



**Standard
Chartered**

Internship Report On

Customer Satisfaction of Standard Chartered Bank Compared to other Banks

Prepared for

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Submission Date: 07-09-2016

LETTER OF TRANSMITTAL

7th September, 2016

Showvonick Datta

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Sub: Submission of Internship Report.

Dear Sir,

I am here by submitting my Internship Report entitled “Customer Satisfaction of Standard Chartered Bank compared to other banks” which is a requirement for the completion of my BBA Program. I have found this part of the program very insightful, practical and helpful as it requires first hand job experience.

This report is based on my practical experience in the Standard Chartered Bank (Saadiq Branch) regarding retaining the existing customer. This Internship program and preparation of report has opened a new door of opportunity for me to gather knowledge about banking industry and will help me climb the ladder of my career in any sector.

I would like to thank you for your guidance and cooperation without which this internship report won't have been completed. It would be very helpful for me if you could provide me further suggestions and enhanced clarification for future prospects upon reviewing my report. Moreover, if you have any further enquiry concerning this report I would be very pleased to clarify that.

Sincerely,

Shams Jarin

ID:12104207

ACKNOWLEDGEMENT

First and foremost I would like to convey my sincere appreciation to the Almighty Allah for giving me the strength and ability to finish the task.

I want to thank my academic supervisor Showvoick Datta, Lecturer of BRAC Business School, BRAC University, for providing me all the necessary helps for completion of this report. I want to offer my deepest regards to sir for guiding me as an advisor to start and complete this report successfully.

My experience as a “Business Development Officer” at Standard Chartered Bank has provided me with great chance for learning and professional development. I consider myself as a very lucky individual for getting the opportunity to be a part of it. I am also grateful for having a chance to meet so many wonderful people and professionals who led me through this internship period. I would like to thank my line manager Sharmin Billah, Business Development Manager and a true leader of Employee Banking department of Standard Chartered Bank, our Additional director of Employee Banking sector Jubaidul Haque Reem, and last but not least, our director of Employee Banking sector Mr. Shabbir Ahmed.

I would like to express my deep sense of thankfulness to all my colleagues as “Business Development Officer” namely Mirza Morshed, Selimuzzaman and Taposh Mojumder, for their enormous help and endless support till this day. I would also like to thank Mr. Kazi Omar Sharif, Senior manager of Accounts Maintenance, Card operations Department for guiding me.

And last but not the least; thanks to all the personnel working at Standard Chartered Bank, Saadiq Branch

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Executive Summary

This Internship report is aimed at providing different areas of service of Standard Bank Limited. The report has been divided into three parts. The first chapter is the Introduction; Second chapter gives an overview of Standard Bank discussing its mission, vision, features and managerial hierarchy; Third chapter contains my job responsibilities and project that I have worked on during this period at the organization, what I learnt and a short evaluation and a solution to my analysis in the form of recommendation.

As a mandatory requirement to complete Bachelors of Business Administration (BBA) program at BRAC University, this report has been written. Throughout my overall study I have mainly tried to critically review the Employee Banking sector of Standard Bank Limited (Saadiq Branch).



Standard
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1.0 - Introduction

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1.1 - Origin of the report

The report has been prepared as a fulfillment of the partial requirement of the internship program as authorized by BRAC Business School (BBS), BRAC University. The primary goal of the internship prospectus is to provide on the job coverage to the student and an opportunity for translation of theoretical conceptions in real life situation. Students are placed in enterprises, organizations, research institutions as well as development projects. The program covers an overall period of approximate 12 weeks of organizational attachment, with report finalization work.

1.2 - Purpose of the study

As an institution, bank has been contributing towards the development of any economy for a long time and at the moment it is treated as an important service industry in modern world. Nowadays, the function of a bank is not limited within the same geographical limit of any country. Due to globalization and free market economy, this industry is facing severe competition. Most of the banks fail due to lack of proper strategic planning and goals. One of the major reasons of their poor performance is adaptation of traditional banking system. They are very much slow in adopting new product line, less concerned about attracting and satisfying customers and being reluctant to implement information technology. That's why it is very necessary for each and every bank to evaluate its performance over the periods. But the most important thing is that nearly all of the banks are more focusing on sale rather than the service, even they do not know how to evaluate their performance.

Basically, this study is conducted to expose the way to find out the customer's satisfaction level and know how to provide them better service. Different evaluating procedures and techniques have been followed to measure the customer's satisfaction.

1.3 - Objectives

More precisely we can identify the objectives of this report as follows:

- To describe the general banking function, procedures, rules and regulation.
- To study the existing overall banker's customer relationship and satisfaction.
- To describe the various investment procedure of Standard Chartered Bank.
- To analyze the performance of SCB.
- To identify specialized functions and characteristics of SCB.
- To understand the internal and external environment of the organization.
- To provide recommendation for improvement of SCB.
- To study the customers relation with the SCB.

1.4 - Methodology of Data Collection

For achieving the specific objectives of this study, data were gathered from both primary and secondary sources.

Primary Sources

- Direct conversation with the respective officers of the branch.
- Face to face conversation with the clients.
- Customer's opinion collected through question.
- Observation of the banking activities.
- Trough observation of activities.

Secondary Sources:

- Records of the bank available through banks internal network.
- Different product/financial facility brochures.
- Website of Standard Chartered Bank.
- Different newsletters of SCB.
- Annual Balance Sheet, Profit & Loss Account of SCB.
- Financial highlights of the organization.

1.5 - Limitations of the study

Banking is, in fact, a huge operation and it is quite impossible to cope up all the activities during internship period. And for that reason, limitations prevail while conducting the study. The basic limitations faced in preparing the report were:

- The bank's policy of not disclosing some data and information for obvious reasons, which would have been very much useful for the report.
- As the bank is continuously changing its product offering regarding Account opening form, loan with new interest, flexible loan terms etc, it will be difficult to ascertain the true performance of the product.
- Difficult to collect data from their files, without compromising the privacy of the client.
- SCB only publish their annual report in England, the branch was unable to provide me any copy of their annual report.
- It is difficult to make information based a rich report in a short timeperiod.
- This report is prepared within a short time while maintaining the full-time job.

2.0 – Organizational Overview of Standard Chartered Bank

2.1 - Overview of Standard Chartered Bank (SCB)

Listed on the London, Hong Kong and Mumbai stock exchanges, Standard Chartered Bank ranks among the top 20 companies in the FTSE-100 by market capitalization.¹ Standard Chartered is a leading international banking group committed to building a sustainable business over the long-term which they prove by operating in some of the world's most dynamic markets for over 150 years. They provide a wide-range of products and services for both personal and business customers across 70 markets.² more than 90% of their profits are derived from Asia, Africa and the Middle East. The south-east Asian region, more specifically Bangladesh, is one of the highest profit generating countries among the twenty-four of their markets delivering over US\$100 million of income and fourteen over US\$100 million in profit.

2.2 - Background of Standard Chartered Bank

Standard Chartered Bank was formed in 1969 through the merger of two separate banks, the Standard Bank of British South Africa and the Chartered Bank of India, Australia and China. These banks had capitalized on the expansion of trade between Europe, Asia and Africa.

The Standard Bank

The Standard Bank was found in the Cape Province of South Africa in 1862 by John Paterson, and started business in Port Elizabeth in the following year. The bank was prominent in financing the development of the diamond fields of Kimberley from 1867. It later extended its network further north to the new town of Johannesburg when gold was discovered there in 1885. The bank expanded in Southern, Central and Eastern Africa and had 600 offices by 1953. In 1965, it merged with the Bank of West Africa, expanding its operations into Cameroon, Gambia, Ghana, Nigeria and Sierra Leone. In 1987 Standard Chartered Bank sold its stake in the Standard Bank, which now operates as a separate entity.

¹SCB Official website, Retrieved from <http://www.standardchartered.com/en/about-us/who-we-are/index.html>

²See appendix for SCB's operations across countries

The Chartered Bank

The Chartered Bank was founded by James Wilson following the grant of a Royal Charter by Queen Victoria in 1853. The bank opened in Mumbai (Bombay), Kolkata and Shanghai in 1858, followed by Hong Kong and Singapore in 1859. The traditional trade was in cotton from Mumbai, indigo and tea from Kolkata, rice from Burma, sugar from Java, tobacco from Sumatra, hemp from Manila and silk from Yokohama. The bank played a major role in the development of trade with the East following the opening of the Suez Canal in 1869 and the extension of the telegraph to China in 1871. In 1957 Chartered Bank bought the Eastern Bank, together with the Ionian Bank's Cyprus Branches and established a presence in the Gulf.

2.3 - Emergence of Standard Chartered Bank in Bangladesh

The Chartered Bank started operating in Bangladesh in 1948, opening a branch in Chittagong. The branch was opened mainly to facilitate the post-war reestablishment and expansion of South and Southeast Asia. The Chartered Bank opened another branch in Dhaka in 1966, where it is still headquartered. After the merger of the Chartered Bank with the Standard Bank in 1969, the Standard Chartered Bank took up a program of expansion. It increasingly invested in people; technology and premises as its business grew in relation to the country's economy. In 1993, there was an organizational re-structuring, which led to a substantial expansion of the Bank's business.

Bangladesh is under the “ASEAN and South Asia” under the regional leadership of “Ajay C Kanwal” and with the regional headquarter in Singapore. Standard Chartered Bank's worldwide network facilitates convenient connections with foreign trade and remittance business. Standard Chartered Bank's branch banking license in Bangladesh allows it to offer a full range of banking services. Standard Chartered currently has 26 branches, 57 ATMs and 7 financial kiosks and employs over 1300 people. The bank has branches in six cities-Dhaka, Chittagong, Khulna, Sylhet, Bogra and Narayanganj as well as branches in Dhaka EPZ and Chittagong EPZ.

In the year 1999, Standard Chartered has acquired the operation of Grindlays Bank in the Middle East and South East Asian countries. Former Grindlays Bank started its journey in Bangladesh in 1905 under the name of Grindlays Bank. Standard Chartered Bank took-over the operation of ANZ Grindlays Bank in Bangladesh as a part of acquisition of the South East Asian and Middle

East operation of the Australia and New Zealand Banking Group. SCB with its 26 branches and booths across Bangladesh had employed more than 600 people. In 2006 it acquired American Express Bank's commercial banking business, which has allowed the bank to become the biggest foreign bank operating in Bangladesh. The acquisition of ANZ has enabled Standard Chartered Bank (SCB) to access 500,000 new customers and 40 branches in India, and this made them one of the largest banks in this region and the oldest foreign bank in Bangladesh.

The bank provides both consumer banking and business banking services in Bangladesh and uses market knowledge and experience to serve institutional and corporate clients in the best way possible. SCB focuses on improving technology and this has allowed the bank to offer customers services such as Phone Banking, i-Banking and e-Lending.

SCB engages itself for providing best quality banking service in retail, commercial and corporate banking segments. The countries top enterprises, multinational, large local corporations and many financial institutions are served by SCB. With total asset based of BDT 17.5 billion and annual turnover of BDT 1.78 billion, SCB in Bangladesh is amongst the top performing multinational bank.

2.4 - Standard Chartered Bank's Governing Body

The SCB group board of directors has 17 members, consisting of one chairman, 5 executive directors, 10 non-executive directors and a company secretary. John Peace is the chairman of the board, while Bill Winters is the group CEO. SCB has six board level committees, each with a specific role and responsibilities. The committees and their purposes are:³

- **Audits:** The Committee shall review, on behalf of the Board, the company's internal financial controls to identify, assess, manage and monitor financial risks and to act as the Audit Committee of the Company, Standard Chartered Bank and any other subsidiary, as appropriate
- **Nominations:** The Committee is authorized to obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference

³SCB Official website, Retrieved from <http://investors.standardchartered.com/en/committees.cfm>

- **Board Risks:** The Committee shall exercise oversight on behalf of the Board of the key risks faced by the Group and shall make recommendations to the Board on the Group's overall risk appetite. Key risks subject to the Committee's oversight are those listed in the Appendix to these terms of reference.
- **Governances:** To maintain oversight of existing and emerging corporate governance principles, practices and processes with a view to maintaining a culture within the Company and its subsidiaries whereby high standards of corporate governance are embraced holistically.
- **Brand and Values:** The Brand and Values Committee shall oversee the brand, values and good reputation of the Group, ensuring that reputational risk is consistent with the risk appetite approved by the Board and the creation of long term shareholder value. In particular, the Committee's role will cover: brand positioning, culture and values, reputational risk management and all aspects falling within the Group's sustainability agenda. This includes the Group's social, economic and environmental contribution. The Committee will also ensure the Group appropriately manages its delivery of our brand and values' commitments, including our client/customer focus, to employees, external stakeholders and society at large.
- **Remunerations:** The Committee shall review, on behalf of the Board and be responsible for setting the principles parameters and governance framework of Standard Chartered PLC and its subsidiaries (the "Group") remuneration policy and more specifically for managing executive remuneration.

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2.5 - Standard Chartered Bank's Organizational Structures

Bank is conservative by nature and activities. Since it is financial institution, conservativeness is important here. Standard Chartered Bank follows top down approach in communication. The hierarchical ladder of the chain of command of Standard Chartered Bank is shown below:



Figure 1 : Chain of command

Chain of command of selected departments is given below:

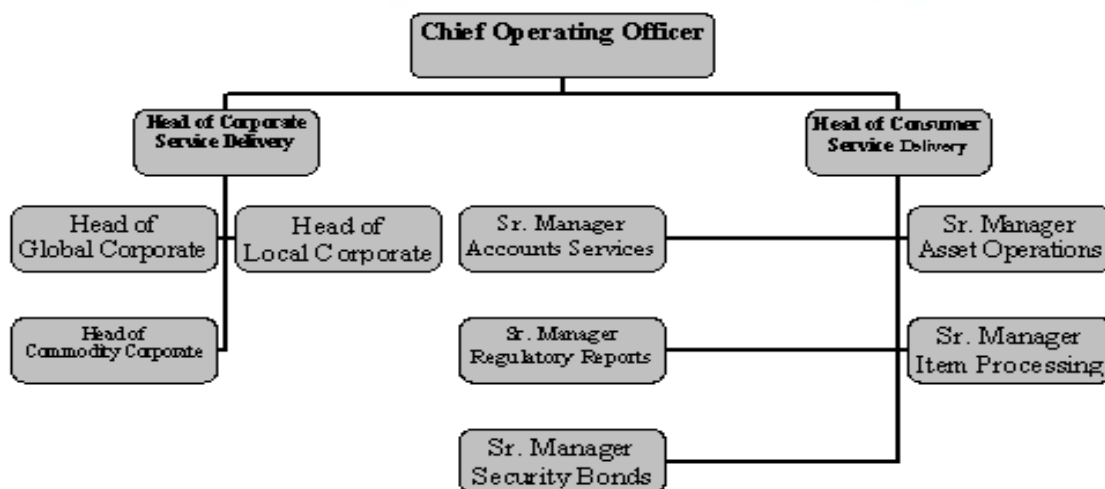


Figure 2 : organogram, service delivery

2.6 - Operations and business of Standard Chartered Bank

SCB Bangladesh has two main functional areas which are:

- Business
- Support

SCB Bangladesh can be divided into the following business areas:

- Consumer Banking
- Wholesale Banking
- Treasury
- Institutional Banking
- Custodial Services

In Bangladesh, corporate banking division has historically contributed more to revenue and profits compared to the consumer banking division.

The support division of the bank contains following departments:

- Operations
- Finance, Administration and Risk Management
- Information Technology
- Human Resources
- Legal and Compliance
- External Affairs
- Management

Branch managers of SCB Bangladesh mutually agree to targets with the Head of Consumer Banking and they are responsible for the performance of their specific units.

Details of functions of business areas are as follows:

Consumer Banking: SCB Bangladesh offers a wide range of retail banking services comprising of loans, deposits and other services. The consumer banking division consistently develops new products and services so that it is able to meet the needs of each individual domestic and foreign customer. SCB Bangladesh offers deposit products such as savings accounts, current accounts, fixed deposits and savings schemes. SCB Bangladesh also offers a wide range of credit, debit and prepaid cards for the convenience of customers. Auto Loan, Personal Loan and Home Loan are also offered by the bank. Islamic variants of these products and services exist under the brand name Saadiq. Special privilege is provided by the bank to priority banking customers who are selected based on net worth.

SME Banking products and services such as Loan against Property (LAP), Business Installment Loan (BIL), Trade and Working Capital (TWC) products and transaction services are also implemented by the consumer banking division. Details of SME Banking of SCB Bangladesh will be provided later.

Wholesale Banking: SCB Bangladesh offers its corporate clients (top local companies and MNCs) a wide range of financial services. All corporate clients are assigned relationship managers (RM) so that the bank can better understand and satisfy their financial needs and build up better relationships with them. The division takes help and advice from Financial Institutions and Treasury Services division as and when required.

SCB Bangladesh provides project financing, investment consultancy, syndicated loans, bonds and guarantees and local and international treasury products to corporate clients. Export and import financing services are also provided to corporate clients by trade finance department.

Treasury Division: SCB is famous all over the world for its operations in foreign exchange and money market. The bank has dealing centers placed all over the world and is thus able to facilitate 24 hour services to clients in Bangladesh. The department offers solutions to customers who manage to control interest rate and currency exposures that arise from trade, investment and

financing activities in other parts of the world. According to BAFEDA, SCB Bangladesh controls around one third of volume of country's foreign exchange market.

Institutional Banking: The institutional banking division of SCB Bangladesh provides a wide range products and services to other banks and financial institutions including a wide variety of clearing, payment collection and import-export handling services. The bank offers current accounts in taka and other foreign currencies and convertible accounts in taka to foreign missions, voluntary organizations, consultants, airlines, shipping lines, and their personnel.

Custodial Services: SCB's custodial service customers are mainly global brokers/dealers who require cross-border information and sub-custodian services. SCB Bangladesh is responsible for the planning process but the overall management of the business takes place from Singapore.

Details of functions of some of the support areas are as follows:

HR Division: HR department manages recruitment, training and career progression plan and develops organizational culture within the bank.

IT Department: IT department handles all computerized operations of the bank and makes sure all hardware and software are up-to-date and working properly.

Central Operations: The operations unit processes works of the business units, and detects mistakes or problems and provides reports. The unit ensures that the bank runs smoothly and in a controlled manner.

Legal and Compliance: SCB Bangladesh is governed by laws and regulations set by the Ministry of Finance and Bangladesh Bank. The legal and compliance department deals with any legal issues, advises the CEO and management regarding any legal and regulatory issue, corresponds regulatory issues regularly to group and carries out internal audit.

External Affairs: The external affairs department looks after advertisements, promotions, public relations, partial marketing for disseminating new products and services to customers and ensuring service quality.

2.7 - Mission and Vision of Standard Chartered Bank

Mission of Standard Chartered Bank

Leading the way (Being proactive). Standard Chartered Bank wants to be proactive in the sense that they want to exceed customers' expectations, that is they want to come up with products and services having such features, before customers can start expecting them from SCB.

Vision of Standard Chartered Bank

The vision of Standard Chartered Bank is TO BUILD A WORLD CLASS BANK. Beside this they also have the following vision:

- To be trusted and respected around the world.
- To deliver services that will continuously delight our customers.
- To treat every customer with respect and integrity.
- To share a vision of the future and work together to realize it.



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2.8 - Goals and Values of Standard Chartered Bank

Goals of Standard Chartered Bank

Goals are numerical targets, which are financial goals.

- Translate financial goals into activity goals.
- Ensure the ownership of your goals.
- Set daily and weekly goals.
- How much, what and when.
- Manage goals daily

Values of Standard Chartered Bank

Standard Chartered Bank has five values and these values are key to their success. These values determine how the employees achieve their goals, the way they work together and how it feels to be a part of Standard Chartered Bank. In brief these values are:

- **Courageous:** Being courageous is about confidently doing what's right. Often the task truly courageous act both inspires and builds character.
- **Responsive:** How we response to our customer will influence their belief in our commitment to them. A proactive response is often unexpected and more effective for that. It clearly demonstrates our willingness to go beyond the unexpected.
- **International:** As a member of global village we view the world from the widest perspective. We are all global citizens and the world is full of new opportunities and exciting possibilities. We also deliver world-class products and services.
- **Creative:** Creativity belongs to those of us who are excited by challenges and engage them in fresh thinking and an open mind. Creative thinkers are not limited by convention but allow their minds to soar beyond predictable solutions.
- **Trustworthy:** Trust is the foundation of every successful relationship. We trust because we believe in the sincerity of our promise. Building trust can take forever. Losing takes only moments.



3.0 - Project

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3.1 – Introduction of the project

As part of my BBA Program I am required to be a part of an organization and apply my leanings of the whole program while learning about the organization and overall job market through work experience. As a result, I have acquired the privilege of working as a “Business Development Officer” at Standard Chartered Bank from 15th June, 2016, where I am still currently employed.

Because I did not have any previous experience of working in a bank or in any other corporate organization, I was nervous yet excited while joining. During this period I went through an intensive 15 days long training session which enriched my knowledge about the products and facilities offered by Standard Chartered Bank down to the last detail. Throughout this session I was adequately groomed and prepared to conduct my job as a “Business Development Officer”. Finally after passing the test at the end of the session I was placed in the Saadiq Branch under the immediate supervision of Sharmin Billah, “Business Development Manager” and a team leader of Employee Banking department. The work experience gave me a good idea of the overall banking system in Bangladesh and taught me professionalism at work place.

3.2 – Job Responsibilities

My responsibilities as a “Business Development Officer” is enlisted below

- Acquire new clients through account opening, providing credit cards or loans
- Visit enlisted organizations and provide guidance and solution to service queries of the employees
- Process loan, credit card and account opening form upon collecting from the clients
- Submit the form to operations team for further processing
- Keep tract of the forms and inform the clients about the progress.
- Maintain good relationship with the clients by providing quality service

3.3 – Problem Statement

Customer satisfaction is a business term that measures how product and services supplied by a company meet or surpass customer expectation. In today's business world it has become a key performance indicator. Customers' perception of service and quality of a product will determine the success of the product or service in the market. With better understanding of the customers' perception Standard Chartered Bank can determine the actions required, for meeting the customers' needs, in a highly regulated and competitive sector like banking, customer satisfaction is embedded into the core business strategy. It is an ambiguous and abstract concept and the actual manifestation of the state of satisfaction will vary from person to person and service to service. The state of satisfaction depends on a number of both psychological and physical variables. However, customer expectations are customer defined attributes of the service that Standard Chartered Bank needs to meet or exceed in order to achieve customer satisfaction (Afreen, 2012).

Innovation of new technology, process improvements, changes in priority, better quality service provided by Standard Chartered Bank's competitors are few of the many reasons why customers' expectations may change. As a result, banking sector of Bangladesh faces a very high competition, not to mention that the banking sector in Bangladesh has gone through a series of changes considering the recent financial scandals from "Hallmark" to the major fund loss of Bangladesh Bank. As a result the customers have become more reluctant and losing their faith over financial institutes. So, Standard Chartered Bank has also made some recent changes in their strategies and tactics to make profit and contribute to the growth of the company.

As part of the changes, the bank has recently hired around 300 employees in various units, many of whom are fresh graduates to help the organization onboard a new and fresh market niche. The recent recruitment was done under the goal of "bringing the bank to customer" that includes recruiting agents who go straight to the customer and provide banking facilities instead of the customer going to the bank. All those changes were infused by the tactic to serve the customer better achieving better customer satisfaction level compared to the other competitors.

3.4 – Purpose of the Project

I have selected this topic based on the practical knowledge that I have had the chance of gathering over the last few months. However it is my objective to evaluate the performance and satisfaction level provided by all the banks and come to a conclusion with my own suggestions.

The objective of the study is to learn about the multinational banking in Bangladesh like standard chartered bank. There are many others purposes as follows:

- To know how Standard Chartered Bank as a MNC operates all over the world.
- To know what are their goals and challenges.
- To know how Standard Chartered Bank becomes the world best multinational bank.
- To know how the Standard Chartered Bank provides world class services to their customers.
- To know about the performance of the Standard Chartered Bank.
- To evaluate customer satisfaction of SCB.
- 7. To gather practical experience as a complete business personnel in real professional life. & last of all
- To fulfill partial requirement of completing the BBA Program. (point)

3.5 – Timeline

The timeline of the study is the entire time from the day I began my journey at Standard Chartered Bank, at 15 June 2016, until the last day of submitting this report. However I have also used some secondary sources for survey data and their evaluation that dated their survey duration from April of 2009 to May 2009. Also, I have analyzed this report based on the knowledge I have had the chance of acquiring over the last few months. However, this study can be used on a future timeline provided that the socioeconomic situation remains similar and can also be carried

out on developing and developed economies although some aspects may be subject to change. Furthermore this structure can be used to conduct a study in other service sectors by adjusting the structure based on different industrial setting.

3.6 – Limitation

- People’s perception about qualitative data may vary widely depending on the situation and background
- The sample of the primary data was selected according to convenience
- The primary respondents answer was on a casual note on various occasions

3.7 – Methodology

The main objective of the study is to determine the customer satisfaction level of four banks: EBL (Eastern Bank Limited), DBBL Dutch Bangla Bank Limited), HSBC Hong-Kong Sunghai Bank Corporation) & BRAC Bank and compare it with the results of Standard Chartered Bank’s.

In order to conduct this Study report Both Primary and secondary data has been used. The primary data has been collected through face to face conversation with customers enjoying the service of any one of the above mentioned banks, specially the Standard Chartered Bank. The secondary data has been collected from published literature, journals and other academic reports submitted by the students of various academic organizations such as BRAC University.

The secondary source that I have used has conducted a survey including 100 customers and 20 from the main format used for accessing customer perception of service quality in all the mentioned banks is SERVQUAL. This method has been used by many as a prominent method to measure customer’s perception of service quality.

The five generic dimensions of SERVQUAL are mentioned below:

- **Tangible** : Physical facilities, equipment and appearance of personnel.
- **Reliability** : keeping the service promise accurately and dependably
- **Responsiveness** : providing prompt service with the willingness to help the customer.
- **Assurance** : product knowledge and courtesy of the employees and their ability to establish trust among customers.
- **Empathy** : customized attention based on the clients' needs that the organization provides.

For this report, the primary data was analyzed on a non-difference score measure was used and the score for each dimension of service quality was compared by taking the average score in items making up the dimension, and in this case three items per dimension.

The method used to calculate un-weighted SERVQUAL score is given below:

Average Tangible SERVQUAL score	
Average Reliability SERVQUAL score	
Average Responsiveness SERVQUAL score	
Average Assurance SERVQUAL score	
Average Empathy SERVQUAL score	
TOTAL	
AVERAGE (= Total / 5) UNWEIGHTED SERVQUAL SCORE	

SOURCE:Chase, Aquilano, and Jacobs, 2001

Figure 3 : calculation to obtain un-weighted SERVQUAL score

The questionnaire used on the primary data collection was obtained from SERVQUAL's questions list. It was constructed by academic experts and is being used by several fellow surveyors. It was developed to identify the underling dimensions of service quality. All the questions covered the five dimensions with each question being asked using a likert-scale of 0 to 10, where 0 being the poorest and 10 being the best response.

The primary data was collected by distributing the questionnaire to 100 randomly selected customers while picking 20 from each bank. Descriptive statistics were used to make comparison among banks. Mean and Standard deviations were used to understand the overall service quality of each bank.

Multivariate and bi-variant regression analysis were performed to understand the overall quality as well. All the regression were linear in parameter. Also, 2 hypothesis was tested one being null hypothesis (H0) and another being alternate hypothesis (H1).

3.8 Findings

The overall perception of customer regarding the service quality of the banking sector has been assessed in terms of derived score of responsiveness, reliability, tangibility assurance and empathy and overall service quality. The following table contains mean score obtained from survey and also remarks on the customer service of the banking sector of Bangladesh.

Factor	Mean	Remark
Reliability	7.157	Satisfactory
Responsiveness	6.560	Moderate
Assurance	6.727	Moderate
Empathy	6.153	Not Satisfactory
Tangible	7.293	Satisfactory
Overall service Quality	7.060	Satisfactory

***7 or above: satisfactory, 6.5-7: Moderate, below 6.5: Not satisfactory

Figure 4 : the overall satisfaction level of banking sector

Comparison of customer service quality among Banks:

Reliability

From the figure below it can be seen that HSBC has the highest reliability score of 7.52 and EBL has the lowest of 6.6. Whereas SCB is holding the second position here with 7.4. Even though both HSBC and SCB are third generation foreign banks operating in both within and outside of the country, SCB still has to earn their clients reliability through keeping their core brand promise which is “here for good”

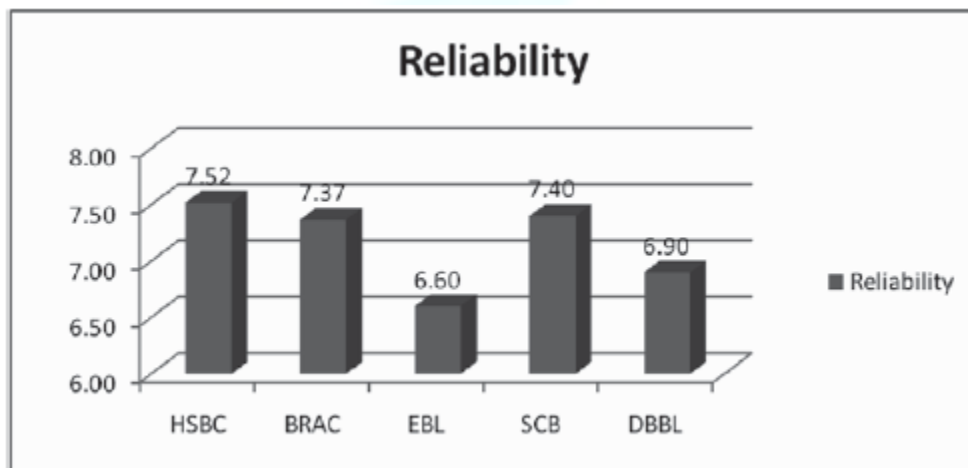


Figure 5 : overall reliability of five banks

Responsiveness:

The figure clearly indicates that when it comes to responsiveness, no one can come even closer to BRAC Bank with a 6.97 responsiveness score, where EBL has again failed to respond to their clients on relation to the other four banks with the score of only 6.15. Whereas, SCB is again just below HSBC with a 6.52 score. However, SCB has recently strengthened the phone banking service. It is a 24/7 service oriented unit that concentrates on the privacy of the clients. To maintain the confidentiality and avoid phone banking related crimes each client is given a individual TIN (Telephone Identification Number) and also ask question in 2+1 method every time a client calls the call center. The 2+1 method is the system where clients are asked 2 variable question (i.e. - last transaction amount, last bill payment date) and 1 static question (i.e.- mother’s name)

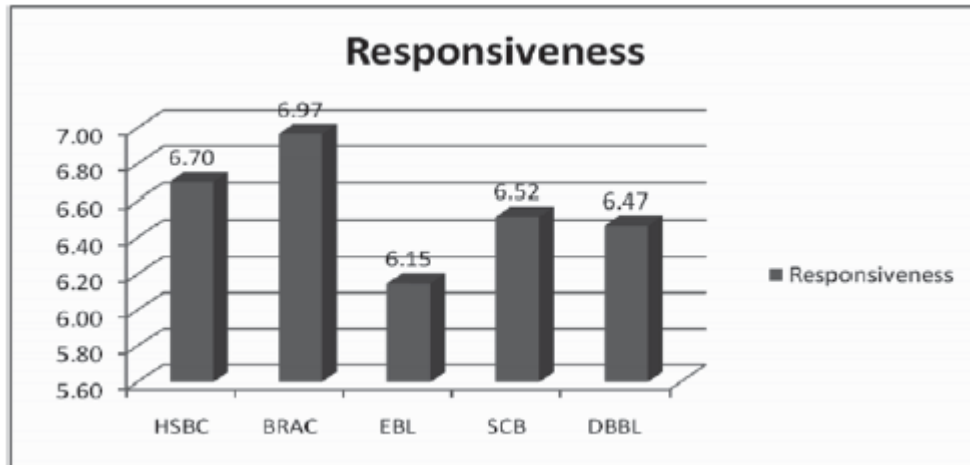


Figure 6 : relative responsiveness of five banks

Assurance:

In terms of assurance SCB again fails to satisfy their clients as they hold the fourth position among the five banks. The solution to this problem can be keeping in touch with the clients. After onboarding a client it is necessary to keep a relationship with them to make them believe that the bank is always there for their needs. To emphasize this better, SCB has employed RMs (Relationship Managers), an assigned person for both a specific organization and certain customers who are there for clients every financial solution and the key contact person assigned by the bank itself.

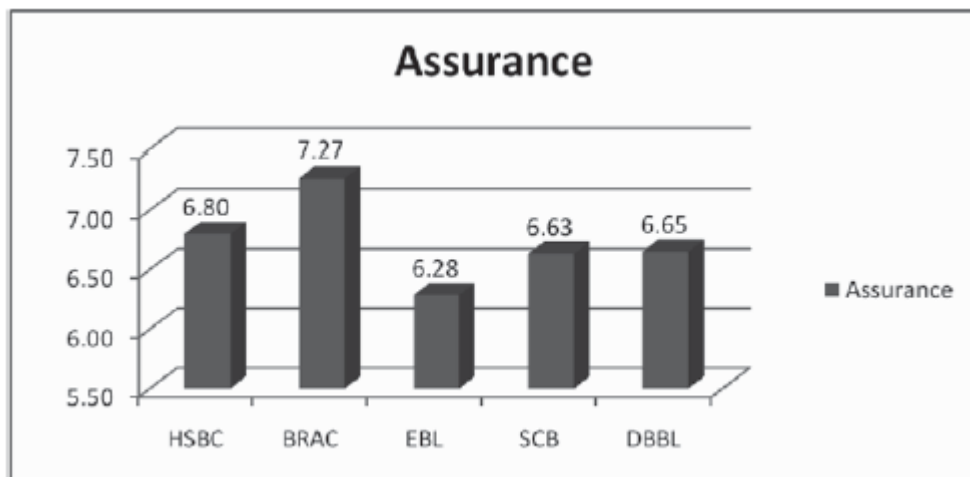


Figure 7 : relative assurance of the five banks

Tangible

In terms of tangibility, DBBL has the lead, most likely because of the huge number of ATM booths that they have placed in many locations of the country. However very recent, from the middle of August 2016, SCB has decided to waive the charges regarding interbank transaction that takes place while withdrawing money from another banks ATM booth, for certain organizations. Now those clients can use any banks ATM booth to withdraw money using their debit card without any extra charges (previously charged 15 tk + VAT, per withdrawal)

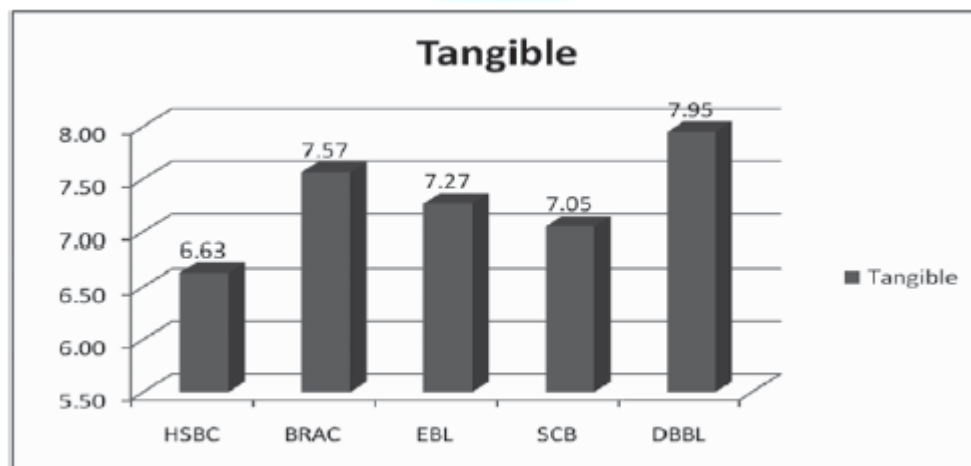


Figure 8 : relative tangibility of the five banks

Empathy

In terms of empathy, BRAC Bank and DBBL has a huge lead among all the other banks. Banks are generally not known for their emotions but DBBL has found their niche on this sector. However, SCB still has a long way to go to gain clients trust over empathy while taking the 4th position among five banks. But, SCB has long been associated with the insurance company Metlife Alico and Pubali Insurance to offer a bundle insurance facility along with their loans and credit cards at a very affordable cost (470 tk per lac per year for Personal Loan, 570 tk per lac per year for Mortgage) to ensure the clients/client's family don't have to take the burden in case of the clients sudden death or permanent disability, provided the fact that the client avails insurance option while taking the credit facility.

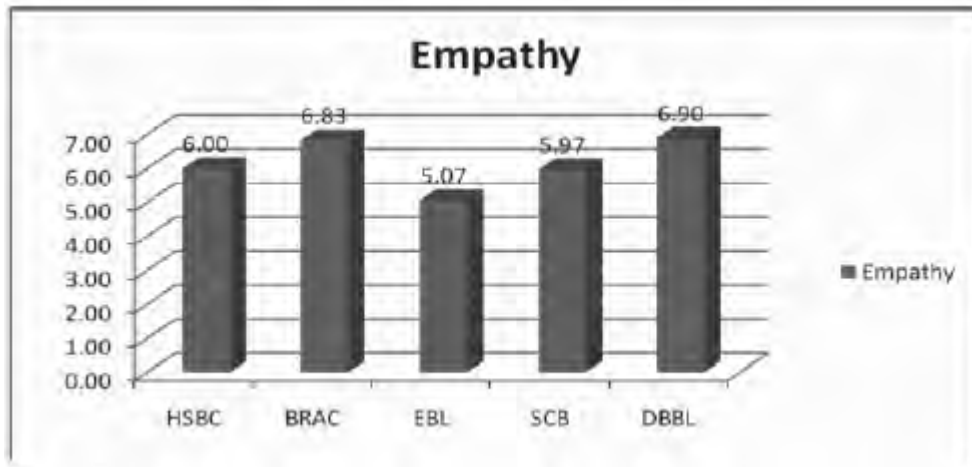


Figure 9 : relative empathy of the five banks

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3.9 – Recommendation

In the fast evolving world, it is very necessary for each and every organization to build a strong presence in the market by maximizing profit margin by satisfying their customers as much possible. As a bank, the manager has to identify the strategies that align, fit or match the banks' resources and capabilities to the demands of the environment in order to exploit opportunities and counter threat and to correct company weakness building on the strength. It is like a process containing corporate planning, performance analysis, program or service delivery, and evaluation and review.

As part of the SCB Employe Banking sector, I think the following recommendations will help them to improve the customer care,

- Service Charges should be reduced.
- SCB can take initiative to lower the average monthly balance for Super Savers.
- Number of counters should be increased.
- Locker service should be improved.
- SCB can hire more knowledgeable sales executives, who can provide accurate information to the customers.
- SCB can hire more knowledgeable sales executives, who can provide accurate information to the customers.
- Should have proper and on time customer care.
- SCB should have its own courier system to transfer requests to main house and accounts section to increase the safety of the documents and efficiency. This will also reduce discrepancies like documents lost, late delivery and difficulty in tracking. (Rumi, 2012)
- The working process faster with better computers and operating systems.
- Individual attention can be given to customers in order to understand the

customers need and better satisfy them.

- More ATM booth in merchant location.
- More Gifts, Discounts as well as differentiated interest rates on several loan and deposit schemes for the Premium Customers.
- Ensure availability of Machineries: Every department should ensure the availability and proper maintenance of necessary machines like photocopy and printing machines. (Naorin, 2016)



Standard
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3.10 - Strategies of Standard Chartered Bank

To achieve the objectives, Standard Chartered has underlined some strategic pillars in their annual report 2010, which are as follows:

- Geographic focus on Asia, Middle East and Africa- SCB is trying to focus on these fast growing markets by creating and utilizing existing competitive advantage built up through superior insight and deep, direct local relationships.
- One bank with two strong businesses supporting each other- SCB's consumer banking and wholesale banking divisions are both strong businesses in their own right and work together to complement and support each other
- Client-focused rather than a product-focused approach- SCB focuses activities and creates capabilities focusing on clients rather than seeking rapid returns on products or creating unnecessary products
- Distinctive culture and values- The bank's unique culture and values provide it with a distinct advantage, as it has allowed to build brand value among customers, and to attract talented employees and to create good relationship with governments and regulators.
- Conservative and disciplined on risk, capital and liquidity- SCB puts more importance on its balance sheet quality than its income statement and is willing to sacrifice profits to ensure quality of the balance sheet.
- Scale positions in significant local markets- SCB wants to become an important part of the banking system in whichever country they operate.
- Organic growth: the primary driver for strategy and value creation- SCB believes that organic growth creates greatest value for shareholders and only explores acquisitions if organic growth does not happen within reasonable time.

3.11 - Standard Chartered Bank Internal Analysis

SWOT Analysis

The SWOT analysis comprises of the organization's internal strength and weakness and external opportunity and threats. SWOT analysis gives an insight of what they can do in future and how they can compete with their existing competitors. This tool is very important to identify the current position of the organization to others, who are playing in the same field and also used in the strategic analysis of the organization.

Let's see the SWOT of Standard Chartered Bank in Bangladesh:

S = *Strength*

- SCB is the largest MNC Bank operating in Bangladesh. It has a very strong wide range of client base and is operating efficiently in this country.
- SCB enjoys the first mover advantage because of its entrance in Bangladesh for over 50 years. SCB has already established a satisfactory financial standing and is far ahead from the new and existing entrants in the banking industry of Bangladesh. Their growth rate was quite impressive in the recent past which was due to the increase in number of deposits and the loans and advances.
- Another important strength of the bank is its global connectivity. It has its business in Asia, Africa and Middle East. The Bank capitalizes on its onshore presence across Asia, Africa and the Middle East to offer customers convenient and reliable access to the widest range of currency markets, to date local market information, country-specific global risk management strategies, and customized capital raising and liquidity management solutions.
- The bank offers online banking, which is relatively a new concept in Bangladesh. Only few banks are providing this service. They also used advanced technology in every sector to maximize the customers benefit. The bank has established a call center in order to make the customers' instant banking needs.
- The bank's internet banking is the fastest possible service allows their customers to bank from wherever they desire, in total security and confidentiality. Services available through iBanking are account services, credit card payments, credit card services, fund

transfers, standing orders and market watch.

- SCB has the reputation of being the provider of good quality services to its potential customers. This has been possible due to the dedication of the work force.
- Employees are smartly groomed and their communication skill is appealing enough that today's banking industry demands.
- SCB's banking experience for more than 60 years provides SCB the strength of being the market leader in the foreign banking sector. This strength of SCB is totally unmatched by any other multinational bank in Bangladesh, as the long term success of a bank heavily depends on its reputation while dealing with every sensitive commodity like money.
- SCB is the first bank in Bangladesh to issue Money link (ATM) card. As the market leader, they showed the most substantial corporate strength among the foreign banks by grabbing the opportunity that exists in the market.
- Standard Chartered Bank has a bulk of qualified, experienced and dedicated human resources.
- SCB's dedication is supreme in providing the best phone banking services in town. It is also keen to provide unmatched and instant 24 hour banking service and has opened the Call Centre at Lotus Kamal Tower in Nikunjo, Dhaka. The call centre provides services which the clients can enjoy sitting at home, e.g., balance enquiry, Pay-Order requests, statement request etc.
- New ATM booths are to be in place by the end of next year all over the country. This will give SCB customer an easier and ready access to cash even in locations where the branches are far away.
- SCB uses the 'ebbs' at all its branches and head offices. The software is capable of producing various reports for reporting to Central Bank as well as to Head Office and provides online display of specimen signature cards. It also is used for cheque book request, statement prints and general enquiry about client accounts. The software has reduced duplication of works as well as manual works at various levels.

W = *Weakness*

- After the acquisition of Grindlays and American Express the customer of these three banks become the customers of just one bank and that is Standard Chartered Bank. The numbers of employees are not enough to give proper services to this huge number of customers.
- Standard Chartered Bank use technology in every sector more than any bank. In this way they established an auto-bills pay machine to pay the credit card bills. It actually saves customers' valuable time. But most of the people of our country do not feel comfortable to use this high technology and the bank does not take any initiative to teach the people how to use it. Because of this customers face a lot of problems when they want to pay their bills.
- SCB has few branches than that of their local competitors. Serving such a huge customer base will definitely require branches to be opened up in the long run. Otherwise customer will have to wait in long queues in other branches which will hamper their service quality.
- The banking industry is now experiencing the contractual employment fever that has started up and SCB has also fallen prey to it. Self-interest of the employees are actually hindering their performance because SCB is employing individuals from other agencies and giving them tough targets to reach and thereby not giving them the full benefits of a permanent employee.
- SCB is also facing problem in its system of collection and disbursement of cash. Many customers do not bear the proper knowledge as to the process of depositing and withdrawing money. The bank does not take many steps to assist them either.
- Another weakness of the bank that can be sighted is poor coordination and communication between the head office and branches. As the head office undertakes many projects, the activities are hampered due to some activities of the branches.
- SCB at present is one of the few banks that offer a very low rate on deposits. Banks, who is offering better prospects, now enjoys customers switching to them as SCB offers low deposit rates and has set the minimum balances too high.
- Standard Chartered Bank has more and high fees and charges compared to its rivals.

O = Opportunity

- The banking sector in Bangladesh is growing very fast, which is a big opportunity for Standard Chartered Bank to expand their business. More Branches around Dhaka specially and all over Bangladesh will enable SCB to capture more market share, and hold a stronger competition against local banks.
- The bank can use market segmentation strategy in order to give the right services to the right people at the right time.
- Standard Chartered Bank can expand their product line to meet broader range of customer needs.
- The bank increases their number of employees to give prompt services to the customers and can improve the service quality of Consumer Banking service.
- The Bank can arrange some training sessions to teach their employees about the services of other departments of SCB so that can guide the customers properly.
- Standard Chartered Bank can increase the number of their offset ATMs in Khulna, Bogra, Sylhet, Narayanganj and Chittagong to make their services available to most their customers.
- Standard Chartered Bank was approved of the permission to start Islamic Banking from The Government of Bangladesh. The bank now has a whole new prospect opening up and also the opportunity to introduce a wide array of Islamic Banking products. It also has the prospect of expanding its customer base.
- By offering more attractive interest rates, and lowering the minimum balances eligible for interest, the bank can attract a lot of the old customers who have strewn away to other banks as well as new customers.
- More Branches around Dhaka specially and all over Bangladesh will enable SCB to capture more market share, and hold a stronger competition against local banks.
- The activity in the secondary financial market has direct impact on the primary financial market. Investment is a national socio economic activity and activity in the national economy controls the bank.

T = *Threats*

- Because of the restriction imposed by government on expansion of the bank despite of their keenness SCB cannot increase their number of branches.
- Opening of new bank, without implementation of the needed reforms, are lead the unethical competition and horse-trading in the country's Banking sector.
- The greater threats of the banks come from the competitors. As the competition increase Standard Chartered Bank has a chance to lose its market share to the competitors like CITINA Bank., BRAC Bank, HSBC, Prime Bank, Eastern Bank etc if it does not take necessary.
- Other banks (i.e. Jamuna Bank Limited, Southeast Bank Limited etc) are offering higher interest rate on fixed deposit then SCB (10%-12%), which is a great threat for SCB. This can cause them to lose their customers. If people do not make deposit than the source of fund will become higher for this bank.
- The interest rate on a loan is much higher than other banks (i.e. Eastern Bank Limited, Dhaka Bank etc). As a result people are reluctant to take loan from Standard Chartered Bank, which can be a great threat for this bank.
- People do not feel comfortable with the high charges of SCB. The service charges of this bank are much higher than other banks and this can cause them to lose their valuable customers.
- National and global political unrest can be another threat for the bank. In today's economy, substantial amount of savings is remaining idle. Currently foreign direct investment in the country is very low. These economic situations of the country indicate political threats.
- During the last 10 years the banking industry has become considerably monopolistic and hence SCB is starting to lose its market share to its rivals due to low barriers to entry, and the local banks' increasing aggressiveness.

3.12 - Standard Chartered Bank External Analysis

Industry Analysis

There are four types of banks in Bangladesh- public banks (i.e. state owned banks), private commercial banks (privately owned banks), foreign commercial banks (subsidiaries of multinational banks) and specialized banks. According to Bangladesh bank, there are 53 banks in the country with funds under management of \$ 32 billion.

Out of the banks, 4 are public banks, 32 are local private banks, 9 foreign banks, and 8 are specialized banks. SCB currently holds a 4% market share in the industry based on funds under management.

Sonali Bank is the largest public commercial bank while Pubali Bank is the largest private bank and Standard Chartered is the largest amongst the foreign banks. As of June 2000, there were almost 6,038 branches of commercial banks all over the country with around 40% situated in urban areas and 60% situated in rural areas. All scheduled banks of the country are regulated by Bangladesh Bank.

Currently the market is deemed to be oversaturated with banks according to many experts, and this they feel had a large impact on high inflation in the country through their effect on money supply. Bangladesh Bank has not provided permission for setting up of new banks since 2001 to tackle this problem, but recently many new applications have been made to Bangladesh Bank for permission to set up new banks.

Because of the high number of banks, competition is rather fierce in the industry. Although all banks provide a wide range of services to a wide range of clients, within the industry, different classes of banks have tried to create niches for themselves. For example, the public banks have significantly more branches than other banks and therefore have a stronghold in providing banking services in rural areas. On the other hand local businessmen and local corporate clients prefer banking with local private banks and thus local private banks have emphasized on serving such clientele as well as professionals. Most of the multinationals in Bangladesh carry out their banking relationship solely with foreign banks. Thus serving global corporate has been the stronghold for foreign banks operating in Bangladesh.

Standard Chartered has emphasized on providing corporate banking services, enjoying a great reputation among both local and foreign corporate clients and is one of the leading corporate banks in the country. However it has also invested the most among foreign banks in consumer banking and has much more branches compared to other foreign banks. But still it is lagging behind local public and private banks when it comes to consumer banking.

Porter's 5 Forces Model

Analyzing the Porter's five forces model we can trace the position of Standard Chartered Bank at banking industry.

Barriers to entry:

Barrier to entry is the first force of M. E. Porter's five forces model. Potential competitors are companies that are not currently competing but there is always a possibility that they can enter the industry if they choose. Banks operating currently are building entry barriers to make potential entry of new companies more difficult and moreover it would be harder for new companies to start making profits. Barriers to entry are factors that make it costly for the companies that are not currently competing in the industry but have the capability to do so to enter into the market. Entry barriers such as cost advantage, brand loyalty all come into play when deterring new entrants. SCB off course has a cost advantage because of its operational efficiency and procurement of cheaper funds. Likewise customers are aware of the brand image SCB portrays.

The trend of new banks coming up shows that the threat of new entrants is high as there are more banks that are coming up to satisfy customers. Emergence of some local banks following foreign banking strategy and introducing foreign products creates competition. Moreover, some foreign banks like HSBC, Citibank, Commercial Bank of Ceylon and Bank Alfalah started their operations in Bangladesh with a view to grab a large share of this emerging market share. The number of banks is increasing at a faster pace for the last 6 to 7 years. The banking sector in Bangladesh is under consolidation and strong competition and is expected to continue to do so in the next few years. Because of that threat of potential entrants is high.

Apart from these competitions Standard Chartered Bank enjoys early entrant's facility and

market leader facility. Brand loyalty made it difficult for new entrants to take market share away from Standard Chartered Bank. A large customer base contributed to economics of scale for Standard Chartered Bank. So new entrants face the dilemma of suffering cost disadvantage.

Rivalry among Established Firms

Rivalry among existing firms is the second force of the Porter's five forces model. Fierce competition is going on among the foreign banks for increasing their respective market share. There are five foreign banks in Bangladesh. Historically Grindlays had the largest market share among the foreign banks but after acquisition of Grindlays, Standard Chartered became the giant with around 70% market share of the total foreign banks. Very recently acquisition of AMEX made SCB a giant. Market of the foreign banks is limited in our country because some people or organization will not come to foreign banks. On the other hand, these banks are sometimes not able to meet the large credit requirements of some big corporate client. So they will prefer nationalized banks for their deposit as well as credit facility.

Citibank started their operation recently and HSBC has a plan to expand but the market is limited or growing very slowly. As a result banks must grab other bank's share to increase its own. Commercial Bank of Ceylon and Bank-Al-Falah are complacent with their operation but do not want to lose their existing market share.

In this situation, increasing one's business means another losing their share. So the sector became extremely competitive. The new strategy of the foreign banks is to attract the clients of the private banks.

The market share the BCG matrix is in terms of the deposit base and the market share growth rate in is constant rate at which the deposit grows. After analyzing the market, financial and feedback data SCB has been to be approximately in the position of the star. SCB holds around 70% market share among the foreign banks and still its growth is satisfactory.

Bargaining Power of Buyers:

Bargaining power of the buyer can be viewed as a competitive threat when they are in a position to demand lower prices from the company or when they are in a position to demand better service that can increase operating costs. On the other hand, when buyers are weak, a

company can raise its prices and earn greater profits. For the banking industry buyer means customers who take loans from the banks.

The bargaining power of the buyers depends on the following factors:

- **Number of loan applicants**

There are closer to 52 banks in our banking sector including multinational and nationalized banks. But, there are very few original loan applicants in our country. The investment opportunity in the country is not growing as well. So, banks are sitting with their money to service loans. As a result, competition for doing business is increasing day by day among established companies. This means that banks have to provide loans at a lower interest rate.

- **Switching Cost**

Switching cost is very low in banking industry. Every bank is giving similar types of loan at more or less similar interest rate. So, an individual who wants to take loan from banks can switch to other banks if he or she doesn't like the terms and conditions. Customers of SCB may switching to other banks because of low interest rate, less rigid procedure for loan applications and lots of other reasons. Lower switching cost makes the industry more competitive.

- **Backward integrations**

In the banking industry, there is always a chance for threat of backward integrations. Big multinational companies or corporations can be a threat to the commercial banks through arranging their funds by forming their own banks where the cost of fund is low compare to other banks. For this reason, giant customers of this industry always possess more power than their banks.

- **Loan amount**

Creditors are considered to be the buyers of the banks. There are thousands of creditors from all walks of life. Mainly businessmen are the major buyer of bank's credit. Big amount creditors have strong powers in determining interest rate of their credit amounts. Likewise if a good

collateral is provided then also the buyers bargaining power increases. Banks distinguish their prime customers from others by setting a prime interest rate for them.

Therefore the bargaining power of buyer is also high. Market being competitive bargaining power of the customer is very insignificant compared the total deposit. But some corporate entities have large deposits in Standard Chartered Bank, so they possess strong bargaining power and they get special rates from the bank. There are still very few foreign banks with wide range of services like Standard Chartered Bank and the customers of foreign banks do not go for other domestic banks. So their choice is limited and bargaining power lied with the bank to some extent.

Bargaining Power of Suppliers:

Bargaining power of suppliers can be viewed as a threat when they are able to force up the price that a company must pay for its inputs or reduce the quality of the inputs they supply, thereby depressing the company's profitability. On the other hand, if suppliers are weak, this gives the company the opportunity to force down prices and demand higher input quality. For the bank the main supplier of fund is depositor. Bank also gets its funds from the shareholders or directors.

The bargaining power for individual customer and corporate customer is very different. The main reason behind it is that the deposit of an individual customer is very insignificant compared to the total amount of deposits. Some corporate entities do have large deposits in SCB, and exercise strong bargaining power to receive special rates from the bank. SCB is currently market leader in providing wide range of banking services as result of that they have strong strategic advantage.

The strength of the suppliers depends on the following factors:

- **Investment opportunity**

SCB has a good financial standing and its capital structure is satisfactory. By looking at the present industry situation the bank wants more money right this moment because there are potential opportunities for investment by providing loans to the industrial sector. For this reason the banks need deposits. Moreover the industry being in the

growth means that the demand for the banks product is high which in turn means that banks need to gather more deposits. But the fund suppliers (depositors) are engaged in individual savings such as Bangladesh SanchayaPatra (SP). So the fund suppliers have more bargaining power.

▪ Forward integration

Sometimes suppliers of funds can be a threat to the bank as well. Corporations or big multinational companies can be threat to the private bank through forming another bank for depositing their money. They will supply their funds to their own banks instead of funding to other banks. So, this can be lead to a higher competition in procurement of fund.

▪ Deposit amount

Depositors are considered to be the suppliers of the fund to the banks. There are thousands of depositors from all walks of life. There are businessmen, service holders, farmers, students, and people from virtually any other profession who are depositors

of the banks. Big amount depositors have strong powers in determining interest rates of their deposits. Considering all these factors the bargaining power of the supplier is considered to be moderately high.

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Threats of Substitute Products/Services:

The industry is represented by other financial institutions whose operations are closer to that of a bank but they are not on a large scale. These substitute institutions include leasing companies and insurance companies. The presence of these institutions will hamper future profit potential and growth of existing commercial banks in the industry. Industrial Promotion and Development Corporation Ltd. (IDLC), Industrial Promotion and Development Corporation (IPDC), United Leasing Company is the 'substitutes' that are currently operating. Operations such as exporting /importing have no substitutes whereas Vanik Bangladesh Ltd. provides investment banking facilities. In banking industry substitute products are very easy to find.

We need to consider all types of substitute products for the banks. Different private and nationalized banks are offering similar products, which are close substitutes. On the other hand, some non-bank banks like insurance companies and leasing companies are also competing indirectly with the commercial banks product.

All the products of the commercial banks perform similar functions. Taking the money from the depositor and sanctioning loan to investors are the main functions. They all do it a similar manner. SCB is not any different from them. Since functional similarity is high in banking industry, so competition is also high because customer can switch at any time they want without incurring high switching costs.

Products offered in banking industry are very identical. All the banks offer virtually the same products with same characteristics. Only few large multinational banks of our country are offering some differentiated products but the ratio is very low. The threat of substitute product is moderate as in the longer term these substitute intuitions will grow with a greater customer base offering similar services as the traditional local and foreign banks.

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