of their business centers or homes.

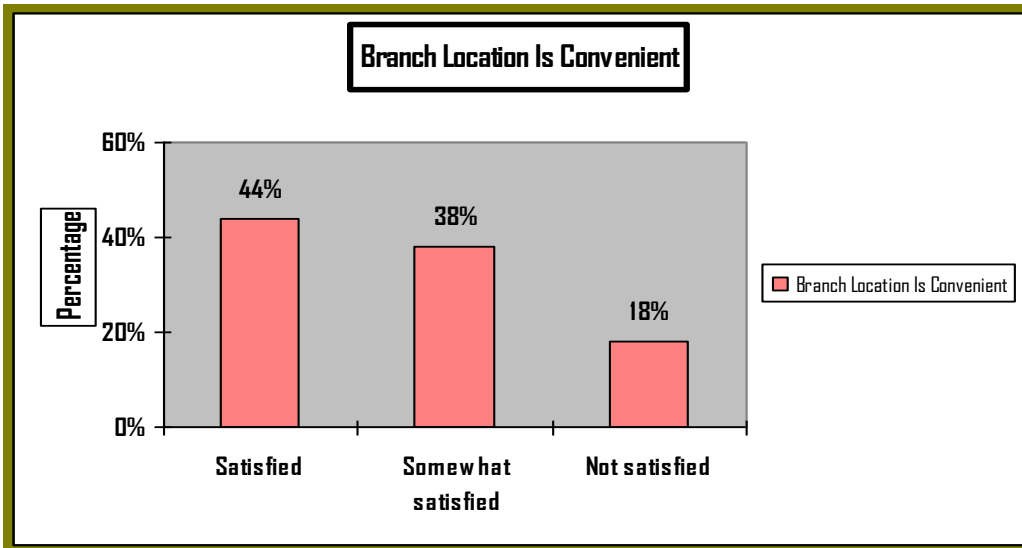


Chart: Respondents ratio based on location convenience

02. Facilities (such as ATM, Credit card, and debit card) are sufficient.

Response	No of respondent	Percentage
Satisfied	13	26%
Somewhat satisfied	10	20%
Not satisfied	27	54%
Total	50	100%

Analysis

As from the table we can see that majority 54% people are not satisfied with the facilities like ATM or Debit/ Credit card. This delivers the message that the bank has not in a satisfactory service position in terms of its facility services.

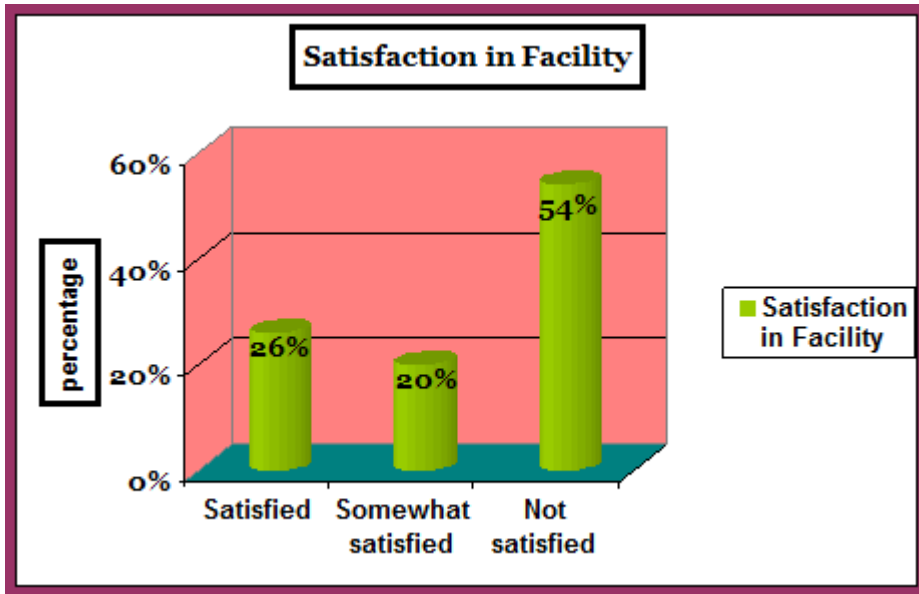


Chart: Respondents Satisfaction in facility services.

03. Do you think Comparing to other banks, services are efficient and satisfactory?

Response	No of respondent	Percentage
Satisfied	24	48%
Somewhat satisfied	10	20%
Not satisfied	16	32%
Total	50	100%

Analysis

From the above survey result we can say that the service comparing to other banks are quite satisfied with 48% and in between of it is 20% and the not satisfied people are also not so small. So SBL has to work really hard to get something good in near future or to be sure that they stays in the market. They have to employ good quality people in their service wings and make things faster than present.

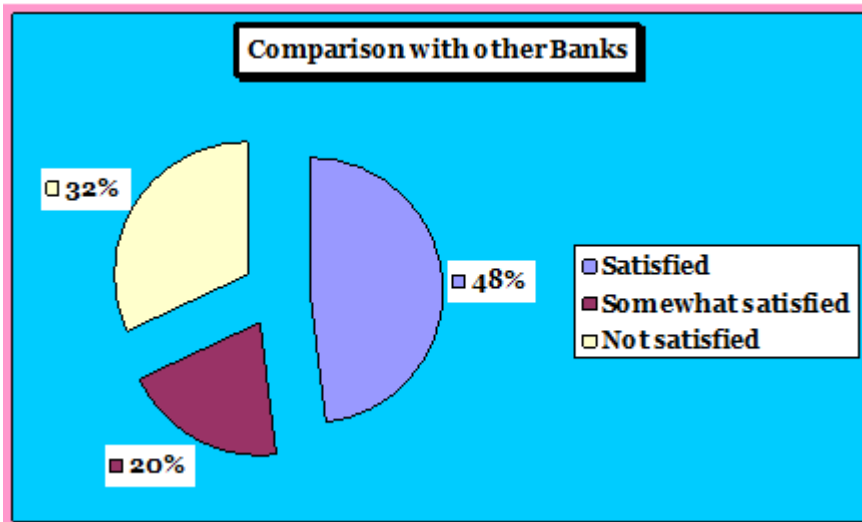


Chart: Comparative satisfaction

04. Do you think Employees are accurate and consistent?

Response	No of respondent	Percentage
Satisfied	28	56%
Somewhat satisfied	15	30%
Not satisfied	7	14%
Total	50	100%

Analysis

The accuracy of the employees providing services is also a very important factor for any Bank. From the above we can see that response from the customers are quite satisfactory in this manner, at least 56% of the customers surveyed think that the employees are good at their job and not satisfied people are small in number. So SBL is making a good job in dealing with their customers.

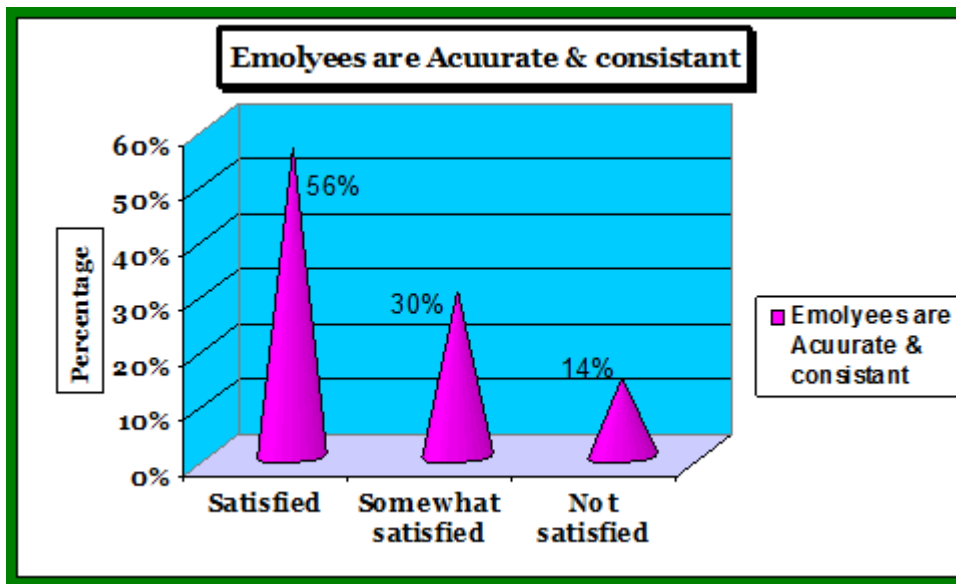


Chart: Employee’s accuracy & Consistency

05. Are Service charges low enough comparing to other banks?

Response	No of respondent	Percentage
Satisfied	27	54%
Somewhat satisfied	15	30%
Not satisfied	8	16%
Total	50	100%

Analysis

Service charges are one of the most important factors in customer satisfaction and from the above table we can clearly say that SBL has maintained a minimum service charge for their customers & 54% of the customers surveyed think that its charges are quite acceptable comparing to the charges of others. Somewhat are not satisfied but the portion of unsatisfied customers are regularly normal for the bank.

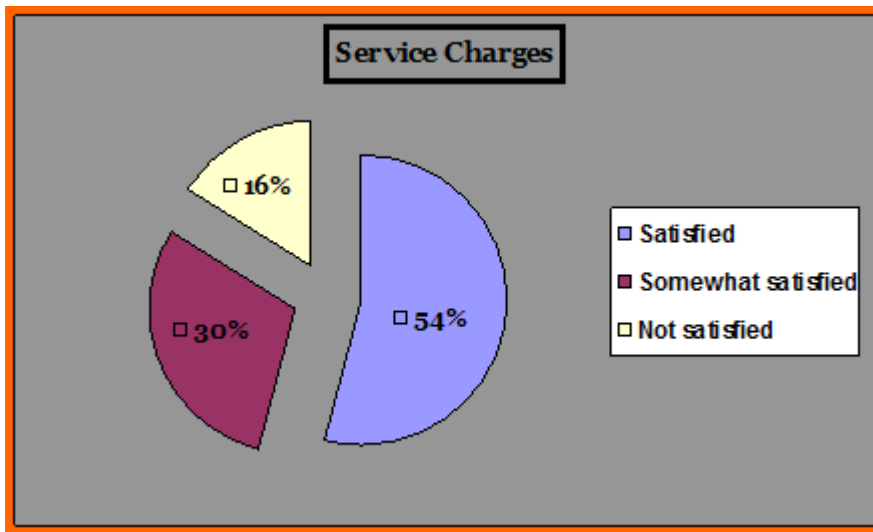


Chart: Service charges

06. Are Islamic banking facilities available & satisfactory?

Response	No of respondent	Percentage
Extremely Satisfied	8	16%
Satisfied	11	22%
Somewhat satisfied	10	20%
Not satisfied	21	42%
Total	50	100%

Analysis

Islamic banking facility is one of the newest introductions of services of Standard Bank Limited. About 42% of the customer rates this service as not satisfactory because of its availability and small array of product range. There are only two Islamic Banking wing in SBL so customers from other branches are not so aware of this and rates it as like. 16-25% is also satisfied with its availability. SBL has to distribute these services to all of its branches to gather a good satisfaction from the customers.

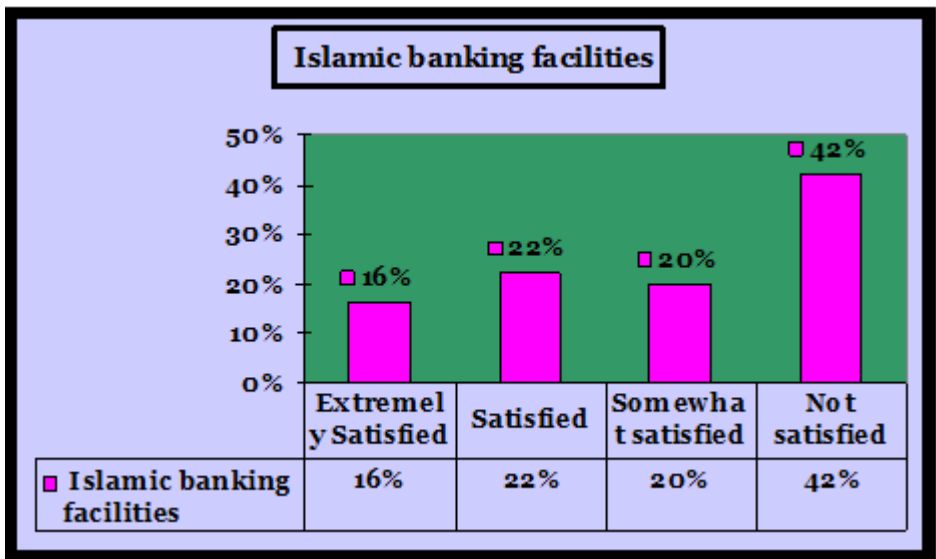


Chart: Islami Banking facilities.

07. Do you think Employees treat customers with proper respect?

Response	No of respondent	Percentage
Strongly Agree	18	36%
Moderately Agree	21	42%
Moderately Disagree	5	10%
Disagree	6	12%
Total	50	100%

Analysis

From the above table it reveals that 42% people are moderately & 36% people are satisfied enough with behavior of the employees. Employees should be 100% respectful to their customers and employees of this Bank are on the way to achieve it. Though some people are not satisfied with the present situations & they think that employees should behave more respectably with their customers.

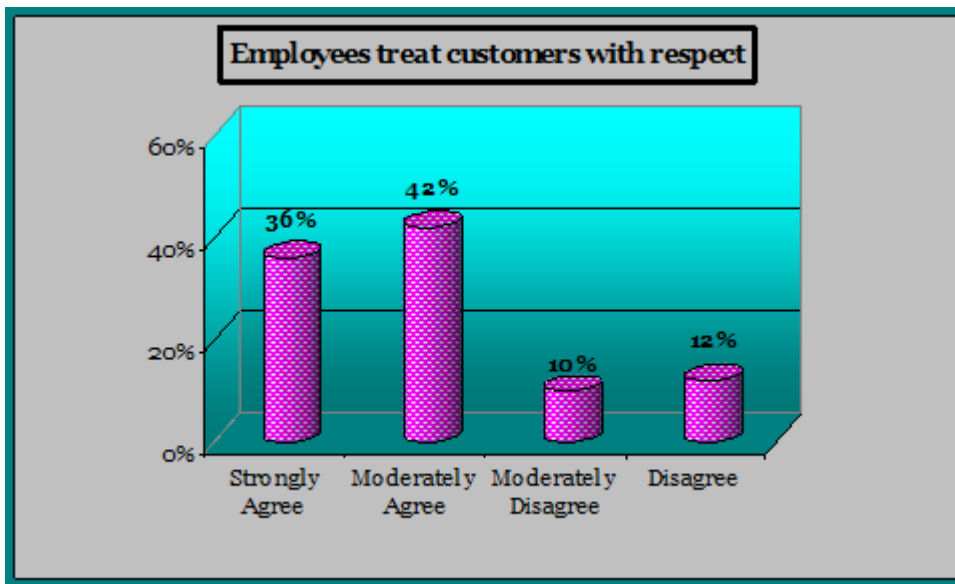


Chart: Employees behave towards customers.

08. Do you think Confidentiality of Customer information is maintained?

Response	No of respondent	Percentage
Strongly Agree	22	44%
Moderately Agree	17	34%
Moderately Disagree	8	16%
Disagree	3	6%
Total	50	100%

Analysis

The high percentage of the table represents that confidentiality of the customers information is maintained with great care in the Bank. They are very much confident that bank will show respect to them by keeping safe of their confidential information. But some people are not totally confident with the bank keeping their information. They think that it would be quite risky for them to share such kind of confidential information with the bank. But this percentage is very low.

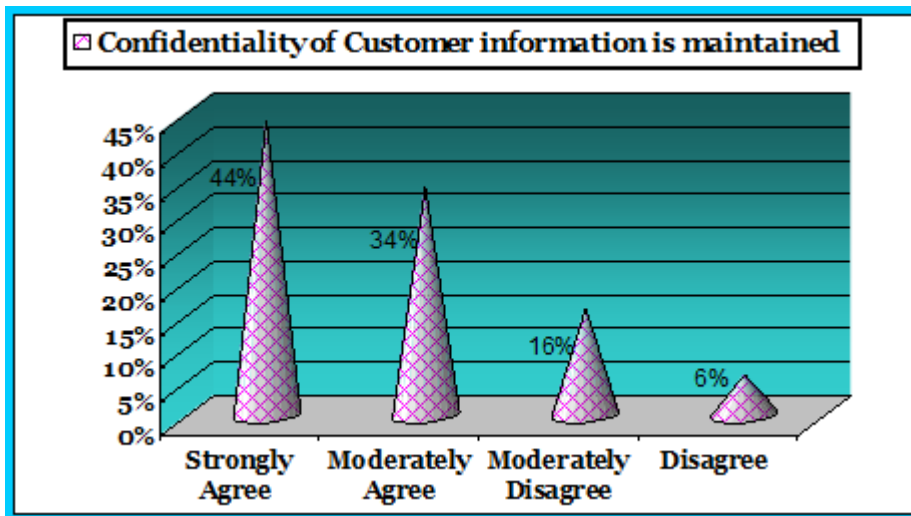


Chart: Confidentiality of customer information.

09. Do you think E-Banking facilities are up to the mark?

Response	No of respondent	Percentage
Strongly Agree	11	22%
Moderately Agree	25	50%
Moderately Disagree	8	16%
Disagree	6	12%
Total	50	100%

Analysis

The above table reveals that most of the people are satisfied & do agree with the quality of the E-banking facilities provided by the bank. Some think that they should do more quality service than present to satisfy all type of customers. They think banks present system is not clear & up to the mark & it should be analyzed so that mass people can interact more with the bank.

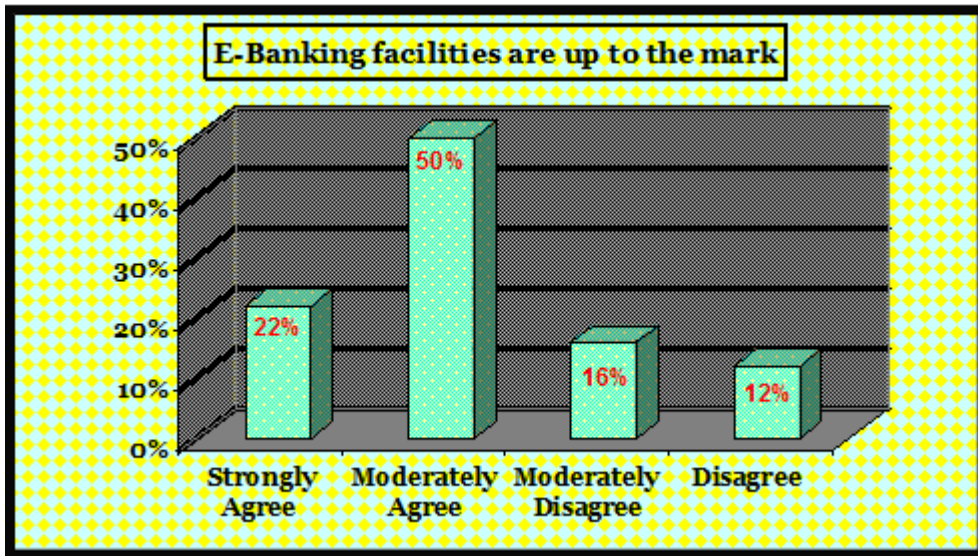


Chart: E-Banking facilities.

10. Do you think Bank Provides prompt service to customers?

Response	No of respondent	Percentage
Strongly Agree	11	22%
Moderately Agree	29	58%
Moderately Disagree	4	8%
Disagree	1	2%
Total	50	100%

Analysis

In every sector of a bank it is extremely important to perform prompt service to the customers. Performing the service immediately eliminates the chance of making errors in the first time. They have to think that customers are not annoyed with their service quality.

From the above we can clearly see that most of the people think that the bank can provide prompt service & they are quite satisfied with this effort and the number of people disagrees with this are very small in number.

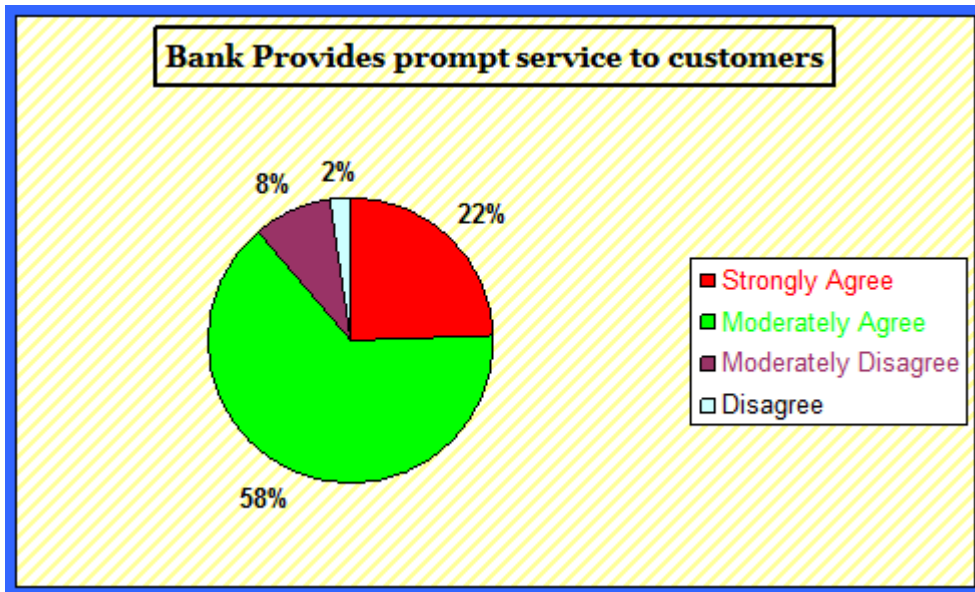


Chart: Prompt service to customers.

11. Overall customer rating on Standard Bank limited.

Response	No of respondent	Percentage
Excellent	11	22%
Good	21	48%
Neither good nor bad	18	30%
Total	50	100%

Analysis

I have asked personally to customers what is their opinion for the overall rating for the Standard Bank limited & they gave me their direct answer to that which are shown in the table. Representing 70% of people are happy with the bank & its services but others think that they need to work really hard to make a better position in this competitive market.

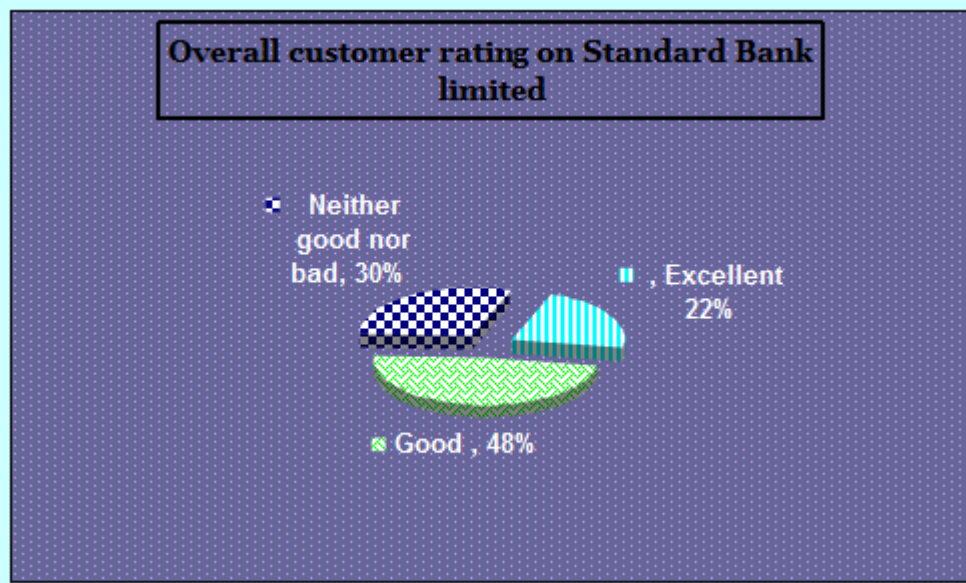


Chart: Overall customer rating.

Chapter 4

Comparative Analysis

4.1 Comparative Analysis

Standard Bank, in addition to contributing to economic growth, wants to achieve significant change in the communities. Standard Bank tries to improve community relations to cultivate understanding and credibility. The Bank is internally devoted to maintain Corporate Social Responsibility in numerous ways. It has excellent track record of support for charitable causes. In 2013, Standard Bank has spent Tk. 78.89 million as donations for education, healthcare, community development, infrastructure development, relief operations etc. We keep ourselves accountable for the social, environmental and economic impact of our operations. We design our policies and business practices to reflect the highest standards of corporate governance, transparency and social and religious ethics. The Bank raised its statutory reserve from Tk. 2489 million to Tk. 2912 million during the year 2013 which is quite significant compared to the position of the previous year Comparative Analysis.

According to the annual report on bank performance Standard Bank is the 17th most profitable Bank in the year 2013, where Janat, Agrani bank, Iasلامي, IBBL and Prime Bank holds the first five positions respectively. Among the Islami Principle based banks Standard Bank stands after IBBL and AL-Aarafah Bank. Dutch Bangla Bank

has highest number of accounts, ATM cards and ATM booths. SCB has highest number of organizational accounts. Foreign commercial banks like HSBC, Citibank NA and SCB get largest share of foreign exchange via L/C and other foreign exchange business. IBBL get the highest amount of foreign remittance form abroad.

Statistics of Net Profit of Banks (Amount in millions, taka)		
	<u>Name of the bank</u>	<u>2013</u>
1.	JANATA Bank Ltd.	1485
2.	Islami Bank Ltd.	1600
3.	Agrani Bank Ltd.	1300
4.	Prime Bank Ltd.	850
5.	Pubali Bank Ltd.	815
6.	UCBL	711
7.	South East Bank Ltd.	685
8.	National Bank Ltd.	650
9.	Eastern Bank Ltd.	610
10.	EXIM BANK Ltd.	558
11.	Bank Asia Ltd.	548
12.	Al-Arafah Bank Ltd.	470
13.	Marcantile Bank Ltd.	425
14.	City Bank Bank Ltd.	410
15.	NCCBL Ltd.	403
16	IFIC Bank Ltd.	403

17	Standard Bank Ltd.	332
18	SIBL	325
19	Rupali Bank Ltd.	310
20	Shahajalal Bank	300
21	BDDL	248
22	The Trust Bank Ltd.	223
23	Mutual Trust Bank Ltd.	211
24	First Security Bank Ltd.	201
25	Basic Bank Ltd.	178

Chapter 5

Major Findings

INDUSTRY AND COMPETITIVE ANALYSIS

SWOT ANALYSIS

5.1 INDUSTRY ANALYSIS

Industry analysis builds on customer & competitor analysis to make more strategic judgment about a market & its dynamics. One primary objective of industry analysis is to determine the attractiveness of a market to current & potential participants. A second objective of a market analysis is to understand the dynamics of the market.

The need is to identify the key emerging factors, trends & threats, opportunities, & strategic uncertainties that can guide information gathering & analysis. Porter's approach can be applied to an industry, but it can also be applied to a market or sub-market within the industry. The basic idea is that the attractiveness of an industry or market as measured by the long-term return investment of the average firm depends largely on five factors.

A complete understanding of the competitive area helps to guide strategy design & implementation.

Rivalry among Existing Competitors

The rivalry among the competitors and the growth in the industry depends upon the intensity of competition. A high intensity of competition is observed in the banking sector of Bangladesh. There are more than 50 commercial banks in Bangladesh that fight for their own share of the market. The national banks have the highest banking network in Bangladesh. They compete against the banks with their low cost of operation and government support. Again, Standard Chartered Bank is the largest multinational banking network in Bangladesh that has its network in many metropolitans of Bangladesh. There are other international banks that also take part in the competition and aggressive in nature. This high intensity of competition makes companies difficult to sustain in the long run.

Threat of New Entrants

The next force highlights the possibility of new competitors entering the market. Existing firms may try to discourage new completion by aggressive expansion & other types of entry barriers. The banking sector of Bangladesh seriously faces the threat of new entrants. However the threat comes from two directions. The first threat comes with the arrival of the multinational banks and their branch expansion particularly due to the booming energy sector. Secondly, the continuous entries of local banks with lower cost structure also possess a severe threat to this industry.

In the context of SBL the various new & upcoming Banks pose a significant threat, being new entrants in the banking sector of Bangladesh. But SBL is aware of these potential competitors. So it is trying to expand countrywide to make the sector unattractive & to create entry barrier.

Threat of Substitute Products

This force considers the potential impact of substitutes. New products that satisfy the same customer needs are important sources of competition including alternative

products in the definition of product market structure identify substitute forms of competition.

SBL continuously faces the threat of various substitute products launched by its strong competitors in the market place. For example, the launch of premier banking by SCB poses a strong threat on SBL's premium customer group and SBL is at a condition where it should launch an even better product. Moreover the various consumer credit schemes offered by various local banks with lower interest rates and cost also poses a strong threat on the SBL's personal banking products. Again the lower service charges at national banks also discourage a wide group of customers to hold account in SBL. So these are some of the threats posed by substitute products in the market place.

5.2 COMPETITIVE FORCES ANALYSIS

Michael Porter's Five Forces Model is an effective way to analyze the nature of competition in an industry. The model suggests the following five forces that make up the state of competition:

❖ Rivalry among Competing Sellers

In banking industry, rivalry among competing sellers (banks) is moderate to high. Because of the following reasons:

- Major rivals are equal or 'close to' in size and capability (revenue and volume).
- Slow market growth due to the sluggish economy.
- Exit barriers are higher.
- New private banks are snatching NCBs and each other customers by providing extra benefits.
- Depositors cost of switching banks are low.

❖ **Substitute products**

There are substitute financial institutions that do many of the activities and transactions of a bank. In the leasing field Industrial Leasing and Development Company Ltd.(IDLC), Industrial Promotion and Development Corporation (IPDC), United Leasing Company are the key players. They provide industrial leasing to many companies in the country. Vanik Bangladesh Ltd. (Lanka Bangla Finance Co.), a merchant bank, provides investment counseling and credit services among its other financial activities. But some of the operations of the banks like exporting/importing have no substitutes.

❖ **Threat of Potential Entry**

Threat of potential entry is not that much strong, because it is a highly regulated industry. After a long time, in 1999 nine new banks started their operations and it made the industry more competitive. Some more local and foreign banks are expected to enter the market in Bangladesh within the near future to avail of the opportunities in a developing economy like Bangladesh.

In Banking industry, nationalized commercial banks are the market leaders. But due to their poor service quality their image are quite low. On the other hand though foreign banks have very little market share and limited geographic coverage, they are highly known for their quality service. Private commercial banks fall between these groups. Among the private banks, Islami Bank is comparatively in good position.

❖ **Bargaining power of customer**

The bargaining power of the customer is not much of a headache here because all the rates and interests bank is receiving from the customers are duly appointed and properly monitored by the Bangladesh Bank regulatory authority. So there is no scope for any misrepresentation of data or any kind of fraud and forgery.

❖ **Bargaining power of the supplier**

In banking industry, bank itself is the main supplier of its products and services, so there is no point of bargaining with the other outside suppliers.



Figure: Porter's Five Forces Model

5.3 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 the organization to navigate in the turbulent ocean of competition.

STRENGTHS

- Company Reputation in the banking industry of the country particularly among the new comers.
- The sponsor directors belong to large industrial conglomerates of the country. The Board of Directors headed by its Chairman Mr. KaziAkramUddin has earned the reputation of being a successful businessman.
- Top management the CEO and DMD the top management of the bank is also a major strength for the SBL and has contributed heavily towards the growth and development of the bank.
- Market share profitability of SBL has established a fin-n footing among the new comers in the banking industry of Bangladesh. They have already achieved a high growth rate accompanied by an impressive profit growth rate in 2009.
- Standard Bank Limited has strong financial resources to run the banking business. In the year 2009 the capital fund of the bank including paid up capital, reserves, retained earnings stood at around Tk. 2644.00 million.
- SBL has adequate physical facilities and equipment's to provide better service to the customers. The bank has computerized banking operations under the software called STEALER.
- SBL has earned a reputation in the banking sector for establishing impressive branches. The Gulshan Branch, Dhanmondi Branch, Uttara Branch , Agrabad Branch and the Jubilee Road Branch are the most lavish and impressive branches of SBL.
- SBL has an interactive corporate culture. Unlike other local organization, SBL's working environment is very friendly, interactive and informal.

- At SBL's mid-level and lower level management, there are often team works. Many jobs are performed in-groups of two or three in order to reduce the burden of the workload and enhance the process of completion of the job.
- Relatively less intervention from the Board of Directors compared to other banks.

WEAKNESSES

- The greatest irony is that despite claiming to be "Setting a new standard in Banking" which is used as its advertising platform and mission statement, the bank as of today has failed to develop a prescribed set of vision as it embarks in to the cyber age of twenty first century.
- Advertising and Promotion is a major set-back for SBL and one of its weakest areas. SBL does not pursue an aggressive marketing campaign.
- SBL has not recruited competent people in filling up its lower and some mid-level positions.
- Reference appointment is one of the set-backs of SBL and will have a long-term repercussion on the quality of Human Resource.
- Disguised Employment, Currently there are "Too many heads but few hands." Again this is related to the problem of reference appointment.
- Low remuneration package for the entry and the mid-level management is considerably low.
- Human Resources department is another weak area of SBL.
- Centralized Decision-Making, the CEO, DMD and other top management officials craft policies and strategies and then they are cascaded down.
- Noise Pollution has become another major problem SBL.
- Lack of qualified system operators and computer operators.
- Few staff meetings and departmental meetings at the branch level. This is not a good management practice.
- STEALER is modern and comprehensive banking software but it does not provide adequate support in providing the services.

OPPORTUNITIES

- SBL can pursue a diversification strategy in expanding its current line of business.
- There are several opportunities for SBL to expand its product line.
- Credit Cards and Tele banking.
- Introduction of SBL's own savings scheme.
- Introduction of corporate scheme.
- Separate schemes for service holders.

THREATS

- The emergence of the multinational banks and their rapid expansion poses a potential threat to the new PCB's.
- The upcoming private local banks can also pose a threat to the existing PCB'S
- Contemporary Banks of SBL such as EXIM Bank, Premier Bank, Bank Asia, and Mercantile Bank are its major rivals.
- No new deposit creation is a problem and a threat faced by the whole banking sector of Bangladesh.
- As SBL is a very new organization the problem of non-performing loans is very minimum or insignificant.

Chapter 6

Conclusion

6.1 Conclusion

The importance of sustaining and improving bank performance is increasing day by day. Particularly in an environment which is characterized by rapidly flourishing technology and its growing application to banking, tremendous competition, product development, shift in marketing strategy, deregulation & globalization on the one hand, and escalation in the number of bank failures accompanied by mergers and mega mergers on the contrary. In order to keep abreast with the prevailing market scenario Standard Bank limited has already strengthen its position in the industry. The Bank has grown well in its 14th year of business, expanded its coverage of financial products and customer segments and enhanced its service capabilities across multiple channels. The result achieved by the Bank reflects that it claimed to even higher operational height despite stiff competition.

To be a leading private sector bank, Standard Bank Ltd. has to apply some new dimensions in its customer satisfaction level & its products and services. Otherwise, it would be quite hard for them to keep their business position in competitive market industry. Because of without pure satisfaction from the customers no one can last longer in the market. Existing customers hope better future of Standard Bank Limited by providing best services.

Chapter 7

Recommendations

7.1 Recommendations

In this short span of time at the organization, I have tried my level best to acquire as much knowledge as possible about the company and its way of conducting operations. I was assigned to GB department, but had the opportunity to communicate with employees of other departments as well this helped me to attain a splash of knowledge about the other banking functions. I believe I lack the qualifications/experience to criticize its system but as a well-wisher of the Standard Bank Limited (SBL) I would like to shed some light on a few issues which I believe; SBL has got potentials to work on in order to improvise their activities further.

Some recommendations are given to match customer's criteria and deliver better services:

1. Formulation of (MMP) Model Marketing Plan.
2. Realistic Business philosophy should be encouraged.
3. Refresh Review of total System.
4. Total Market segmentation for proper class satisfaction.
5. Improvement of the HRD.
6. Formulation of Recruitment / remuneration policy-
 - Better recruitment.
 - Stop Reference Appointment.
 - Enhancement of remuneration package.
7. Improvement of quality of service.
8. Branch Expansion.
9. Introduction of Compliance Management.
10. Employee Training.
11. Introduction of Wide range of Products & Services.
12. Improving ATM/ Debit /Credit card Facilities.
13. Advertisement & Promotion.
14. Emphasis on Corporate Clients.
15. Delegation of Authority.
16. More Staff Meetings.
17. Development of IT Sector.
18. Introduction of Advance Banking software.

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Indexes

A Questionnaire on Customer Satisfaction of Standard Bank limited

Dear respondent,

As a student of Business Administration of BRAC Business School the purpose of the questionnaire would analyze the level of customer satisfaction on Standard Bank Limited for my internship report. We will appreciate your valuable time & support in answering the questions. All information collected will be kept strictly confidential and shall only be used for research purpose. Your kind cooperation will be highly appreciated.

Thank you In advance.

Name : _____
Age : _____
Profession : _____
Gender : _____

▶ **The type of account you have.**

1. Savings
2. Current
3. F.D.R
4. D.P.S
5. F.C
6. S. T. D

▶ **How long you are customer of Standard Bank?**

- Less than 1 year
- 1-3 years.
- 3-5 years.
- 5 and above.

Please indicate the extent to which you agree or disagree with the following statements about the different services that you are received from the Standard Bank Limited.

The reason for choosing Standard Bank Limited

Please answer the following questions: Mark a tick if you,

1 =Strongly Agree, 2=Agree, 3=No comment, 4=Disagree, 5=Strongly Disagree

1. Do you think SBL Branch location is convenient?

1 2 3 4 5

2. Do you think Facilities (such as ATM, Credit card, and debit card) are sufficient?

1 2 3 4 5

3 Do you think Comparing to other banks, services are efficient and satisfactory?

1 2 3 4 5

4. Do you think Employees are accurate and consistent?

1 2 3 4 5

5. Are Service Charges low enough comparing to other banks?

1 2 3 4 5

6. Are Islamic Banking Facilities available & satisfactory?

1 2 3 4 5

7. Do you think Employees treat customers with proper respect?

1 2 3 4 5

8. Do you think Confidentiality of Customer information is maintained?

1 2 3 4 5

9. Do you think E-Banking facilities are up to the mark?

1 2 3 4 5

10. Do you think Bank Provides prompt service to customers?

1 2 3 4 5

11. Overall customer rating on Standard Bank limited?

1 2 3 4 5

12. What is your opinion to improve the Services of the Standard Bank Limited?

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