

Internship Report

On

**Tele Learning Project of SME Banking**

Of



**HEAD OFFICE, DHAKA**

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Inspiring Excellence

Submitted to:

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## Table of Contents

<b>INTRODUCTION.....</b>	<b>4</b>
1.1 Background of the study: .....	4
1.2 Scope of the Report.....	4
1.3 Problem Statement/ Objective of the Report: .....	4
1.4 Methodology/Design of the study:.....	5
Nature of the study:.....	5
Sources of data: .....	5
Target population .....	5
1.5 Limitations .....	6
2.1 Background of BRAC BANK Limited.....	8
2.2 Overview.....	8
2.3 About BRAC Bank Limited.....	8
2.4 Values - CRYSTAL .....	9
2.5 Corporate Vision .....	10
2.6 Corporate Mission .....	10
2.7 BBL's Financial Performance for last few years.....	10
2.8 Shareholding Structure .....	11
2.9 Management of BRAC Bank Limited .....	11
2.10 BBL works for the missing middle.....	11
2.12 Objective of the Bank.....	13
2.13 Products and services.....	13
2.14 Departments of BRAC Bank Limited:.....	14
<b>SME Loan Activities of BRAC BANK LIMITED.....</b>	<b>16</b>
3.1 Small & Medium Enterprise (SME): .....	16
3.2 Reasons of SME Banking.....	16
3.3 SME Banking System: .....	17
3.4 PROCESSES: .....	18
3.5 SME STRUCTURE .....	19
3.6 Products of SME Banking .....	20
3.7 PRESENT STATES OF SME BANKING DEVISION.....	21

3.9	Selection of Potential Enterprise for SME: .....	23
3.10	Procedure of BRAC Bank SME loan:.....	23
<b>OVERVIEW OF TELE LEARNING PROJECT .....</b>		<b>26</b>
4.1	BACKGROUND OF Tele LEARNING PROJECT .....	26
4.2	OBJECTIVE OF THE Tele LEARNING PROJECT .....	26
4.3	PROCESS OF TLP.....	26
4.4	PROJECT IMPLEMENTATION FLOW CHART.....	27
5.1	SWOT Analysis.....	29
6.1	My Job Description .....	32
6.2	Working in a Team.....	32
6.3	Skills Acquired: .....	32
	Technical skills.....	32
	Analytical skills.....	33
	People skills.....	33
	Personal development.....	33
<b>Findings: .....</b>		<b>33</b>
<b>Recommendations .....</b>		<b>34</b>
<b>Conclusion.....</b>		<b>35</b>

# Chapter One

# INTRODUCTION

## 1.1 Background of the study:

This report is to understand the activities of BRAC Bank Ltd and its SME Banking unit. This also understands the financial health of the Bank. Through this report an individual can expect to have a good knowledge and understanding on the various methods of operation performed by BRAC BANK Limited particularly in the area of Financial Institutional Services. From the last three months of the Bank's disbursement, everything is tried to include in precise form. I have tried my level best to put more emphasis on the SME lending activities and Reconciliation process since it was the topic of my internship program. This report is to be used only for the academic purpose. I have collected all the necessary and relevant data from various primary, secondary sources. After three months long hard labor, it has become possible for me to make the report comprehensive and factual. The data is truly and strictly confidential and no one can use its components in full or partial. I would like to give thanks to everyone who has helped and encouraged me in the process of preparing this report.

## 1.2 Scope of the Report

Scope of the study is quite clear. Since Asset Operations Department is dealing with all types of loan activities in the Bank, opportunities are there to learn other aspects of SME matters.

- Concept of SME and its impact in overall economy of Bangladesh
- Entrepreneurship development situation through SME Banking
- Importance of SME Banking in the context of Bangladesh
- Small entrepreneurs of rural –urban spectrum are enjoying the BRAC Bank loan facility without the presence of Bank at rural area.
- Virtual Banking concept through SME Banking

## 1.3 Problem Statement/ Objective of the Report:

The objective of the report is categorized into two parts, one is board objectives and the other is specific objectives. These are given below:

### Broad Objectives

- To know SME loan lending activities.
- To study the reconciliation process.

### Specific Objectives

- To find out basic appraisal of SME loan.
- To know the enterprise selection criteria to provide SME loan.
- To know the terms and conditions of SME loans.
- To know the disbursement and recovery procedures of SME loans.

- To know the work process and monitoring system of Central Support, Operation Help Desk and Reconciliation.
- To make some recommendations on the basis of relevant findings.

#### **1.4 Methodology/Design of the study:**

- To perform the study, the data sources were to be identified and collected, to be classified, analyzed, interpreted and presented in a systematic manner and key points were to be found out. The overall process of methodology has been given below-

##### **Nature of the study:**

This is a descriptive type of research that's why I would mainly take an analytical approach on my report. Both primary and secondary sources have been used for data collection.

##### **Sources of data:**

###### **Primary data sources:**

The primary sources of data are given below-

All officers, executives and customers of BRAC BANK LTD, Head office as well as all employees and customers of seven unit offices located in Naogaon, Jaypurhat, Chokoria, Khagrachori, Rangamati, Rajshahi, Porsha.

Methods of Primary data collection:

- Interview with Customer relationship officers (CROs) and customers
- Direct observation.
- Discuss with Executives, officers
- Visit in different unit offices located in different districts in Bangladesh.

###### **Secondary data sources:**

For my secondary data, I used the standard search engine -Google to search for reports, online journal entries, and articles to complete on this research.

###### **Target population:**

The target population of the study is all officers, executives of BRAC BANK LTD, Head office and all employees and customers of seven unit offices.

## 1.5 Limitations

In the time of preparing the report I faced some problems for which I couldn't gathered or presented all the expected information that I wanted to collect. Although I got help from numerous sources but some problems I faced during collecting information. Some constraints are given below:

- ❖ Bank's policy of not disclosing some sensitive data and information for obvious reason posed an obstacle to prepare more informative report.
- ❖ Getting relevant papers and documents were strictly prohibited.
- ❖ Personal limitations like inability to understand some official terms, office decorum etc. created a few problems. Due to lack experience, there may have been faults in the report.
- ❖ The length of this internship program (12 Weeks) is not sufficient to conduct a detailed study on the subject of research.
- ❖ Time constraint was another limitation for a more detailed or analytical report.



# Chapter Two

## 2.1 Background of BRAC BANK Limited

The Banking sector of Bangladesh is divided into four categories of scheduled Banks. There are 4 state owned commercial Banks, 4 state owned development financial institutions which were established for specific objectives like agricultural or industrial development, 35 private commercial Banks which are majorly owned by the private entities and 9 foreign commercial Bank operating their businesses in Bangladesh which are incorporated in abroad. There are 52 Scheduled Banks in Bangladesh (Bangladesh Bank, 2013) operating under the supervision of Bangladesh Bank that has been empowered through Bangladesh Bank Order, 1972 and Bank Company Act, 1991. BRAC Bank Limited, a scheduled commercial Bank, commenced its business operation in Dhaka, Bangladesh on 4 July 2001. The Bank is mainly owned by the largest NGO in Bangladesh – BRAC. The Bank has positioned itself as a new generation Bank with a focus to meet diverse financial needs of a growing and developing economy. The Bank has embarked with an acknowledged policy to promote broad based participation in the Bangladesh economy through the provision of high quality Banking service based on latest information technology. The Bank will ensure this by increasing access to economic opportunities for all individuals and businesses in Bangladesh with a special focus on currently underserved enterprises and households across the rural-urban spectrum. They believe that increasing the ability of underserved individuals and enterprises to build their asset base and access market opportunities will increase the economic wellbeing for all Bangladeshis.

## 2.2 Overview

**BRAC** started as a development organization dedicated to alleviating poverty by empowering the poor to bring about change in their own lives. In Bangladesh, it was founded in 1972 and over the course of evolution, it has established itself as a pioneer in recognizing and tackling the many different realities of poverty of which **BRAC BANK** is one of the largest operational commercial venture with a **vision**:

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

## 2.3 About BRACBank Limited

BRAC Bank is one of country's fastest growing Banks. With 155 Branches, SME Service Centers & SME/Krishi Branches, 14 Apon Shomoy, 322 ATM Booths, 31CDMs, 398 SME Unit Offices and more than 7,695 (**as on May 2013**) human

resources, BRAC Bank's operation now cuts across all segments and services in financial industry. With more than 1.3 Million Customers, the Bank has already proved to be the largest SME financier in just 12 years of its operation in Bangladesh and continues to broaden its horizon into Retail, Corporate, Foreign Remittance and other arenas of Banking. In the year: 2010, BRAC Bank has been recognized as Asia's most Sustainable Bank in Emerging Markets by the Financial Times and IFC.

Recently BRAC Bank has achieved the **International award for "Excellence in Retail Financial Services"**.

BRAC Bank has also been recognized as "**The Best Managed Bank**" in Bangladesh by The Asian Banker. The Asian Banker Leadership Achievement Award is widely acknowledged by the financial services industry as the highest possible accolade available to professionals in the industry as recognized in the Asia Pacific and Gulf regions today. Our MD & CEO of BRAC Bank Limited, Mr. Syed Mahbubur Rahman became the winner of The Asian Banker CEO Leadership Achievement Award for Bangladesh for achievement in the period 2011-2013.

BRAC Bank Limited, with institutional shareholding by **BRAC, International Finance Corporation (IFC)** and **ShoreCap Exchange**, has been the fastest growing Bank for last several years.

## 2.4 Values - CRYSTAL

**C** stands for being **Creative**, Be a person of innovative ideas in solving issues, thinking different ideas to reach one destination; do new associations between existing ideas or concepts for the organization's overall growth.

**R** stands for being **Reliable**, Be worthy of reliance or trust at work so everyone could depend on you.

**Y** stands for remaining **Youthful**, Be a person of freshness and vibrant characteristic at work. Feel young at HEART and project enthusiasm during performing duties.

**S** stands for being **Strong**; Be a person of willing to move forward and apply conscious choice, willpower, discipline and passion at work.

**T** stands for being **Transparent**, Be transparent at work at all level both internally and externally. Show openness and honesty through communication to bring transparency

**A** stands for being **Accountable**, Be accountable for own actions and take responsibilities for the outcome of the actions; be responsible and answerable towards customers, organization, regulatory bodies as well as the society.

**L** stands for being **Loyal**, Be loyal to the organization by being compliant at work, taking ownership and create belongingness which will carry your brand as your pride.

## 2.5 Corporate Vision

Building a profitable and socially responsible financial institution focused on Markets and Business with growth potential, thereby assisting BRAC and stakeholders build a

- Just
- Enlightened
- healthy, democratic and
- Poverty free Bangladesh”.

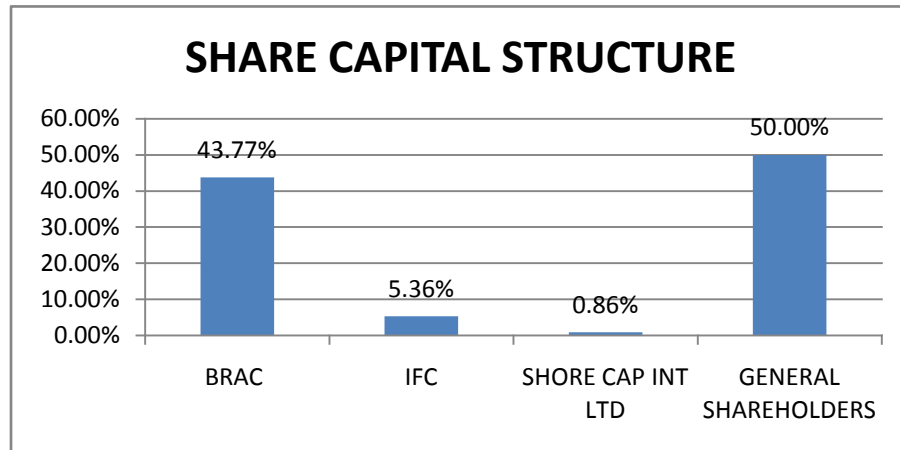
## 2.6 Corporate Mission

- Sustained growth in 'small & Medium Enterprise' sector
- Continuous low cost deposit growth with controlled growth in Retained Assets
- Corporate Assets to be funded through self-liability mobilization. Growth in Assets through Syndications and Investment in faster growing sectors
- Continuous endeavor to increase fee based income
- Keep our Debt Charges at 2% to maintain a steady profitable growth
- Achieve efficient synergies between the Bank's Branches, SME Unit Offices and BRAC field offices for delivery of Remittance and Bank's other products and services
- Manage various lines of business in a fully controlled environment with no compromise on service quality
- Keep a diverse, far flung team fully motivated and driven towards materializing the Bank's vision into reality.

## 2.7 BBL's Financial Performance for last few years

Particulars	Dec-12	Dec-11	Dec-10	Dec-09
Cash and Bank balances	28,902	15,670	13,474	13,513
Fixed & Other Assets	15,778	12,510	8,506	7,088
Investments	25,373	14,199	12,856	10,375
Loans & Advances	103,624	90,822	82,461	64,151
<b>Total Assets</b>	<b>173,677</b>	<b>133,201</b>	<b>117,298</b>	<b>95,127</b>
Borrowing from Banks	9,556	4,112	7,250	2,450
Other Current Liabilities	19,420	15,761	12,472	9,307
Client Deposits	134,646	103,726	88,158	75,220
Shareholders' Equity	10,055	9,603	9,418	8,151
<b>Total Liability &amp; Equity</b>	<b>173,677</b>	<b>133,201</b>	<b>117,298</b>	<b>95,127</b>

## 2.8 Shareholding Structure



(source: website, BBL)

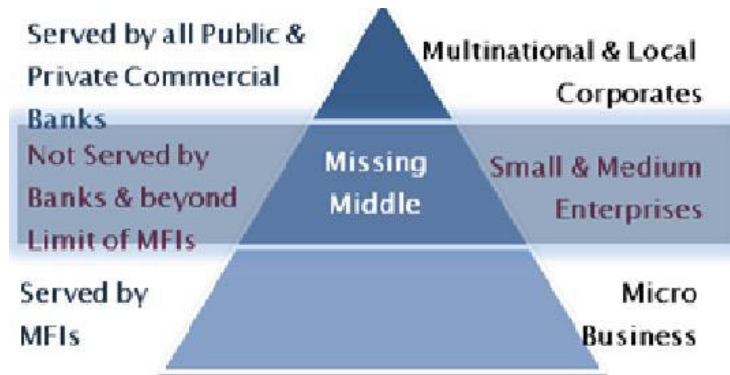
## 2.9 Management of BRAC Bank Limited

The Board of Directors of BRAC Bank Limited includes:

<b>Sir Fazle Hasan Abed</b>	Chairman
<b>Mr. Muhammad A. (Rumeel) Ali</b>	Director
<b>Ms. Nihad Kabir</b>	Independent Director
<b>Dr. Hafiz G.A. Siddiqi</b>	Independent Director
<b>Ms. Zahida Ispahani</b>	Independent Director
<b>Mr. Syed Mahbubur Rahman</b>	Managing Director and CEO

## 2.10 BBL works for the missing middle

To serve the “Missing Middle”, BRAC Bank was founded in 2001 with institutional shareholding of BRAC, ShoreBank and IFC. BRAC Bank is now 11+ years old and it has pioneered the small and medium enterprise (SME) Banking.



If we think of the financial pyramid, there are corporate institutions (local and multinational) at the top of the pyramid and there are low income individuals at the bottom. Those at the top are served by all public & private commercial Banks and other financial institutions while those at the bottom are served by Micro Finance Institutions (MFIs), e.g. NGOs. But Small and Medium size Enterprises (SMEs) in Bangladesh did not have access to Banks and financial institutions like the big multinational & local corporate and that's where BRAC Bank has filled the gap.

## 2.11 Divisions of BRAC Bank

1. SME Banking
2. Retail Banking
3. Corporate Banking Division
4. Cash Management & Custodial Services
5. Treasury & Financial Institutions
6. Human Resources Division
7. Finance Division
8. Credit Risk Management
9. Operations
10. Technology
11. Company Secretariat, L & RA
12. Risk Management
13. Special Asset Management
14. Research & Development
15. Service Quality
16. Communication

## 2.12 Objective of the Bank

The objective of BRAC Bank Limited is specific and targeted to its vision and to position itself in the mindset of the people as a Bank with difference. The objective of BRAC Bank Limited is as follows:

- ✓ Building a strong customer focus and relationship based on integrity, superior service.
- ✓ To creating an honest, open and enabling environment
- ✓ To value and respect people and make decisions based on merit
- ✓ To strive for profit & sound growth
- ✓ To value the fact that they are the members of the BRAC family – committed to the creation of employment opportunities across Bangladesh.
- ✓ To work as a team to serve the best interest of our owners
- ✓ To relentless in pursuit of business innovation and improvement
- ✓ To base recognition and reward on performance
- ✓ To responsible, trustworthy and law-abiding in all that we do
- ✓ To mobilize the savings and channeling it out as loan or advance as the company approve.
- ✓ To establish, maintain, carry on, transact and undertake all kinds of investment and financial business including underwriting, managing and distributing the issue of stocks, debentures, and other securities.
- ✓ To finance the international trade both in import and export.
- ✓ To develop the standard of living of the limited income group by providing Consumer Credit.
- ✓ To finance the industry, trade and commerce in both the conventional way and by offering customer friendly credit service.
- ✓ To encourage the new entrepreneurs for investment and thus to develop the country's industry sector and contribute to the economic development.

## 2.13 Products and services

The Bank has wide range of Product line to suit the need of the people of all strata. In addition to convention product both Asset and liability sides the Bank offers special credit products for its customer. These are:

- Consumer financing
- Lease Financing
- Small Loan
- Festival Loan
- Housing Loan
- Long-term & Short term loan financing
- Syndication

- Real Estate and Civil Constriction
- SME and Agro Based
- Ancillary services
- Brokerage House service under the central depository with membership of bourse
- Foreign Currency Remittance
- Representative service
- Consultancy

## **2.14 Departments of BRACBank Limited:**

If the jobs are not organized according to their interrelationship and are not allocated in a particular department it would be very difficult to control the system effectively. If the departmentalization is not fitted for the particular works there would be haphazard situation and the efficiency of particular department will decline. BRAC Bank Ltd. has does this work properly. There are 20 departments in BRAC Bank Ltd. These departments are as follows:

1. Human Resources Department
2. Financial Administration Department
3. Central Support, operation help desk and reconciliation
4. Credit Division
5. SME Division
6. Internal Control & Compliance Department
7. Marketing & Product Development
8. Impaired Asset Management
9. Remittance Operation Department
10. Treasury Front
11. Treasury Back
12. General Infrastructure Service
13. Information Technology Department
14. Customer Service Delivery
15. Cards Division
16. CallCenter
17. Cash Management
18. Secured Remittance department
19. Women Entrepreneur Cell
20. Payment Service



# Chapter Three

## **SME Loan Activities of BRAC BANK LIMITED**

### **3.1 Small & Medium Enterprise (SME):**

The most valuable natural resource of Bangladesh is its people. As a nation we struggled for our independence and now the attainment of economic uplift is the main goal. Micro lenders are working here in the financial field, providing very small amount and on the other hand regular commercial Banks have been providing bigger amount of loans to larger industries and trading organizations. But the small and medium entrepreneurs were overlooked. This missing middle group is the small but striving entrepreneurs, who because of lack of fund cannot pursue their financial uplift, as they have no property to provide as equity to the commercial Banks. With this end in view BRAC Bank was opened to serve these small but hard working entrepreneurs with double bottom line vision. As a socially responsible Bank, BRAC Bank wants to see the emancipation of grass-roots level to their economic height and also to make profit by serving the interest of missing middle groups. 50% of its total portfolio usually collected from urban areas, are channeled to support these entrepreneurs who in future will become the potential strength of our economy. BRAC Bank is the market leader in giving loans to Small and Medium Entrepreneurs.

SME is an additional and specialized horizon of the Bank which serves the Bank's special focus in promoting broad based participation by catering to the small and medium entrepreneur. The network of SME has already been established throughout Bangladesh.

For SME loan operation, BRAC BANK LIMITED has in total 429 unit offices 67zonaloffice, 14 territory and 1800 Customer Relationship Officers. These CROs work for the Bank to converge clients for getting the SME loan. Once CROs get the loan application and if it is less than 500,000 TK then zonal officer has the authority to approve the loan. But if it is above 500,000 then the CROs send it to Head Office for all necessary approval. After approving the loan then Asset Operation Department starts its work. As the scopes of businesses are growing, the amount of files and disbursement is getting bigger. In May 2009, AOD has processed 67047 files amounting Tk. 32188.26 million. So SME Division's success greatly relies on the performance.

### **3.2 Reasons of SME Banking**

The main focus of BRAC Bank is to develop human and economic position of the country. Its function is not limited only to providing and recovering of loan. But also try to develop economy of a country. So reasons for this program from the viewpoint of BRAC Bank Ltd. are:

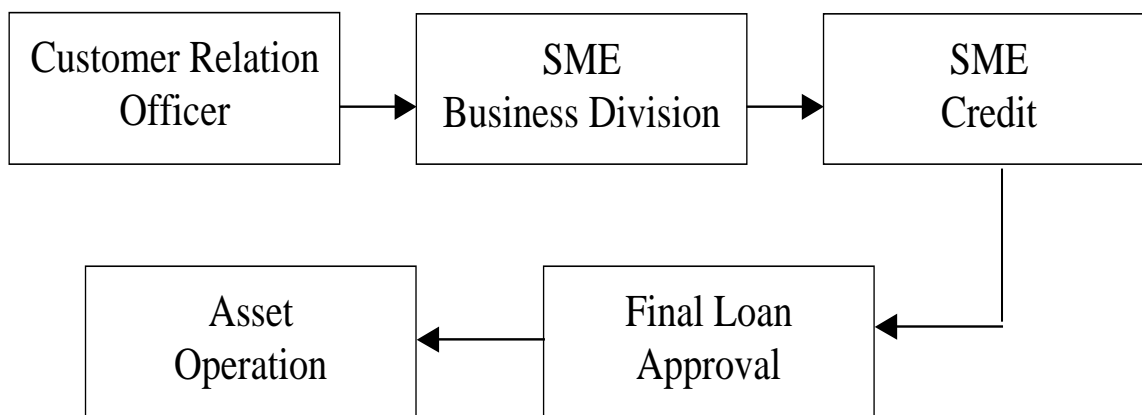
1. **Support Small and Medium Enterprise:** To support small and medium enterprise, which requires not more than BDT 30 lacs. But in the market, small and medium entrepreneurs do not have easy access to get loans from the commercial Banks/ financial institutions. But BRAC Bank Ltd. Provides loans ranges between BDT 3 to 8 lacs without any kind of mortgage.
2. **Economic Development:** Economic development of a country largely depends on the small and medium sized enterprises. Such as, if we analyze the development history of Japan, the development of small & medium size enterprises expedite the development of that country.
3. **Employment Generation:** To create employment opportunities in the market. The Bank gearing employment opportunities by two ways: Firstly, by providing loan to the small enterprises. Expanding, these businesses require more workers. Secondly, small and medium enterprise (SME) program requires educated and energetic people to provide support to entrepreneurs.
4. **Profit Making:** SME program is a new dimensional Banking system in the Banking world. Most of the CROs are providing door-to-door services to the entrepreneurs. Entrepreneurs are satisfied by the service of the Bank and making profit with guidance of the Bank.
5. **Encourage Manufacturing:** The focus of BRAC Bank Ltd. is to encourage manufacturing by the entrepreneurs who produce by purchasing various types of materials. CRO's try to educate them to produce material if possible because if they can produce in line of purchase profits will be high.
6. **Spread the Experience:** Another reason of BRAC Bank Ltd. is to spread the knowledge on the importance of SME Banking regarding various businesses. The customer service officer shares their knowledge from various businesses and tries to help the entrepreneurs who have shortage of the gathered knowledge. CRO's who are
7. the driving force of SME division of BRAC Bank Ltd. also gather knowledge about various businesses and make stronger knowledge base.

### 3.3 SME Banking System:

- Every SME unit office will have a current account with a designate Bank in the area of a unit office. This Bank account will be opened and operated by SME head office.

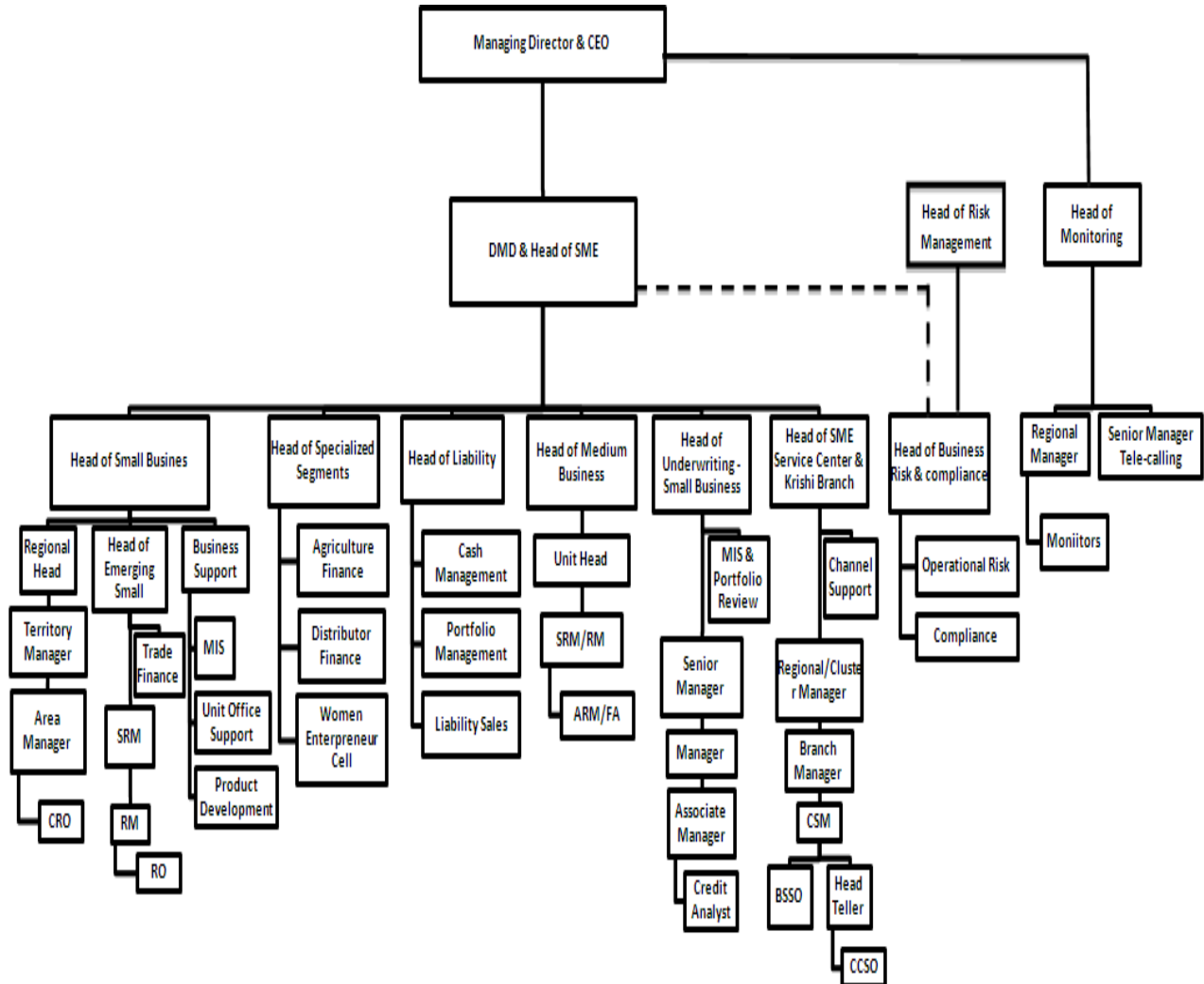
- To meet petty expense such as stationary, entertainment and other incidental expense, all unit office will be allowed petty cash of BDT 2,000.
- The cheque of this petty cash will be issued from SME head office in the beginning of the month. All vouchers relating to such expenses should be send to the accounts from SME head office.
- All the clients must open their account with the same Bank account on the same day after receiving those from the borrowers, who should given a received as prescribed
- Cheques should be deposited to the SME unit office Bank account on the same day after receiving those from the borrowers, who should given a receipt as prescribed
- Any loan installment credit should be transferred to the SME head office account in Gulshan, Dhaka on the same day as per agreement with Bank
- Every CRO should have an individual account in the same Bank branch for their personal use and to receive their salaries and other benefits
- Payment of lease rentals, utility bills and cheque drawn on the SME unit office Bank account and issued by SME head office should pay other expenses (Large amount). If these bills are small amount, they should be paid from the petty cash and replenished later
- All the financial accounting entries will be passed at the SME head office and will maintain separately on the basis of the unit office

### 3.4 PROCESSES:



### 3.5 SME STRUCTURE

BRAC Bank is mainly famous for the SME division as it is the Bank that took a significant step to break away from usual tradition and tapped into the true suburb entrepreneurial initiatives. BRAC Bank is country’s largest SME financier as it has made more than 410,817 dreams come true with over 220,139 million of loan disbursed till date.



(Source: SME Banking division, BBL)

### 3.6 Products of SME Banking

There are two types of products of SME Banking:

Loan Products	Deposit Products
<ul style="list-style-type: none"> <li>• Anonno Rin</li> <li>• Apurbo Rin</li> <li>• Prothoma Rin</li> <li>• Shomriddhi Rin</li> <li>• Sompod Rin</li> <li>• Shokti Rin</li> </ul>	<ul style="list-style-type: none"> <li>• Prapti Current Account</li> <li>• Prachurjo Fixed Deposit</li> <li>• Shonchoy SME Deposit</li> </ul>

Table 1: SME Products (Source: SME Products)

#### Lending Products

The division has designed 10 lending products based on customer need and lifecycle (small loan/large loan, secured loan/unsecured loan, repayment arrangement – term loan/single payment/overdraft, purpose – working capital/fixed asset purchase/import-export, assessment – Bank statement based/no Bank statement). The products are explained below:

Product	Description
Anonno	Loan up to BDT 10 lac without any collateral/security for small size business in trading, manufacturing, and service sectors throughout the country.
Durjoy	Unsecured loan upto BDT 25 lac for comparatively larger urban business houses. Bank statement based analysis.
Prothoma	Loan up to BDT 10 lac without any collateral at 10% interest rate for women entrepreneurs.
Shamolima	Loan for agricultural and new sectors (biogas plant, solar panel, effluent treatment plant, etc.) with minimum 9.99% interest rate.
Apurbo	Secured loan up to BDT 10 million (secured against land/building).
Shokti	Partially secured loan up to BDT 10 million (covered against cash collateral).
Shomriddhi	Letter of credit/loan against trust receipt/bill discounting/revolving loan/overdraft facility for importers/exporters up to BDT 2 crore.
Shohoj	Secured loan against FDR, DPS & WEDB.
Shompod	Secured loan up to BDT 3.5 crore (secured against residential apartment/commercial space). Also, purchase of commercial space is catered.
Equipment Finance	Lease financing facility.

## Deposit Products

There are currently 5 deposit products, namely Prapti, Prachurjo, Shonchoy, IFFD (Interest First Fixed Deposit) & Probriddhi. The products are explained below:

Product	Description
Prapti	Current account with interest upto 4% p.a. on daily balance.
Prachurjo	Fixed deposit with competitive interest rate.
Shonchoy	It is a monthly savings scheme for the SME clients with minimum amount of BDT 500.
IFFD (Interest First Fixed Deposit)	This is a term deposit product in which interest is paid up-front at the time of FD creation.
Probriddhi	Probriddhi is a term deposit product designed for SME clients with the intention of maximizing the return for the customer.

### 3.7 PRESENT STATES OF SME BANKING DEVISION

Disbursement Amount of SME Banking in million BDT (Cumulative)	
Year	Amount
2009	5566.43
2010	10671.18
2011	21829.33
2012	42981.05
2013	79729.4

Number of SME loan disbursement (Cumulative)	
Year	No of loan
2009	14482
2010	30130
2011	59998
2012	113009
2013	192752

### 3.8 SME Network coverage of BBL





### **3.9 Selection of Potential Enterprise for SME:**

#### **Enterprise Selection Criteria**

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

1. The business must be in operation for at least one year
2. The business should be environment friendly, no narcotics or tobacco business
3. The business should be legally registered, i.e., valid trade license, income tax or VAT registration, wherever applicable
4. The business should be in legal trade, i.e.; smuggling will not be allowed or socially unacceptable business will not be entertained
5. The business must have a defined market with a clear potential growth
6. The business must be located ideally close to the market and the source of its raw materials/suppliers. It should have access to all the utilities, skilled manpower's that are required
7. Any risk assessed by the management in turn will become a credit risk for the Bank. So effort should make to understand the risk faced by the business.

### **3.10 Procedure of BRAC Bank SME loan:**

#### **Loan Sanction activities:**

##### **Select Potential Enterprise**

For SME loan, in this step the CRO conduct a survey and identify potential enterprise. Then they communicate with entrepreneurs and discuss the SME program

##### **Loan Presentation**

The function of CRO is to prepare loan presentation based on the information collected and provided by the entrepreneur about their business, land property (Where mortgage is necessary)

##### **Collect Confidential Information**

Another important function of a CRO is to collect confidential information about the client from various sources. The sources of information are suppliers regarding the client's payment, customers regarding the delivery of goods of services according to

order, various Banks where the client has account, which shows the Banks transactions nature of the client

### **Open Clients Accounts in the Respective Bank**

When the CRO decided to provide loan to the client then he/she help the client to open an Bank account where BRAC Bank has a STD a/c. BRAC Bank will disburse the loan

Through this account. On the other hand the client will repay by this account. Although there is some exception occur by the special permission of the authority to repay by a different Bank account

## **Closing procedures of SME loan:**

### **Pre-closing manual activities**

- 1. Receive SMS/Fax requesting for closing:** The borrowers repay the loan as per repayment schedule. When the repayment is being complete the borrower request the unit office/CRO to close his loan account. The unit office/CRO sends a SMS/Fax the loan administration division requesting to close the loan account of the respective borrower.
- 2. Print the SMS/Fax:** Receiving the request from the respective unit office/CRO, the loan administration division takes a paper print and takes necessary steps to close the account.
- 3. Bring the loan file from archive:** The loan account file of the respective borrower is brought from the archive. And the documents of file are checked with MBS record.
- 4. Obtained approval from the concern authority:** it is require the permission of concerned authority to close the loan. If concerned authority approved the closing of the loan account then next initiatives are taken.
- 5. Checking in MBS:** The loan administration division checks the loan status in MBS. If there is any difference found with the SMS/Fax from unit office and MBS then deposits sleeps are re-checked. Then the loan administration division calculates the total balance of the loan account (Ledger balance + buffer interest +Excise duty)
- 6. SMS sent to concerned CRO:** Loan administration division sent an SMS to the concerned CRO informing the current balance of the requested loan account.
- 7. Receive and print closing SMS/Fax checking & freezing:** The concerned CRO send a final SMS to loan administration division informing that the respective borrower cleared all his liabilities regarding the loan. The loan administration division takes paper print of the SMS, check it and finally close the loan account.

# Chapter Four

## OVERVIEW OF TELE LEARNING PROJECT

### 4.1 BACKGROUND OF Tele LEARNING PROJECT

Running the business operation as per the policy guidelines is a primary condition for any financial institution. The policy and process is not static and it needs to change to cope up with the changing business environment. To accommodate with the business environment BBL management brings necessary changes in the policy and guidelines, which is circulated to all the concern employees. Recently it was found that many of the CRO is not aware about all the changes or even the basic one as well. It felt that an initiative to be launched to update and educate them on those issues.

### 4.2 OBJECTIVE OF THE Tele LEARNING PROJECT

The objective of the project is to create awareness and educate the CROs of SME Banking division on recent 10 circulars. Initially it is a project focusing on 1100 customer relation officers (CRO) of different units offices. It is expected that at the end of the project the CROs will be able to:

- understand the core messages of the circulars
- follow the guidelines of the circulars
- be more compliant

### 4.3 PROCESS OF TLP

This project is following a structures process and guidelines. It is assumed that the project team will have to communicate several times with each of the individual, however the project team members will be

#### **Step 1**

SME management will finalize circulars

#### **Step 2**

L&D will make the list of the 1100 cro from all the territories.

#### **Step 3**

Upload the circular in the local portal and finalization of the questions from the circulars.

#### **Step 4**

Designing the communication guidelines and record keeping format

#### **Step 5**

Arrangements of resources

#### **Step 6**

Development of the interns

#### **Step 7**

Assigning cross to each of the project team members

**Step 8**

Project implementation through a joint mail form head of sme Banking and head of learning and development

**Step 9**

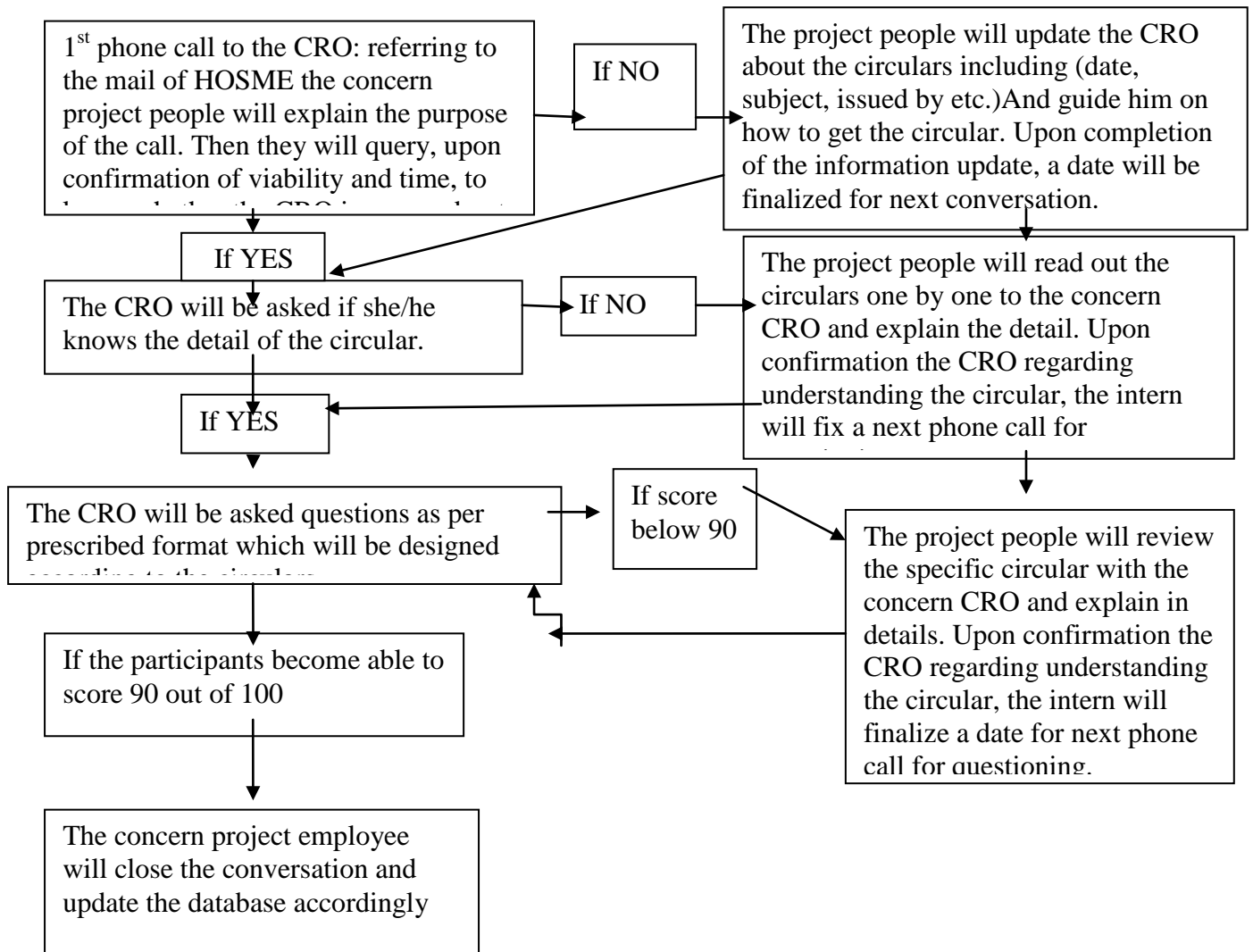
Follow up of the project profess

**Step 10**

Review of the success

**4.4 PROJECT IMPLEMENTATION FLOW CHART**

The project was initiated with a joint mail from head of SME Banking Division and Head of Learning and Development division regarding the initiative to the concern line managers mentoring the objective and expected outcome of the project.



(Source: Learning and Development division, BBL)

# Chapter Five

## 5.1 SWOT Analysis

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

### Strengths:

**Goodwill:** BRAC Bank LTD has already established a favorable reputation in the Banking industry of the country particularly among the new comers. Within a period of 5 years, BBL has already established a firm footing in the Banking sector having tremendous growth in the profits and deposits. All these have lead them to earn a reputation in the Banking field

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

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

**Facilities and equipment:** BBL has adequate physical facilities and equipment's to provide better services to the customers. The Bank has computerized and online Banking operations under the software called MBS Banking operations. Counting machines in the teller counters have been installed for speedy service ant the cash counters. Computerized statements for the customers as well as for the internal use of the Banks are also available.

### Weaknesses:

**Lack of advertising and promotion of SME loan:** This is a major setback for BBL and one of its weakest areas. BBL's adverting and promotional activities are satisfactory but it SME loan is not advertised well. It does not expose its SME product to general public and are not in lime light. As a result large numbers of people are not aware of the existence of this Bank.

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

**Remuneration:** The remuneration package for the entry and the mid-level management is considerably low. The compensation package for BBL entry level positions is even lower than the contemporary Banks. Under the existing low payment structure, it will be difficult to attract and retain higher educated employees in BBL. Especially CROs are not satisfied with compensation package provided to them.

### Opportunities:

**ATM:** BBL always tries to provide excellent services to its customers. By considering this thing BBL provides ATM card to its customers and also provide available ATM booth in different locations in whole country.

**Diversification:** BBL can pursue a diversification strategy in expanding its current line of business. The management can consider options of starting merchant Banking or diversify in to leasing and insurance. By expanding their business portfolio, BBL can reduce their business risk.

**Product line proliferation:** In this competitive environment BBL must expand its product line to enhance its sustainable competitive advantage.

**Available Branches:** With its proper and useful operational network, there is and opportunity for IFIC to further expand its branches in many remote and new location of the country which will deliver services to customer and earn a healthy profit for the Bank.

### Threats:

**Competition:** Competition is the threat of any business. At the age of modern business the competition is increasing. Every Banks has an intention to provide better services compared to others for capturing the customers.

**Multinational Banks:** The emergence of multinational Banks and their rapid expansion poses a potential threat to the new growing private Banks. Due to the booming energy sector, more foreign Banks are expected to arrive in Bangladesh. Moreover, the already existing foreign Bank such as Standard Chartered is now pursuing an aggressive branch expansion strategy. This Bank is establishing more branches countrywide and already launched is SME operation. Since the foreign Banks have tremendous financial strength, it will pose a threat to local Banks.

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

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



# Chapter Six

I have completed my internship program from BRAC BANK LTD. I have started my internship program with Tele learning project under the parent SME Banking division supervised by learning and development division. By this project I can work with both the division as well. I have learned lots of practical things which will be beneficial for future life if I work in SME sector. Since I was an intern therefore I gathered some experience in my internship period about the SME Banking of BRAC Bank Limited. During my internship program at BRAC Bank Limited, Head office I worked mainly in the SME Banking section but with this short time of period I tried my best to work. In my working period I observed and learned how to organize people and set them in a profession area by learning and development division. In that sense, i am lucky enough to be a part of the distant learning project

## 6.1 My Job Description

- COMPILATION OF THE QUESTION ON RECENT CIRCULARS
- PREPARING CANDIDATE'S LIST AND MAKING TIME SCHEDULE
- COMPILATION OF WRONG QUESTIONS
- COMPILATION OF PROBLEMATIC QUESTION
- COMPILATION OF REMARKS GIVEN BY CANDIDATES
- ATTEND QUESTION ANSWER SESSION OVER THE PHONE
- CONTINUOUS CONSULTATION WITH L& D AND SME BANKING DEVISION.
- GIVING A FEED BACK REPORT TO MANAGER OF THE PROGRAM

## 6.2 Working in a Team

When I was attending my internship at TLP, BRAC Bank Limited, Head office, we have worked five students from different universities as distant learning project team. We had to do work in the same department. So in my internship program, we become an integrated part of project. Without any one it becomes too much harder to run the project. Team strength makes a project successful.

## 6.3 Skills Acquired:

The internship opportunity in BRAC Bank aided me to develop and enhance the skills that I had and enabled me to acquire new set of skills. Some of the key skills I acquired from this internship are worth mentioning.

### Technical skills

BRAC Bank taught me to become a tech savvy in order to improve my productivity. Now-a-days, most of us have smart phones but a majority of us are unaware of the features available within our reach. My office productivity has increased as I am now

using Microsoft Office more than ever. Checking emails on the move using mobile made me more work conscious. Also I am organized and punctual as my Outlook calendar is looking after my tasks, notifications, reminders, etc.

## **Analytical skills**

I believe, my analytical skills have been enhanced due to this internship. Identifying problems, administering, managing appointments, coordination, prioritizing of assignments, meeting deadlines, assessment, solving issues, mitigating risk while taking sensitive decisions and problem forecasting skills have been developed in the last three months of my internship period. In these days, I hope, I have learned to make steady decisions considering every available fact on a given situation.

## **People skills**

This internship helped to have patience in long boring meetings, to listen to what people say, having long conversations over phone. I have understood anyone can be free and open minded including my supervisors but there will always be a power distance between people. This is the space we keep between ourselves to hold up our personality and self-respect. No matter what, we have to have a mild smile in our faces when talking to others. “Always listen first and then reply” is the approach I have learnt while having negotiation meetings. Trusting coworkers, appreciating achievement, not to criticize in public are some of the training I got directly from my supervisors. Also they taught me not to compromise the position I hold if I am dragged into any ill negotiations. I believe my interpersonal skills have also been developed in past few months.

## **Personal development**

The levels are off the charts in terms of my personal development. Now, I am more used to in taking pressures than ever. My lifestyle, self-esteem, punctuality and most importantly professionalism have been improved. BRAC Bank taught me to become more task oriented and helped me understanding the value of prioritizing tasks. I feel I am confident while talking to people, have learnt to communicate more formally over phone or email addressing people properly. I understood time is the most valuable thing and that no one has the right to waste others' time.

## **Findings:**

- CRO's are not getting enough time to monitor of loan utilizing. Every CRO has to fill up the individual target which is given by the head office.
- The SME head office collects all information and sends the CIB form to Bangladesh Bank for clearance. Bangladesh Bank returns this CIB form to the

respective SME head office by requiring long time ranging 10-12 days. It kills time.

- The respective unit office sanctions loan to the client if it ranges between BDT 2 to 5 lacs, and then sends the sanction letter including all necessary charge documents to the Asset Operations Department (AOD) for disbursing the loan. If the loan amount is higher than BDT 5 lacs, only the SME head office has the authority to sanction.
- When the borrower repays any installment of the loan then he/she informs it to the unit office/CRO. Then the unit office/CRO sends an SMS through mobile phone or a Fax to the AOD informing the repayment. The AOD collects these SMS /Fax and takes a paper print of these SMS. But there is no monitoring system if CRO fails to send SMS to the head office.
- When all payments made by the borrower the unit office send request to head office for loan closing. But head office takes more time to close the account.
- CRO's are the key indicator of SME Banking division. But their training facilities are limited and they are not satisfied about their remuneration.
- Executives of Central Support and Operations Helpdesk Department have to perform long time duties. They have to start at 10 am and stay until 7 pm. They are not satisfied about their remuneration.

## Recommendations

- ❖ Considering all the study and analyzing all the data I think the following suggestion will benefit both BBL and its customers.
- ❖ Increase the number of Installment
- ❖ Careful assess the loan proposal for bigger loan
- ❖ Commit resources specifically for growth of SME business.
- ❖ Implement strict and continuous monitoring system of the whole recovery process.
- ❖ Train the Customer Relationship officers more comprehensively and realistically so that customers may not face any trouble while getting and repaying the loan.
- ❖ Special motivation program needs to be taken to motivate the Customer Relationship officers, because from my personal observation I have seen that their task is very difficult. So, to obtain the full efficiency they need to be well motivated.
- ❖ Analyze customers' behavior that what type of customer makes default and stop

- giving them SME loan.
- ❖ Risk Management department's audit report should be more strict and reliable so that possible defaulter may not get the loan.
  - ❖ Whether the borrowers are utilizing the loan on the right purpose should be ensured.
  - ❖ Have to provide more computer and internet facilities in the unit offices so that CRO's can communicate with the department in a short period of time.
  - ❖ Loan closing procedure should be computerized. So that customers can get service in short time.
  - ❖ Before establishing a new SME unite office, Banks needs to be more efficient to find out an approximate potential clients which will help to reduce extra harassment.
  - ❖ For customer repayment purpose other Banks transaction of BBL needs to be reduce. It will at a time reduce all harassments & increase profit.

## Conclusion

There are number of commercial Banks operating their activities in Bangladesh. BRAC Bank Limited is a promising one in them. Through the provision of high quality and modern Banking services BRAC Bank Limited promotes broad-based participation in the Bangladesh economy. SME loan is one of such quality product through which they offer the small and mediocre entrepreneurs a quality banking services and earn the maximum profit as well. Especially the SME division of BRAC Bank Limited has an important contribution of Bank's overall profit. SME plays a vital role for our economy and it add significant portion to our GDP. The whole internship gave me an exceptional view of country's one of the best local Bank's workplaces. It would not have been possible without the support of my fellow interns, supervisors and managers to complete my internship tenure at BRAC Bank. Lastly, I want to thank BRAC University as it gave me the best academic experience preparing me for this internship. The courses that I had taken helped me make decisions in every way during my internship. Also, it is essential to admit that my intern faculty, has not only assisted me to prepare this reflection paper but he has also been an inspiration and source of all motivation to complete this internship report.

## Appendix:

BBL- BRAC Bank Limited

CRO – Customer Relationship Officer

ZO – Zonal Office/ Officer

AOD – Asset Operation Department

CIB – Customer Information Bureau

SME – Small and Medium Enterprise

Finacle – A Banking Software developed by Infosys. BRAC Bank Ltd. Runs on Finacle.

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