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# **Consumer Credit Scheme of Prime Bank Limited & Comparison with other three Banks**

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**Internship Report On**

# **Consumer Credit Scheme of Prime Bank Limited & Comparison with other three Banks**

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Prepared for:

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Subject: Bus -400

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**LETTER OF TRANSMITTAL**

Date: June, 23<sup>rd</sup> 2010

Ms. Syeda Shaharbanu Shahbazi

Senior Lecturer

Brac Business School

Brac University.

**Subject: Submission of Internship Report.**

Dear Madam,

I got an opportunity for internship in Prime Bank Limited, Motijheel Branch and have prepared an internship report on “**Consumer credit scheme of Prime Bank Limited and comparison with other three banks.**” I think the knowledge that I have gathered during practical work and preparation of the report has enlarged my learning to the field significantly.

I have tried my best. There may be some shortcomings. I would be grateful if you consider those as excusable points and I like to thank you for your kind cooperation.

I pray and hope that you would be kind enough to accept my report for evaluation and oblige thereby.

Thanking you.

Sincerely yours,

.....

Md.Mehrear Rahman Chowdhury

ID: 04204078

Brac Business School

Brac University

# ACKNOWLEDGEMENT

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Initially, I would like to express my gratitude to Allah to give me the strength to complete the report within the stipulated time. Internship report is an essential part of BBA program as one can gather practical knowledge within the period of three months by observing and doing the daily works of chosen organization. In this regard my internship has been arranged at Prime Bank Limited, Motijheel Branch, Dhaka.

My heartfelt gratitude goes to my honorable supervisor Ms. Syeda Shaharbanu Shahbazi, Senior Lecturer, Brac Business School, Brac University for giving me valuable advice, supporting and suggestions to complete the report in an appropriate manner. Her suggestions and comments were really a great source of spirit to make the report.

My sincere gratitude goes to Mr. Md. Mozammel Hussain, Executive Vice President and Head of Prime Bank Limited, Motijheel Branch & Mr. Md. Yusuf Ali, Assistant Vice President & General Banking In-Charge, Motijheel Branch for giving me the opportunity to work in his branch.

My special thanks go to Mr. Kazi Nurul Islam, JO, Prime Bank Limited for supervising me at the time of my internship and constant guidance and valuable suggestion from time to time.

I would like to give many special thanks and inexpressible greets to my Inmates both seniors and fellow BBA internship students and others for giving me good advice, suggestion, inspiration and support. Thanks for all from the core of my heart.

Finally, I would like to thank all others whose strong support makes me able to complete this report.

# Executive Summary

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Prime Bank Limited (PBL) has started its journey as a private commercial bank on April 17, 1995. While running practical orientation with PBL Motijheel Branch; generally I was placed in Credit, Foreign Exchange & General Banking. This report tries to identify Consumer credit scheme of PBL.

Bank credit is an important catalyst for bringing about economic development in a country. Without adequate finance, there can be no growth or maintenance of a stable economy. It provides different types of credit facilities to its customers like Overdraft (against work order), Cash Credit (Hypothecation), Cash credit (Pledge), Loan Against Trust Receipt (LTR), Loan Against Imported Merchandise (LIM), Demand Draft Purchase (DDP), IBP (Inland Bill Purchase), IT loan, Consumer Credit scheme, Executives Car Loan, House Finance is the main spring of the credit department and some Special credit. My report based on Consumer Credit Scheme spring of the credit department.

Prime Bank Limited introduced “Consumer Credit Scheme” in the year 1995 to enhance the living standard of the people of limited and fixed income group. It provides financing for the purpose of purchasing household products, car, and equipment for medical services etc. It also provides CCS loan to meet emergency needs, to arrange marriage, to enjoy vacation, to meet educational expenses and to convert a vehicle engine into CNG.

In this report, the total credit portfolio of Prime Bank has been shown that indicated a positive growing trend in the retail credit amount disbursed. Again, in terms of interest income, retail credit is also accounting an increasing trend. One of the crucial parts of this report is that, Prime Bank Consumer Credit scheme has been compared with other three similar second generation banks like Eastern Bank, Dhaka Bank and National Credit and Commerce Bank in some aspects to understand the current position in the market. From the comparison with three second generation banks, some problems and prospects are found in Prime Bank Retail Credit. The most important prospects of Prime Bank Retail credit are that, it has diversified product portfolio and lowest rates in different charges of retail credit which is the strength of Prime Bank to proceed further in retail credit business. Again, Prime Bank has a few problem regarding target client segments and promotional activities that should be rectified. Overall, there are huge opportunities for Prime Bank to develop and enter in retail credit market.

The popularity of Consumer Credit Scheme is increasing day by day. This product is popular because Bank can disburse this loan within a short time, with fewer amounts and the loan is also easily recoverable. Keeping the popularity to Consumer Credit Scheme in mind, most of banks are offering this product. So competition is increasing day by day in CCS program.

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# Chapter-01

## INTRODUCTION

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### Origin of the Report

As a requirement for the fulfillment of our BBA program, in the Faculty of Business, Brac University, we have to perform three months internship. As a student of Brac Business School (BBS) I have gathered enough theoretical knowledge, and now I want to put my potentiality in the practical field. Prime Bank Ltd. has given me the opportunity to commence my internship.

During the internship program, students are required to prepare a report on the organization where they have been attached. Prime Bank Ltd. and all the officials always encourage and welcome the students for their internship program. I have tried my best to properly apply my potentiality and theoretical knowledge to make the report reliable and information worthy. My honest effort will be regarded as successful if this report fulfills the objective of the program.

### Objective of the study

The objectives of the study are as follows:

**Main Objective:** The major objective of the report is to identify consumer credit scheme of Prime bank Ltd and make a comparison of Consumer Credit Schemes (CCS) of Prime Bank Limited with other three private banks.

**General Objective:**

- To identify the management system of Prime Bank limited as a private commercial bank, its structure, and its function, operational and financial aspects.
- To know different consumer credit schemes available in Prime Bank Limited.
- To identify detail of consumer credit schemes in Prime Bank Limited.
- To make a comparison on Consumer credit schemes of Prime Bank Ltd with three other commercial Banks.



## Methodology of the study:

While preparing the report, I have taken information from the following sources:

### Primary sources

- (i) Practical desk work
- (ii) Face to face conversation with the officer
- (iii) Direct observations
- (iv) Face to face conversation with the client

### Secondary sources

- (i) Annual report of PBL and other banks.
- (ii) Files & Folders
- (iii) Websites, Internet.
- (iv) Audit Reports
- (v) Relevant books, Research papers and journals.

## Limitations of the Study:

To prepare a report on the achieved practical experience in a short duration (only three months) is not an easy task. In preparing this report some problems and limitation have encountered which are as follows:

- The main constraint of the study was insufficiency of current information, relevant to the study.
- Consolidated data related to the study were not available in the mid of the year.
- All required information was not available in any specific branch of the Bank and there was also limited opportunity to visit more than one branch.
- Due to time limitation many of the aspects could not be discussed in the present report.

## Chapter-02

# Organizational Part

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### Prime Bank Limited -*At a glance*

In the backdrop of economic liberalization and financial sector reforms, a group of highly successful local entrepreneurs conceived an idea of floating a commercial bank with different outlook. For them, it was competence, excellence and consistent delivery of reliable service with superior value products. Accordingly, Prime Bank Ltd. was created and commencement of business started on 17<sup>th</sup> April 1995. The sponsors are reputed personalities in the field of trade and commerce and their stake ranges from shipping to textile and finance to energy etc.

As a fully licensed commercial bank, Prime Bank Ltd. is being managed by a highly professional and dedicated team with long experience in banking. They constantly focus on understanding and anticipating customer needs. As the banking scenario undergoes changes so is the bank and it repositions itself in the changed market condition.

Prime Bank Ltd. has already made significant progress within a very short period of its existence. The bank has been graded as a top class bank in the country through internationally accepted CAMEL rating. The bank has already occupied an enviable position among its competitors after achieving success in all areas of business operation.

Prime Bank Ltd. offers all kinds of Commercial Corporate and Personal Banking services covering all segments of society within the framework of Banking Company Act and rules and regulations laid down by our central bank. Diversification of products and services include Corporate Banking, Retail Banking and Consumer Banking right from industry to agriculture, and real state to software.

The bank has consistently turned over good returns on Assets and Capital. During the year 2009, the bank has posted an operating profit of Tk.1520.34 million and its capital funds stood at Tk.3177.32 million. Out of this, Tk.1400 million consists of paid up capital by shareholders and Tk.1777.32 million represents reserves and retained earnings. The bank's current capital adequacy ratio of 9.96% is in the market. In spite of complex business environment and default culture, quantum of classified loan in the bank is very insignificant and stood at less than 0.96%.

Prime Bank Ltd., since its beginning has attached more importance in technology integration. In order to retain competitive edge, investment in technology is always a top agenda and under constant focus. Keeping the network within a reasonable limit, our strategy is to serve the customers through capacity building across multi delivery channels.

## **VISION**

To be the most efficient Bank in terms of customer service, profitability and technology application.

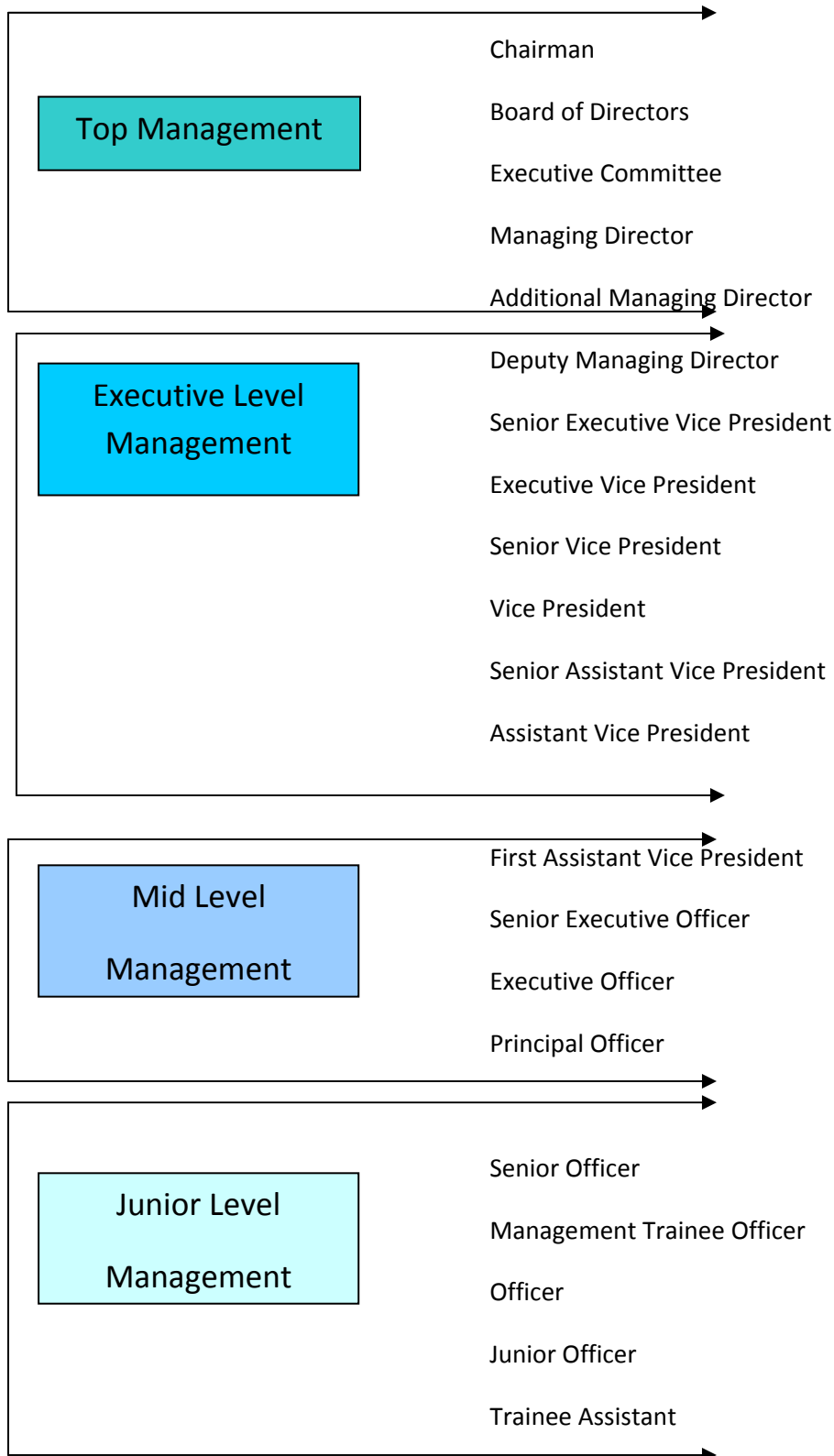
## **MISSION**

Continuous improvement in Bank's business policies, procedures and cost reduction through integration of technology at all levels.

## **OBJECTIVE**

- Design and introduction of new products and services
- Shaping and developing the system to face new challenges and emerging need of the market
- Full implementation and utilization of the Bank's excellence program which aims to provide service to customers.

## Hierarchy of Prime Bank Limited



# Brief Description of Business Activities, Product & services and Financial Position of Prime Bank Limited

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## **Business Activities of PBL**

The Principal activities of the bank were banking and related businesses. The banking businesses included deposits taking, extending credit to corporate organization, retail and small & medium enterprises, trade financing, project financing, international credit card etc. Prime Bank Limited provides a full range of products and services to its customers, some of which are mentioned below with a brief overview of the major business activities.

### **Retail Banking:**

As a part of risk diversification strategy PBL expended the lending activities in this sector during 2006. The growth rate of PBL's consumer financing was 38% during this year. The loan schemes offered by the bank include Home Loan, Loan against Salary, Marriage Loan, Car Loan, Hospitalization Loan, Education Loan, Doctors Loan, Travel Loan etc.

### **SME Lending:**

Job creation is essential and it must come from Small and Medium Enterprise that will ultimately dominate the private sector. During 2006 bank's Strategy was focused on customer convenience. The Bank provided working capital loans to suppliers or dealers of large corporations or clusters of small exporters of non-traditional items. Outstanding loan of SME is Tk.437 million. The growth rate of PBL's SME Lending was 41% during this year.

### **Corporate Credit:**

PBL's strategy is to provide comprehensive service to the clients of this segment who are large and medium size corporate customers with expertise in trade finance and related services. Besides trade finance bank are providing working capital finance, project finance and arranging syndication for our

corporate clients. Syndication and structured Finance Unit of the Bank strengthened its footstep in the consortium financial market and arranged a number of syndication deals for its corporate clients.

### **Islamic Banking:**

For the development of Islamic Banking Business, 2006 was also a commendable year. It has been observed that compliance of Shariah has improved in 2006 as compared to the preceding years. According to their advice Islamic Banking operation of the bank has been separated from the operation of Conventional Banking and shown separately in the bank's financial statement. It is found that the investment and deposits grew by 38% and 89% respectively in the year 2006. The operating profit of Islamic Banking Branches grew by 45% during the Year.

### **Credit Card:**

In the year of 2005, Prime Bank Ltd has launched VISA. Before that PBL started its credit card operation in 1999 by introducing Master Card. Now PBL has become the first local Bank of the country to achieve principal membership of both the worldwide-accepted plastic money network i.e. Master Card and VISA. PBL has redesigned the credit card facility by providing the incentive of "Free Life Insurance Coverage" for their valued cardholders to mitigate the financial risk.

### **Custodial Service:**

PBL equator fulfills its strategic commitment to provide custody and clearing services. Equator's focuses are on the following:

- Commitment to quality
- Dedication to customer needs
- Sustained investment in people and systems

### **International Trade Management:**

This division is operational throughout the group and PBL's core strength is trade finance and services. With an experience, Prime Bank has developed knowledge of trade finance, which is world class. Principle services to importers include imports letter of credit, import bills for collection and back-to-

back letters of credit facilities. Services provide to exporters include export letters of credit, direct export bills, bonds, and guarantees.

### **Cash Management:**

Prime Bank recognizes the importance of cash management to corporate and financial institutional customers, and offers a comprehensive range of services and liquidity management.

### **Institutional Banking:**

Prime Bank Limited provides a wide range of services to institutional clients, commercial, merchant and central banks; brokers and dealers; insurance companies; funds and managers, and others. It provides relationship managers who are close to their customers and speak local language. This wide network of institutional banking facilities includes transaction, introduction, problem solving and renders advice and guidelines on local trading condition.

### **Treasury:**

Treasury operations had been consideration as an important avenue for income generation purpose within Head Office. In fact, in the past, income from treasury operation was quite sizable and significant to the total income generated by the bank. The treasury division publishes daily and weekly currency newsletters, which provide analyses of currency trends and related issues. Seminars and workshops are conducted for customers from time to time on foreign exchange related topics. Prime Bank is one of the first local banks in Bangladesh to integrate treasury dealings of local money market and foreign currency under one Treasury umbrella. The bank has handled significant volumes of treasury over the last several years. Prime Bank's Dealing Room is connected with automated Reuters Terminal facility thus enabling the bank to provide forward/future facilities to its corporate clients at a very competitive rate.

### **Foreign Exchange Business:**

Over the years, foreign trade operations of the bank played a pivotal role in the overall business development of the bank. The bank has established relationship with as many as 110 new foreign correspondents abroad thereby raising the total number of correspondents to 553. The total import & export business handled by the bank

during the year 2006 was Tk. 70,616.80 million and Tk. 51,316.40 million. The growth rate was 46%. The bank has also entered into remittance arrangements with several banks and exchange houses and expects to handle increased volume of remittance business over the near future.

### **Merchant Banking:**

The Bank's operation in this sector was limited to Underwriting, Portfolio Management and Banker to the Issue functions. The compulsory requirement for opening BO account for share trading has increased the demand for opening BO account.

### **Online Branch Banking:**

The bank has set up a Wide Area Network (WAN) across the country to provide online branch banking facility to its valued clients. Under this scheme, clients of any branch shall be able to do banking transaction at other branches of the bank.

Under this system a client will be able to do following type of transactions:

- Cash withdrawal from his/her account at any branch of the bank.
- Cash deposit in his/her account at any branch of the bank irrespective of the location.
- Cash deposit in other's account at any branch of the bank irrespective of the location.
- Transfer of money from his/her account with any branch of the bank.

At present 24 (Twenty Four) branches are under online. Clients can easily deposit and withdraw money from those online branches in a moment.

### **SWIFT:**

Prime Bank Limited is one of the first few Bangladeshi banks, which have become member of SWIFT (Society for Worldwide Inter-bank Financial Telecommunication) in 1999. SWIFT is a member-owned co-operative, which provides a fast and accurate communication network for financial transactions such as Letters of Credit, Fund Transfer etc. By becoming a member of SWIFT, the bank has opened up possibilities for uninterrupted connectivity with over 5,700 user institutions in 150 countries around the world.



## **Information Technology in Banking Operation:**

Prime Bank Limited adopted automation in banking operation from the first day of its operation. The main objective of this automation is to provide efficient and prompt services to the bank's clients. At present, all the branches of the bank are computerized. At branch level, the bank is using server-based multi-user software under UNIX operating system to provide best security of automation.

## **Profitability and Shareholder Satisfaction:**

The bank had been one of the most profitable in the banking sector. The bank's return on assets (ROA) was 1.99% in the year 2006. Even though the capital market of the country has been suffering over the last few years, the good performance of Prime Bank made sure that the banks share price remained in a respectable position.

## **Products and Services of PBL**

Prime Bank Limited offers various kinds of deposit products and loan schemes. The bank also has highly qualified professional staff members who have the capability to manage and meet all the requirements of the bank. Every account is assigned to an account manager who personally takes care of it and is available for discussion and inquiries, whether one writes, telephones or calls.

### **Deposit Schemes**

- Fixed Deposit Scheme
- Contributory Saving Scheme
- Monthly Benefit Deposit Scheme
- Special Deposit Scheme
- Education Savings Scheme
- Prime Bank Monetary Scheme
- Savings Deposit Account
- STD Account
- Multi Currency Account
- Foreign Currency Deposit Account
- Non Resident Taka Account
- NFCD (Non Resident Foreign Currency Deposit Account)
- NITA (Non Resident Investor's Taka Account)

## Loan Schemes:

### General Loan Scheme

- **Consumer Credit Scheme**
- Lease Finance
- Hire Purchase
- Small and Medium Enterprises Credit Scheme
- Financing Schemes for Contractors
- Computer Software Financing Scheme
- Prime Bank master Card Credit Card
- Working Capital Finance
- Import Financing
- Export Financing

### House Building Loan & Apartment Loan Scheme

- Advance against Shares
- Custodial Services for investors (both individual & institutional) investing in through Stock exchange
- One stop services for payment of utility bills.
- Credit card

## Other Products & Services

- Online Banking Service
- SWIFT Service
- Letter of Credit Delivery Service
- Locker Service

# Performance at a Glance

The highlights of financial position for the last 5 years are given below:

<b>Key Financial Data &amp; Key Ratios</b>					
<b>Particulars</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Interest income	3446	5199	7170	9096	10831
Interest expenses	2271	3698	5267	7126	8426
Net interest income	1175	1500	1903	1970	2405
Non-interest income	1232	1732	2913	3808	5790
Non-interest Expenses	886	1101	1559	1931	2907
Net Non-interest income	346	631	1354	1877	2883
Profit before provision and tax	1520	2131	3257	3847	5289
Provision for loans and assets	320	390	910	1384	700
Profit after provision before tax	1201	1741	2347	2463	4589
Tax including deferred tax	633	689	946	1232	1805
Profit after tax	568	1052	1401	1232	2784
<b>Balance Sheet</b>					
Authorized Capital	4000	4000	4000	10000	10000
Paid-up Capital	1400	1750	2275	2844	3555
Total Shareholder's equity	2808	3860	5273	6697	11745
Deposits	36022	54724	70512	88021	106956
Long-term liabilities	11406	16877	15267	31044	38209

Loans and advances	31916	45010	57683	75156	89252
Investments	3940	7844	12698	23103	19934
Property, Plant and Equipment	372	412	660	1375	1573
Earning Assets	37439	55458	72798	100261	109905
Net current assets	31	5286	1338	9962	3435
Total assets	41506	60899	79588	110437	124806
Current ratio	1.00	0.88	0.97	0.88	0.96
Equity Debt ratio	7.00%	7.00%	7.10%	6.45%	10.39%
<b>Other Business</b>					
Import	40303	52639	70617	91424	96452
Export	28882	41801	51316	68550	76097
Remittance	3688	15050	15905	22669	26447
Guarantee Business	5303	5386	7033	10010	13673
<b>Capital Measures</b>					
Total risk weighted assets	31890	44324	55485	72253	82710
Core capital (Tier-I)	2808	3860	5261	6265	9057
Supplementary capital (Tier-II)	369	549	1122	1594	3112
Total Capital	3177	4409	6383	7859	12168
Tier-I capital ratio	8.80%	8.71%	9.50%	8.67%	10.95%
Tier-II capital ratio	1.16%	1.24%	2.00%	2.21%	3.76%
<b>Total capital ratio</b>	9.96%	9.95%	<b>11.50%</b>	10.88%	14.71%
<b>Credit Quality</b>					
Non performing loans (NPLs)	308	367	777	1323	1149
NPLs to total loans and advances(%)	0.96%	0.82%	1.35%	1.76%	1.29%
Provision for unclassified loans	365	545	895	1040	1303

Provision for classified loans	127	309	478	734	631
<b>Share Information</b>					
Market price per share (Taka)	682	529	924	540	653
No. of shares outstanding(Million)	14	17.50	22.75	28.44	35.55
No. of shareholders (actual)	4467	5262	7368	9180	10339
Earnings per share (Taka)	40.59	60.11	61.57	43.32	78.33
Dividend	25.00%	30%	35%	25%	40%
Cash	0.00%	0.00%	10.00%	0.00%	10%
Bonus	25%	30%	25%	25%	30%
Effective dividend ratio	29.17%	33.33%	40.00%	27.78%	44.44%
Market capitalization	9541	9253	21021	15349	23212
Net asset value per share (Taka)	201	221	232	235	330
Price earning ratio (times)	16.79	8.80	15.01	12.46	8.34
<b>Key Financial Ratios</b>					
<b>Operating Performance Ratio</b>					
Net interest margin on average earning assets	3.64%	3.23%	2.97%	2.28%	2.29%
Net non-interest margin on average earning assets	1.07%	1.36%	2.11%	2.17%	2.74%
Earning base in assets (average)	87.41%	90.71%	91.29%	91.07%	89.34%
Cost income raito	36.82%	34.07%	32.37%	33.42%	35.47%
Credit deposit raito	88.60%	82.25%	81.81%	85.38%	83.45%
Cost of funds on average deposits	7.09%	8.15%	8.41%	8.55%	8.41%
Yield on average advance	12.50%	13.52%	13.96%	13.69%	13.18%
Return on average assets	1.54%	2.05%	1.99%	1.30%	2.37%
Return on average equity	22.51%	31.55%	30.68%	20.58%	30.19%

Other information					
No of Branches	41	50	61	70	84
No of SME	-	-	-	-	5
No of employees	1024	1172	1400	1551	1844
No of foreign correspondents	517	517	553	518	602
Average earning assets	32285	46448	64128	86530	105083
Average total assets	36934	51203	70244	95013	117622
Average deposits	32046	45373	62618	79266	97488
Average advance	27568	38463	51347	66420	82204
Average equity	2524	3334	4566	5985	9221

Source: <http://www.primebank.com.bd/performance.jsp>

## Financial Position of PBL

### Investment:

The Bank's investment increased during the year by Tk. 4854 million and stood at Tk. 12698 million as at 31 December 2006.

### Loan & Advances and Deposits:

Loans and Advances of the Bank grew strongly by 28% to 57683 million in 2006. Bills purchased and discounted increased by 5% indicating strong growth in export performance.

The Bank's deposits and the Customer deposits of the Bank grew by 29% & 29% respectively in 2007. However, fixed deposits remained the main component of deposits contributing about 26% of total deposits.

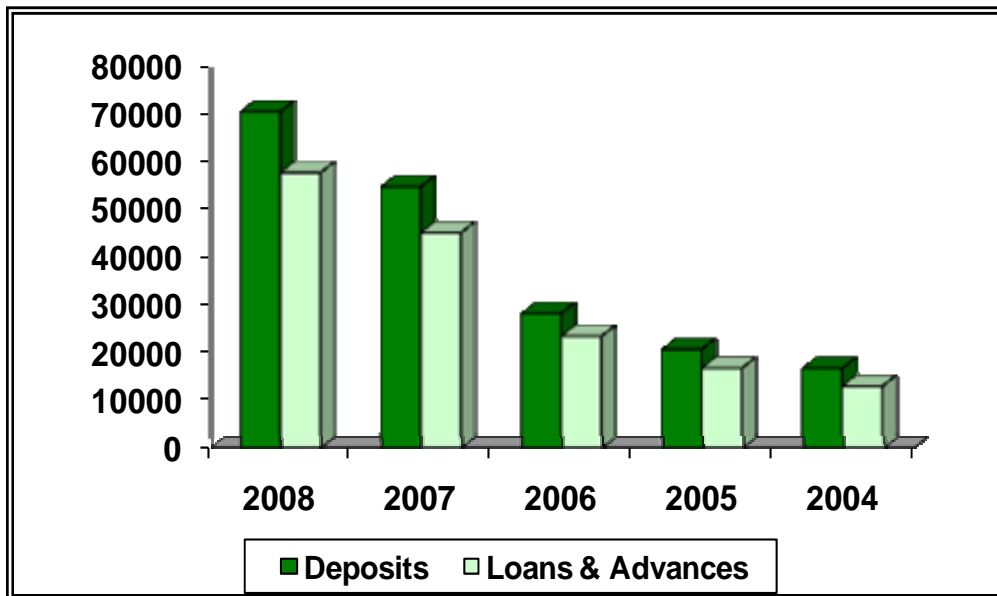


Figure: Yearly Increase of Loan & Advances and Deposits

### **Liabilities:**

Total liabilities of the Bank are increased by Tk. 17,276 million during 2007.

### **Shareholders Fund:**

The Shareholder's Fund is increased by 30% during the year. Paid-up capital increased by Tk.525 million and stood at Tk.2275 million during 2007.

### **Non-interest & Investment Income:**

Non-interest & Investment Income are increased by 28% & 62% respectively in year 2007.

### **Net Profit before & After Tax:**

Net Profit before Tax stood at Tk.2347 million and Net Profit after Tax had become Tk.1401 million. Thus the growth rate of the Net Profit before Tax was 35% then that of previous year. In case of Net profit after Tax it was 33% during 2007.



## Chapter -3

### CONSUMER CREDIT SCHEME OF PRIME BANK LIMITED

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In order to provide financial assistance to the limited income group for raising their standard of living by acquiring domestic durables like Refrigerator, T.V., Washing machine, Furniture, Computer, Motor Car, etc., we have introduced a Scheme to improve the quality of life particularly of the fixed income earner of the society and this scheme is known as Consumer Credit Scheme.

#### Objectives of the Scheme:

- Prime Bank Limited started the Consumer Credit Scheme program with a view to fulfill its benevolent institutional objectives through financing the middle class limited income group.
- To ensure the credit facility to the both middle class Limited income group and upper class income group.
- To improve the living standard of limited income group through financing in purchasing necessary goods.
- To participate in the socio-economic development of the country.

#### Eligibility of Consumers

The persons having confirmed/permanent job in any one of the following organizations and age between 20 to 50 years are eligible for availing of Credit facilities under the Scheme.

01. Government Organization
02. Semi-Government and Autonomous Bodies
03. Banks, Insurances Companies or any other Financial Institutions
04. Armed Forces, B.D.R, Police and Ansar
05. Private Organizations having corporate structure

## 06. Teachers of Universities, Colleges and Schools

Besides the above, Professionals like Doctors, Engineers, Architects, Lawyers, Journalists, Chartered Accountants; Self Employed Business Executives are also eligible for enjoying credit facilities under this scheme subject to the providing of Bank Guarantee or Insurance Guarantee for the amount of Credit.

### **Credit Limit, Period of Loan, down payment:**

Under CCS program of Prime Bank Limited a borrower can get maximum of taka 40,00,000 and minimum taka 10,000. The down payment is 10% of the loan for each product.

### **Interest and other charges:**

The interest rate is 16% for the all products. And Prime Bank charges 1% service charge and 1% risk fund for all products other than for Car loan, Doctor's loan, Advance against salary and CNG Conversion loan.

### **Application procedure:**

The intending client will have to apply for the credit in Bank's printed application form, which is available in respective Branch on payment of Taka 10 only. Customers will submit the application form dully filed-in with 2(two) photograph and signed along with quotation for purchase of desired article or any other relevant documents.

The customers' name/other name(s) including nickname, if any should be mentioned in every loan application.

### **Processing of applications:**

On proper scrutiny of the application, branch will inform the initial decision (acceptable for processing /decline) to the applicant within 3(three) working days from the date of receiving application. Applicant will submit the above dully filed-in with the following additional papers:

- Salary certificate for service holders.

- Trade license and TIN Certificate (if any) for businessperson.
- TIN Certificate of applicants for vehicle loan (compulsory)
- Bank statement of last six month.
- Attested photocopies of current tax receipt, electric bill etc & lease agreement (if any) when the source of income is house rent as a land lord.

Branch will inspect the given information with respect to eligibility, feasibility and security. After completion of all necessary formalities, Branch shall disburse the loan or refuse the proposal within 7(seven) working days from receiving the additional papers. Price of the items (Down payment + loan amount) should be given to the respective supplier through Payment order (PO) after completion of necessary documentation.

### **Documents:**

For execution of CCS loan, Bank usually uses two types' documents. One is application form and other one is charge document. Details of these documents are given below.

### **Application Form:**

The contents of application form for CCS loan of different banks are almost the same and these are as follows.

- **Personal Details of Applicant (s):** The applicant's personal information is written down here.
- **Employment Details:** In this section, applicant has to specify the details about his employment (Name of the Company where he belongs, designation, years of service, salary etc.)
- **Loan Details:** Amount of Loan, Period, Interest, Equity, Mode of Repayment, Security and Other charges are to be mentioned.
- **Financial Details:** Total assets, Total liabilities, Monthly income, Monthly expenses and all other financial details of the applicant have to be mentioned.
- **Particulars of Guarantors:** Details of Guarantors with their Job details are to be stated here.

- **Quotation:** Quotation contains the details descriptions of the goods, brand, model, size, manufacturer, price and details of supplier.
- **Letter of assurance:** This is the assurance of the working organization of the client to pay the installment on behalf of the client in case of the client fails to repay.
- **Declaration:** This the declaration of the borrower that all the information regarding the quotation of goods is correct and s/he agrees with all terms and conditions of the Bank.
- **Certification of the organization:** In this section the working organization will certify that the borrower is the employee of the organization.
- **Photograph:** Two copies of photograph are required for each client.

### **Charge Documents:**

Charge documents are set for documents that contain different rules, terms and conditions. If the borrower of CCS loan agrees with all these terms and conditions regarding the loan s/he needs to sign all the documents. If any disagreements or irregularity occurs in future, these documents will be exercised to suit against the borrower. Before the disbursement of CCS loan, the following documents must be signed by clients:

- The stamps needed for these documents are paid by the clients.

### **Letter of Guarantee:**

This letter of guarantee is two sided. One is borrower side guarantee and another one is guarantor side guarantee. Borrower side guarantee consists of agreement of all terms and conditions of Bank as well as assurance of proper repayment of installment. Guarantor side guarantee is the undertaking by the guarantor to pay the installments in case of failure of the client.

### **Letter of Hypothecation:**

It signifies that the goods/items are hypothecated to the Bank.

**Demand Promissory Note:**

It is the promise of borrower to pay on demand to the Bank the overdue or total outstanding if necessary.

**Letter of Installment:**

There will be a written document where borrower will promise to pay all regular and irregular installments in due time.

**Letter of Disbursement:**

This is the declaration of disbursement of Loan to the borrower.

**Letter of agreement:**

This is the agreement that the borrower is bound to pay all dues together with all other charges and the borrower gives the bank the authority to discharge the agreements any time due to the fault in borrower side.

**Letter of Authority:**

This is the letter the borrower gives the Bank the Authority to debit the account if necessary.

**Mode of Repayment:**

Repayment of loans including accrued interest will be made by equal monthly installments, which will start from the following month of the disbursement of loan. Before disbursement of loan, the customer will deposit crossed cheque covering the total number of monthly installments in favor of Bank which will have to be presented for collection on the due date. Installment will be paid within 7<sup>th</sup> day of each month. However, prepayment is allowed.

## Other Conditions:

- Customer will bear the license fee, registration fee, insurance charge etc, if any, in respect of the articles.
- Customer will bear the expenses for necessary repair and maintenance of the articles during the period loan.
- After delivery of the articles, the respective customer shall remain responsible if the articles are broken, stolen or damaged. The articles shall be used by the customer with optimum care, caution and prudence and he will be liable for compensation or replacement etc. for any damaged caused due to this negligence, carelessness and inefficient handling. In the event of the articles being lost or totally damaged and become irreparable due to his negligence, carelessness and inefficient handling, he will be liable to adjust Bank's due i.e. outstanding principal, interest and other charges on demand.
- Customer will inform the Bank of any Change of his address immediately after the change.
- The articles shall remain in sole control and custody of the customer who will not let out, lend, resell or transfer the possession or rights of the same to a third party under any circumstances.
- Customer will keep available all the articles supplied to him for inspection by the Bank officials or supervising agency as and when required.
- Default in payment of 3(three) consecutive installments shall render the customer liable to handover the articles of the Bank.
- In case of loan for purchase of Car loan, the registration of the vehicle loan shall be made in the sole name of the Bank/joint name of the Bank and the customer until full adjustment of the loan.
- The Registration, Blue book, Tax token, Fitness Certificate, etc for vehicles must always be kept up to date at the cost of the customer.
- The vehicles must be covered by comprehensive insurance policy to be taken by the customer on his own expenses.
- No additional amount will be paid by bank for repairing or any other purpose for which credit was allowed.

## Judgment process of credit proposal under the CCS:

Loan and Advances are the main form of asset of a bank. It is very crucial for any bank because it generates the greatest part of revenue for a bank. Within the total credit portfolio consumer credit is the most popular form of credit because it is easily recoverable. To disburse the loan, the credit officer has to verify the potential borrower's income, expenditure pattern, type of service etc to select the appropriate borrower. The factors which are considered in this process are stated below:

### **Borrower's income:**

It is the vital factor for selecting a borrower. To gather required information in his regard, the borrower is requested to allow the credit officer to verify the following subject matters:

- Place of employment
- The stated Salary
- The continuity of Existing job
- Income from part time employment
- Spouse's income
- Income from rentals
- Dividend or interest
- Children's support

Besides these the credit officer also verifies borrower's income from the TIN certificate, tax return and salary statement etc.

## **Estimated Housing Expenses:**

The credit officer tries to evaluate the expenditure pattern as well as monthly living expenditure with the help of the following information:

- Children's educational expenses
- House rent
- Interest payment on previous borrowing
- Interest payment for the loan which is under consideration

## **Location:**

The location of the borrower is an important factor for selecting any borrower. If the location of the borrower is far from the bank, the physical communication becomes tough for the bank. So bank likes to provide loan to those who stay near to the bank's branch.

## **Assessment of credit History:**

The credit officer evaluates the credit history of a potential borrower with the help of the CIB report and with the inquiry of his or her Business community.

## **Social Status:**

Social status of a borrower is to be verified from the following information:

- Ownership of a car
- Ownership of a House in the metropolitan area
- Holding a land phone in residence



- Holding a passport, TIN certificate
- Membership of a first club
- Marital status
- Guarantors status

Under the CCS, credit is offered by taking personal guarantors from a third party. The guarantor will be liable for the default of loan. So guarantor's designation, type of job, monthly salary, period of service, office address, and the consent of the guarantors regarding the matters are evaluated.

### **Monitoring and Recovery**

The credit under this scheme is fully supervised and as such, the success of the scheme depends on proper and persistent supervision, follow up, persuasion and monitoring of the credits by the Branches. Branches shall maintain proper records of the applications received, loan sanctioned, disbursement and recovery made. It is worthwhile to mention here that optimum recovery can be ensured by developing relationship with the customers and the beneficiaries and maintaining supervision thereon without filing any suit/case. The mechanism of supervision and monitoring are as follows:

- Regular checking of the balance of the clients account
- Regular communication with the defaulting customer and guarantors physically/over telephone.
- Issuance of letter to customers immediately after dishonor of cheque.
- Issuance of letter to defaulting customers and respective guarantors.
- Contacting the employers of the defaulting customers (after there overdue installments)
- Issuance of legal notice to the customers and guarantors prior classification of loans.
- Issuance of application/greeting letter to the regular customers.
- Periodical visit to the customer to maintain relationship and supervision of supplied goods/items.
- Legal actions to be taken after all possible efforts to recover the Bank's dues have in vain.

### **Steps against Defaulters:**

If a borrower fails to pay 3(three) installments consecutively he/she consider as a defaulter. Prime Bank Limited usually follows the following guidelines for treatment of its overdue installments.

- Telephone contact
- Cheque bounce Letter
- Overdue recover Letter

- Letter of guarantors
- Letter to authority
- Legal notice to borrower and guarantor
- Suit notice

### **Loan Amortization:**

Prime Bank uses the most common loan amortization method that is “Capital Recovery Method”. Under this method constant monthly payment is calculated on an original loan amount at affixed interest for a given term.

Example:

Loan Amount: BDT 100,000 (PV)

Interest rate: 16 % ( r )

Number of Installments (monthly): 24

So monthly install will be:  $PV / *MPVIFA@16\%, 24\text{months}$ )

So Monthly installment:  $100,000 / 20.62423451 = \text{BDT } 4848.66 / \text{Month}$

\*MPVIFA=Monthly Present Value Annuity Factor.

Month (1)	Beginning Balance(2)	Monthly Interest (3)=(2)*(.16/12)	Monthly Payment (4)	Monthly Amortization (5)=(4)-(3)	Balance (6)=(2)-(5)
1	100,000	1250	4848.66	3598.66	96,401.34
2	96,401.34	1205.02	4848.66	3643.65	92,757.69
3	92,757.69	1159.47	4848.66	3689.19	89,068.49


4	89,068.49	1113.36	4848.66	3735.31	85,333.18
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Figure: Amortization Schedule


## Prepayment:


Customer can repay the loan before the maturity of the loan. Prime usually welcomes the early payment of loan and no prepayment penalty is to be charged. Prime bank always try to avoid classified loan even at a cost of losing profit and receiving risk just to maintain its credit history and good CAMEL rating.


## Retail Loan Products


 [Household Durable Loan](#)


 [Car Loan](#)


 [Doctors Loan](#)

 [Advance Against Salary](#)


 [Any Purpose Loan](#)

 [Education Loan](#)

 [Travel Loan](#)

 [Marriage Loan](#)

 [CNG Conversion Loan](#)

 [Hospitalization Loan](#)

## Consumer Credit Scheme, Household Durable Loan

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Household durable loan will be sanctioned against guarantee of third parties acceptable to the bank or pledge of FDR, Saving instrument of Banks and assignment of salary where applicable.

### Eligible Items/Articles

- |                       |                                  |                                   |
|-----------------------|----------------------------------|-----------------------------------|
| 01. Motor Cycle       | 02. Personal Computer            | 03. Photocopier / Fax Machine     |
| 04. Small PABX System | 05. Television                   | 06. Mobile Phone Set              |
| 07. Refrigerator      | 08. Audio-Video Equipment        | 09. Other Home Electric Appliance |
| 10. Furniture         | 11. Any Other Household Durables |                                   |

### Loan Limit and Period of Loans

Name of the Item	Loan Limit	Duration of the Loan
Motor Cycle	Tk. 1,00,000	2 years
PC/Lap Top	Tk. 1,00,000	2 years
Photocopier/Fax	Tk. 1,00,000	2 years
Other Item/Furniture	Tk. 5,00,000	3 years

### Required Documents

- |  |  |
|--|--|
| 01. Employer Certificate for Service Holders           | 02. Photocopy of Trade License for Businessmen |
| 03. Photocopy of Tin Certificate, if any               | 04. Bank Account Statement of last six months  |
| 05. Photocopy of Passport, Telephone(T&T) Bill, if any |  |

## Security

01. Two personal guarantee
02. Undated Cheques

## Consumer Credit Scheme, Doctors Loan

---

Any Bangladesh citizen who is a graduate in Medical Science / Dentist / Eye / Allopathic / General public desiring to set up chamber, medical store with necessary medical equipments and to become self-employed have the opportunity to take this loan.

### Loan Limit and Period of Loans

Type of Customer	Loan Limit	Duration of the Loan
General Practitioner MBBS/BDS/	Tk. 5,00,000	4 years
Specialized Doctor	Tk. 10,00,000	5 years

### Required Documents

01. Employer Certificate for Service Holders
02. Photocopy of Tin Certificate, if any
03. Bank Account Statement of last six months
04. Photocopy of Passport, Telephone(T&T) Bill, if any
05. Attested Photocopy of the Certificates of the last degree and BMA membership certificate

Security

01. The ownership of medical equipments to be purchased must be hypothecated to the Bank under hire purchase mode
02. Two personal guarantee
03. Undated cheques

### **Consumer Credit Scheme, Any Purpose Loan**

---

This scheme is to meet the emergency need for fund by fixed income group of salaried person in Govt./Semi govt./Autonomous bodies/Multinational Co./Banks/Insurance/Financial Inst./Educational Inst. with confirmed 3-years service ahead. Letter of introduction including name, fathers name, designation, date of birth, date of joining, place of posting, date of last promotion, date of retirement, basic salary, total emolument, take home salary etc. will be required. This scheme is only for service holder.

Loan Limit and Period of Loans

Type of Customer	Loan Limit	Duration of the Loan
Salaried Person	Tk. 1,50,000	2 years

Required Documents

- |   |  |
|---|--|
| 01. Employer Certificate                      | 02. Photocopy of Tin Certificate, if any               |
| 03. Bank Account Statement of last six months | 04. Photocopy of Passport, Telephone(T&T) Bill, if any |

Security

- |                     |   |
|---------------------|---|
| 01. Undated Cheques | 02. Lien on Service benefit of the concerned employee from the employer |
|---------------------|---|

## Consumer Credit Scheme, Travel Loan

---

This scheme is for meeting fund for travel purpose of salaried person in Govt./Semi govt. /Autonomous bodies/ Multinational Co./Banks/Insurance/Financial Inst./Educational Inst. with confirmed 3-years service ahead and businessman having adequate cash flow.

### Loan Limit and Period of Loans

Type of Customer	Loan Limit	Duration of the Loan
Salaried Person / Businessman	Tk. 2,00,000	3 years

### Required Documents

01. Employer Certificate for Service Holders
02. Photocopy of Trade License for Businessmen
03. Photocopy of Tin Certificate, if any
04. Bank Account Statement of last six months
05. Photocopy of Passport, Telephone(T&T) Bill, if any
06. Evidence thereof

### Security

01. Undated Cheques
02. Two personal guarantee

## Consumer Credit Scheme, CNG Conversion Loan

This scheme is to meet the funds requirement for CNG conversion of vehicles for those who are salaried person in Govt./Semi govt. /Autonomous bodies/ Multinational Co./Banks/Insurance/Financial Inst./Educational Inst. with confirmed 3-years service ahead, businessman having adequate cash flow and corporate Bodies.

### Loan Limit and Period of Loans

Type of Customer	Loan Limit	Duration of the Loan
Owner / Valid user of the vehicle	Tk. 60,000	1.5 years
Corporate Bodies	Tk. 1,00,000	1.5 years

### Required Documents

01. Employer Certificate for Service Holders
02. Photocopy of Trade License for Businessmen
03. Photocopy of Tin Certificate, if any
04. Bank Account Statement of last six months
05. Photocopy of Passport, Telephone(T&T) Bill, if any
06. Photocopy of the Blue Book etc.
07. Photocopy of the registration of the Vehicle

### Security

01. One or two personal guarantee from family member (effective member i.e. spouse / father / mother / brother / earning son, Corporate guarantee in the case of Company or as the case may be acceptable in the bank)
02. Undated cheques in favor of the Bank covering the whole amount



## Consumer Credit Scheme, Car Loan

---

Car Loan will be sanctioned against Registration of the Vehicle in the name of the Bank. Instead of down payment, the Customers shall have option to avail loan against their FDR or any other savings instruments up to 90% of the loan amount.

### Eligible Items/Articles

- |  |  |                   |
|--|--|-------------------|
| 01. Car                                      | 02. Jeep   | 03. Station Wagon |
| 04. Any other vehicles for own use           | 05. Pick up Van  | 06. Cover Van     |
| 07. Bus/Truck for Corporate Bodies (own use) | 08. Ambulance for Corporate Bodies / Medical Professionals |                   |

### Loan Limit and Period of Loans

Name of the Item	Loan Limit	Duration of the Loan
New Vehicle	Tk. 40,00,000	5 years
Recondition Vehicle	Tk. 15,00,000	4 years
Bus/Truck for Corporate Bodies for own use only	Tk. 40,00,000	5 years

### Required Documents

- |  |  |
|--|--|
| 01. Employer Certificate for Service Holders           | 02. Photocopy of Trade License for Businessmen |
| 03. Photocopy of Tin Certificate, if any               | 04. Bank Account Statement of last six months  |
| 05. Photocopy of Passport, Telephone(T&T) Bill, if any |  |

## Security

01. Undated Cheques
02. Registration of the vehicle in the name of the Bank

## Consumer Credit Scheme, Advance against Salary

---

This scheme is for salaried Bangladeshi person in Govt./Semi govt. /Autonomous bodies/Multinational Co./Banks/Insurance/Financial Inst./Educational Inst. with confirmed 3-years service ahead. A Letter of introduction including name, fathers name, designation, date of birth, date of joining, place of posting, date of last promotion, date of retirement, basic salary, total emolument, total in PF, take home salary etc. will be required. Loan limit is 8 times of gross salary who have Salary A/C with us and 6 times of gross salary who have not Salary A/C with us subject to highest Tk. 3.00 lac.

### Loan Limit and Period of Loans

Type of Customer	Loan Limit	Duration of the Loan
Salaried Person	Tk. 3,00,000	2 years

### Required Documents

01. Employer Certificate
02. Photocopy of Tin Certificate, if any
03. Bank Account Statement of last six months
04. Photocopy of Passport, Telephone(T&T) Bill, if any

## Security

01. Undated Cheques
02. Lien on Service benefit of the concerned employee from the employer

## Consumer Credit Scheme, Education Loan

---

This scheme is for meeting the fund requirement for higher education of children of salaried persons in Govt./Semi govt./ Autonomous bodies/ Multinational Co./Banks/Insurance/Financial Inst./Educational Inst. with confirmed 3-years service ahead and businessman having adequate cash flow.

### Loan Limit and Period of Loans

Type of Customer	Loan Limit	Duration of the Loan
Salaried Person / Businessman	Tk. 3,00,000	2 years

### Required Documents

01. Employer Certificate for Service Holders
02. Photocopy of Trade License for Businessmen
03. Photocopy of Tin Certificate, if any
04. Bank Account Statement of last six months
05. Photocopy of Passport, Telephone(T&T) Bill, if any
06. Evidence thereof

### Security

01. Undated Cheques
02. Two personal guarantee

## Consumer Credit Scheme, Marriage Loan

---

This scheme is to meet the fund requirement for marriage purpose of salaried person in Govt./Semi govt. /Autonomous bodies/ Multinational Co./Banks/Insurance/Financial Inst./Educational Inst. with confirmed 3-years service ahead and businessman having adequate cash flow.

#### Loan Limit and Period of Loans

Type of Customer	Loan Limit	Duration of the Loan
Salaried Person / Businessman	Tk. 3,00,000	3 years

#### Required Documents

- |  |  |
|--|--|
| 01. Employer Certificate for Service Holders           | 02. Photocopy of Trade License for Businessmen |
| 03. Photocopy of Tin Certificate, if any               | 04. Bank Account Statement of last six months  |
| 05. Photocopy of Passport, Telephone(T&T) Bill, if any | 06. Evidence thereof                           |

#### Security

- |                     |                            |
|---------------------|----------------------------|
| 01. Undated Cheques | 02. Two personal guarantee |
|---------------------|----------------------------|

### **Consumer Credit Scheme, Hospitalization Loan**

---

Hospitalization loan will be provided for treatment purpose or surgery where hospitalization is necessary. The loan shall be available for the salaried person, i.e., employee of the Govt. Organizations / Semi-Government Organizations / Autonomous Bodies / Multinational Companies / Banks / Insurance Companies / Educational Institutions / Corporate Bodies.

#### Loan Limit and Period of Loans

Type of Customer	Loan Limit	Duration of the Loan
------------------	------------	----------------------

Salaried Person	Tk. 5,00,000	2 years
-----------------	--------------	---------

#### Required Documents

01. Employer Certificate
02. Photocopy of Tin Certificate, if any
03. Photocopy of Passport, Telephone(T&T) Bill, if any

#### Security

01. Personal guarantee from an individual having means, standing and social status acceptable to the bank and another from his/her family
02. Undated cheques in favor of the Bank covering the whole amount
03. Letter of Assurance from the Employer / Authority.

## Chapter: 04

### Comparison of Consumer Credit Scheme between PBL, EBL, DBL and NCCBL

---

#### Disbursed Amount of Retail Credit

The amount disbursed in retail credit in the three consecutive years in Prime Bank, Eastern Bank Dhaka Bank and National Credit and Commerce Bank can be shown in table:

**Table: Comparison of retail credit disbursed among four banks Figures in Cr.**

Banks	Years				
	2006	2007	Growth over 2006	2008	Growth over 2007
PBL	67.65	121.16	79.09%	164.16	35.49%
EBL	62.43	170.82	173.62%	315.19	84.51%
DBL	60.33	91.75	52.08%	169.30	84.52%
NCCBL	25.05	82.86	230.77%	98.41	18.77%

**Sources of Data: Annual Reports of PBL, EBL, DBL, and NCCBL**

According to the above table, though PBL has highest amount disbursement in retail credit, EBL had the highest amount in the next two consecutive years.

## Interest Income generated by Retail Credit

In the year 2006, 2007 and 2008 the amounts of interest income generated by different products of retail credit of four banks are given in the following table

**Table Comparison of retail credit interest income among for banks Figures in Cr.**

Banks	Years				
	2006	2007	Growth over 2006	2008	Growth over 2007
PBL	11.09	14.29	28.85%	21.94	53.53%
EBL	11.86	32.45	173.60%	59.80	84.28%
DBL	6.82	4.89	-28.30%	8.77	79.34%
NCCBL	1.72	4.34	152.33%	10.35	138.48%

According to the above table, it can be easily observed that, EBL has always highest amount of interest income in the three consecutive years among these four banks. The second highest bank was Prime Bank in terms of interest income.

## Number of Clients in Retail Credit

**Table: Comparison of number of clients in retail credit among four banks**

Banks	Years		
	2006	2007	2008
PBL	4829	6461	5696
EBL	4963	9489	8960
DBL	4311	4894	5443
NCCBL	1587	2756	3561

## The retail credit products offered by four banks shown in table-

**Table: Comparison of retail credit products offered among four banks**

Sl.	PBL	EBL	DBL	NCCBL
1.	Car Loan	Car Loan	Car Loan	House Renovation Loan
2.	Any Purpose Loan	Jibandhara or Any Purpose Loan	Personal or Any Purpose Loan	Personal or Any Purpose Loan
3.	Household Durables Loan	Executive Loan	Vacation Loan	Education Loan
4.	Doctor's Loan	Utshabs or Vacation Loan	Home Loan	
5.	Marriage Loan	Education Loan	Education Loan	
6.	Education Loan			
7.	Loan against Salary			
8.	Travel Loan			
9.	Hospitalization Loan			
10.	CNG Conversion Loan			
11.	Swapna Neer			



## Different Features of Similar Products Offered

There is only one type of product that is similar among PBL, EBL, DBL and NCCBL which is “Personal Loan or Any Purpose Loan”. The comparative features of this loan among four banks are shown in the following table

**Table: Comparative Features of Any Purpose Loan among four banks**

Features	Banks			
	PBL	EBL	DBL	NCCBL
<b>Loan amount(min)</b>	Tk. 10,000	Tk. 50,000 or 10-12 times of gross salary	Tk. 25,000	Tk. 20,000
<b>Loan amount(max)</b>	Tk. 3,00,000	Tk. 10,00,000	Tk. 5,00,000	Tk. 1,00,000
<b>Rate of Interest</b>	16%	21%	18%	17%
<b>Tenor</b>	1-3 years	1-5 years	1-4 years	6 months -1 year
<b>Criteria(Age limit)</b>	25-65 years at the time of maturity of loan	22-60 years at the time of maturity	21-60 at the time of maturity	20-50 at the time of maturity
<b>Down Payment</b>	10% of total amount	30% of total amount	N/A	N/A
<b>Repayment Method</b>	Monthly equal installment	Monthly equal installment	Monthly equal installment	Monthly equal installment
<b>Days needed for disbursement</b>	15-20 days	5-7 days	21 days	10-12 days

<b>Disbursement Mood</b>	Clients' savings account, sometimes cash for salaried person	Clients' savings account. In most of the times cash.	Clients' savings account	Clients' savings account, sometimes cash for salaried person
<b>Disbursement System</b>	Decentralized	Centralized	Centralized	Decentralized
<b>Other Charges(Processing Fee)</b>	1% on loan amount or Tk. 1000 whichever is higher+15%VAT on that amount	1.5% on the loan amount	1.5% of the loan amount +15%VAT	1% on loan amount
<b>Risk Fund</b>	1% on loan amount	N/A	N/A	1% on loan amount
<b>Penalty Charge(Amount on installment overdue)</b>	2%	3%	4%	1% or Tk 100 whichever is lower
<b>Stamp Charge</b>	Tk. 320	Tk. 600	Tk. 740	Tk. 400
<b>Early Settlement with cost on total outstanding amount</b>	Any time at free of cost	Any time, 2%( before 12 months), 1% (12 months and above)	At any time with 2.5% cost	At any time at free of cost
<b>No. of Guarantors</b>	Two persons	One person	Two persons	One person
<b>Mostly preferred client</b>	Salaried Individuals Self-Employed person	Salaried Individuals Self-employed person Businessmen.	Salaried Individuals Self-employed person Businessmen	Salaried individuals

According to table, it can be commented that, EBL and DBL, two major competitors of PBL have already targeted different classes of people in the society. EBL is already enjoying larger market share in terms of both disbursed amount and interest income. DBL has targeted greater segments and trying to come upfront with other attractive features and promotional activities in retail credit.

## Promotional activities

In the following table, the medium of promotional activities are shown for four banks.

**Table: Comparison of promotional activities among four banks**

	PBL	EBL	DBL	NCCBL
<b>Direct Sales Agent(DSA)</b>	√	√	√	
<b>Display media advertisement</b>		√	√	
<b>Print media advertisement</b>	√	√	√	√
<b>Billboard</b>	√	√	√	
<b>Fair arrangement</b>	√	√		

According to the above table, EBL has a complete promotional activities compared with other four banks. PBL has only three wings in promotional activities.

## Household Loan

The aim to provide Household loan is to increase the living standard of people by supporting financially. In our busy life it is necessary to purchase various household items to make our life easy, comfortable and enjoyable. The various Banks of Bangladesh come forward to assist their valued clients by providing the loan for household items. Almost all the Private Commercial Banks are providing household loan. Among them Dhaka Bank Limited, HSBC and NCCB are to be considered the competitors of Prime Bank Limited for their attractive offering.

Amount of Credit Offer:

Amount of Loan (In BDT)	Name of the Bank			
	Prime Bank Limited	Dhaka Bank Limited	Eastern bank Limited	NCCB Limited
Minimum Credit offer	10,000	25,000	25,000	15,000
Maximum Credit offer	500,000	500,000	500,000	120,000

Table: Maximum and Minimum loan offered by different banks in Household loan

A client can apply for a maximum household loan of BDT 500,000 from the three banks, i.e. Prime Bank, Dhaka Bank and Eastern bank. NCCB follows a very conservative policy by offering a least amount of loan of BDT 120,000. Prime Bank's minimum offering of loan is BDT 10,000 with compare to Dhaka Bank (BDT 25000), Eastern bank (BDT 25000) and NCCB (BDT 15000).

Rate of Interest:

Amount of Loan (In BDT)	Name of the Bank			
	Prime Bank Limited	Dhaka Bank Limited	Eastern bank Limited	NCCB Limited
Rate of Interest	15	16	16.5	14

**Table: The rate of interest of different banks on Household loan**

In household loan, NCCB offer a very low interest rate of 14% and this rate is very competitive with compare to other Banks. Prime Bank's interest rate is moderate (15%) where as Dhaka Bank's interest rate is 16% and Eastern bank interest rate is 16.5% respectively.

Down Payment:

Amount of Loan (In BDT)	Name of the Bank			
		Prime Bank Limited	Dhaka Bank Limited	Eastern bank Limited
Down Payment (In %)	10	0	0	25

**Figure: A comparison of Down payment of different banks on Household loan**

For the household loan of Dhaka Bank and Eastern bank, a client does not need to pay any advance. But prime Bank charges a down payment of 10% on the loan applied. A customer needs to deposit a down payment of 25% in case of obtaining a Household loan from NCCB.

Maximum time to repay:

Amount of Loan (In BDT)	Name of the Bank			
		Prime Bank Limited	Dhaka Bank Limited	Eastern bank Limited
Maximum Tenure (In year)	3	5	3	3

**Table5: Maximum time required to repay Household Loan**

A customer can take a maximum period of five years to repay his loan if he obtains a Household loan from Dhaka Bank. On the other hand, all other Banks offer a maximum period of three years to repay their loan.

Application fee:

Amount of Loan (In BDT)	Name of the Bank			
		Prime Bank Limited	Dhaka Bank Limited	Eastern bank Limited
Application	50	500	0	200

**Table: Application fee on Household loan**

Eastern bank does not demand any application fee to obtain their loan of household. On the other hand, Dhaka Bank charges a highest fee of BDT 500 to apply for their loan. South east charges a moderate fee of BDT 200 and Prime Bank Charges a very low fee of BDT 50 respectively.

**Services and other Charges: (Percent of the Loan)**

Services and other Charges	Name of the Bank			
		Prime Bank Limited	Dhaka Bank Limited	Eastern bank Limited

Service charges	1%	1%	1%	1%
Risk fund	1%	1%	0	1%
Stamp Charge	450 BDT	470 BDT	350 BDT	720 BDT
Penalty Charge	0	200	0	0

**Table: Service and other charges of Household Loan**

Service charge is only 1 percent of loan offered for all Banks. Eastern bank does not charges any risk fund and the remaining other Banks demands 1 percent of loan offered for risk fund. Stamp charges vary from Bank to Bank due to the numbers of guarantors required for household loan. CIB charges are same for all Banks. Dhaka Bank charges a penalty of BDT 200 for late payment of installment.

## PLACES WE HAVE REACHED.....

### Network of Branches

During 2010, the Bank had opened 10 branches at important financial hubs of the country. Out of the 10 branches 4 are rural branches located at places for facilitating inward remittances of the wage earners. Upto 31<sup>st</sup> May 2010 another 2 branches have spread their wings to cover maximum network within the Prime Bank's Service world. Name of all these branches are mentioned below-

Dhaka Division		
1. Motijheel Branch	11. Mohakhali Branch	21. Panthapath Branch
2. Islamic Banking Branch, Dilkusha	12. Mouchak Branch	22. SBC Tower Branch
3. Kawran Bazar Branch	13. Gulshan Branch	23. Madhabdi Branch
4. Elephant Road Branch	14. Dhanmondi Branch	24. Shimrail Branch
5. Bangshal Branch	15. Moulvi Bazar Branch	25. Tongi Branch
6. Gonakbari Branch	16. Sat Masjid Road Branch	26. Narayanganj Branch
7. Uttara Branch	17. Mirpur-1 Branch	27. Jaydevpur Chowrasta Branch
8. New Eskaton Branch	18. Islamic Banking Branch, Mirpur	28. Tangail Branch, Tangail
9. Banani Branch	19. Pragati Sarani Branch	
10. Foreign Exchange Branch	20. Asad Gate Branch	

Chittagong Division		Rajshahi Division
29. Jubilee Road Branch 30. Khatungonj Branch 31. Islamic Banking Branch, pahartali 32. Laldighi East Branch 33. Cox's Bazar Branch	34. Agrabad Branch 35. Islamic Banking Branch, Nizam Road 36. Fatickchari Branch 37. Hathazari Branch 38. Feni Branch 42. Upashahar Branch 39.	40. Rajshahi Branch 41. Naogaon Branch 42. Bogra Branch
Sylhet Division		Khulna Division
43. Sylhet Branch 44. Court Road Branch 45. Tajpur Branch 46. Bishwanath Branch	47. Islamic Banking Branch, Sylhet 48. Beanibazar Branch 49. Upashahar Branch 60. Sreemangal Branch 61. Habigonj Branch 62. Barelekha	63. Khulna Branch 64. Jessore Branch
		Barisal Division
		85. Barisal Branch

## CAMEL Rating of Different Banks & PRIME BANKS Position

Central bank, the regulatory authority of country's banking sector has rated the positions of different banks based on the performances of December-2009. The serial has been prepared on the basis of credit and asset management performance as well as local banks first then foreign banks. It is mentionable that the performance of Prime Bank and Mutual Trust Bank is same but volume of business, net worth, and customer base of Prime Bank is almost double than Mutual Trust.

### 14 A-class, 11 B-class, 12 C-class, 8 D-class & 3 E-class banks.

A-Class Banks	B-Class Banks
<ol style="list-style-type: none"> <li>1. <b>Prime Bank</b> ; Mutual Trust Bank Ltd.</li> <li>2. Dutch-Bangla Bank Ltd.</li> <li>3. Bank Asia Ltd.</li> <li>4. Exim Bank Ltd.</li> <li>5. Mercantile Bank Ltd.</li> <li>6. Jamuna Bank Ltd.</li> <li>7. Dhaka Bank Ltd.</li> <li>8. BASIC Bank Ltd.</li> <li>9. Standard Bank Ltd.</li> <li>10. Commercial Bank of Ceylon</li> <li>11. Citi Bank N.A.</li> <li>12. State Bank of India</li> </ol>	<ol style="list-style-type: none"> <li>1. Eastern Bank Ltd.</li> <li>2. Premier Bank Ltd.</li> <li>3. The Trust Bank Ltd.</li> <li>4. BRAC Bank Ltd.</li> <li>5. Southeast Bank Ltd.</li> <li>6. NCC Bank Ltd.</li> <li>7. One Bank Ltd.</li> <li>8. Standard Chartered</li> <li>9. Woori Bank</li> <li>10. Bank Alfalah Ltd.</li> <li>11. National Bank of Pakistan</li> </ol>



<b>13. HSBC</b>	
<b>C-Class Banks</b>	<b>D- Class Banks</b>
<ol style="list-style-type: none"> <li>1. Islami Bank Bangladesh Ltd.</li> <li>2. Pubali Bank Ltd.</li> <li>3. Uttara Bank Ltd.</li> <li>4. National Bank Ltd.</li> <li>5. The City Bank Ltd.</li> <li>6. UCBL</li> <li>7. Shahjalal Islami Bank Ltd.</li> <li>8. Al-Arafah Islami Bank Ltd.</li> <li>9. IFIC Bank Ltd.</li> <li>10. A B Bank Ltd.</li> <li>11. First Security Bank Ltd.</li> <li>12. Habib Bank Ltd.</li> </ol>	<ol style="list-style-type: none"> <li>1. Social Investment Bank Ltd.</li> <li>2. Bangladesh Commerce Bank Ltd.</li> <li>3. Agrani Bank</li> <li>4. Janata Bank</li> <li>5. Rupali Bank Ltd.</li> <li>6. Sonali Bank</li> <li>7. Bangladesh Shilpa Rin Sangstha</li> <li>8. RAKUB</li> </ol>
	<b>E- Class Banks</b>
	<ol style="list-style-type: none"> <li>1. Bangladesh Krishi Bank</li> <li>2. Bangladesh Shilpa Bank</li> <li>3. The Oriental Bank Ltd.</li> </ol>

## Findings and Recommendations of the Study:

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The findings and recommendations of my study are as follows:

1. Most of the time, PBL Consumer Credit Scheme customers are paid very high down payment. Besides, others bank are not taking any down payment. So I think, PBL should not take any down payment or reduce the down payment percentage.
2. Interest rate is very much important issue; in some consumer schemes PBL interest rate is very high. Management should look after this although present Government and Bangladesh Bank monetary policy is controlling the rate, so it is not possible for PBL to reduce interest rate. Therefore I suggest for increasing payment period duration so that customers will get attract and make the installment more attractive and convenient for customers to pay.
3. According to Prime Bank Consumer credit scheme policy loan processing time is maximum seven days but in reality it takes more than that. So the authority or the management should take care

about it for their reputation and to reduce loan-processing time it can introduce online loan application, submission and personal credit processing.

4. I have found from my study that prime bank make difference between the customers. Such as, applicants of CCS who are working in same organization, working at same position, getting almost same salary and guarantors are also same or working in different organization but there status is same but they are not getting the same amount of loan. So there must be biasness or misjudgment. I think the authority needs to be more professional in doing their duties that may play a great role in reducing their rate of outstanding.
5. PBL should increase the promotional activities, so that people will inform more about the CCS products.
6. PBL should include more differentiate product in their CCS, such as – Teacher Loan, Shop Financing Scheme, Personal Loan for Women etc. to gain competitive advantage.

# Conclusion

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Bangladesh is one of the developing countries in the world. The economy of the country has a lot left to be desired and there are lots of scopes for massive improvement. In an economy like this, banking sector can play a vital role to improve the overall social – economic condition of the country. The banks by playing the role of an intermediary can mobilize the excess fund of surplus sectors to provide necessary finance, to those sectors, which are needed to promote for the sound development of the country.

Prime Bank is – a bank with a difference. Prime Bank’s strategy is to add more strength to the company’s performance by highlighting the areas where they have the advantage today and where they can grow faster than their competitors. The bank thinks different to give differentiated service to its customers and try to run business better every day and better than their competitors.

During the time of my internship program I have gathered lots of practical knowledge and experiences and finally agreed this statement to be true. Working and getting involved in such a reputed bank is really a great pleasure for me. This internship program is obviously helpful for further thinking about my career. I am thankful to all of the officials and specially my supervisor Ms. Syeda Shaharbanu Shahbazi, Senior Lecturer, Brac Business School, Brac University, for her supporting, advice and valuable guidance in the preparation of this report and Mr. Kazi Nurul Islam, JO, Prime Bank Limited, Motijheel Branch with whom I have worked and who have given me appropriate opportunities to apply my theoretical knowledge in the practical field. I was assigned to work in Credit, General Banking and Foreign Exchange where I have to go through different steps related to the Banks. Here I felt that, though banking is constantly changing and being equally challenging, Prime Banks major concentration is always on quality service not on quantity. Customer focus is their priority not volume of the business.

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