



Internship Report On

*“Analysis of SME (Small and Medium Enterprise)
Banking of BRAC Bank Limited”*

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Letter of Transmittal

25th March, 2013

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Subject: Submission of the report.

Dear Sir,

I would like to thank you for giving me chance to prepare internship report on this topic “Analysis of SME (Small and Medium Enterprise) Banking of BBL”. This task has been given me the opportunity to explore one of the most important aspects of the BRAC Bank SME sector which is the core banking activities of BRAC Bank.

The report contains a comprehensive study on the small and medium enterprise loan of BRAC Bank Limited along with my job part. I would like to mention that, I tried my best to prepare this report to my greater extent through study, analysis, discussing among the clients & managers of BRAC Bank to make it a comprehensive one. I hope that you will overlook it with kind consideration. I am still learner and will give me the necessary suggestions that you always give for the improvement of my future. I again express my heartfelt gratitude to you to give me the opportunity of analyzing this topic.

I would like to place this Paper for your evaluation & recommendations.

Thank you,

Sincerely yours

Md. Faruk Hossain

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BRAC Business School

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Acknowledgement

With deep interest I had started my work. This “Internship Program” is just a part of BBA requirement under the BRAC Business School. I am greatly indebted to my honorable academic supervisor Mr. Showvonick Dutta who has supervised, instructed & directed me to complete my Internship report.

I am also grateful to Ms. Puspita Bardon, AVP, “Fixed Assets, compliance & payment, Finance Department, Head Office – Annex Building, BRAC Bank Limited who has helped me very much by providing me various documents and information of BRAC Bank Limited which is the topic of my Internship Report. Also thanks my site supervisors Mr. Abdullah Mamun (Millon) associate managers fixed assets, Finance dept. Furthermore, my heartfelt thanks to my immediate supervisor Mr. Abdullah Al-Mamun who directed me enormous learning opportunity, Officer, fixed assets, Finance dept. The Regional officer, other officers and staff also helped me by providing the actual data and correct information. I am also grateful to them.

Besides I am also grateful to the authors, researchers, and articles writer who’s Books, Reports, Thesis papers and journals that have helped me to prepare my Internship Report successfully.

PREFACE

My Internship Report on the topic of “**Analysis of SME Banking of BRAC Bank**” as a part of my completing BBA degree which reveals not only read but also realizes the subject deeply to accomplish professional knowledge. So it is very necessary to achieve practical knowledge and clear concept about the subject. The practical experience also helps the learners to gather new idea and techniques. Form this view the BRAC Business School of BRAC University, has introduced an internship program in order to obtain practical knowledge with the different fields of business.

To full these criteria, I had to work in BRAC Bank Limited at Head Office. In this study and observation about three month I have gathered knowledge on “**Analysis of SME Banking of BRAC Bank**”.

After all my deepest pleasure to submit this report to my honorable supervisor and respected teacher Mr. Showvonick Dutta, Faculty & Lecturer BBA Program, BBS Department, BRAC University.

Md. Faruk Hossain

Executive Summary

This report aims at providing an overall analysis of the repayment behavior of the SME loan borrowers of BRAC Bank Limited. Before going to the analysis, it is mandatory to know something about the organization, its service, and its core products that it offers to its customers; about the SME loan, its classifications and the whole of its process starting from loan sanction to recovery and closing of the loan.

That's why, first of all, I made an overview of the organization, BRAC bank Limited, where I had completed my internship program. Here I tried to focus the bank's history of origination, its mission and vision, major departments and business units and major products and services. Then I said something about Asset Operations Department, the department where loan is analysis. SME is the next section where I gave my concentration. Here I focused on the terms and conditions of giving SME loan, enterprise selection criteria and documentation. Then talked about the procedure of SME loan where I delineated the sanction, disbursement, repayment and closing of SME loan.

After talking about the whole process of SME loan, I made an attempt to analyze the repayment behavior of SME loan borrowers. For this end in view, I have collected information about 29 SME borrowers from 10 branches in different locations. So, by using these sample through spss software I analysis the SME service, loan paying ability, most popular products, average recovery rate, satisfaction of clients in terms of service etc.

Finally I got some findings from the analysis of the repayment behavior of SME loan borrowers. Then I conclude my report saying some policy implications, improvement of services & products.

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1.0 Introduction:

Banking Industry is one of the most promising industries of our country. Generally by the word 'Bank' we can easily understand that the financial institution deals with money. There are different types of banks such as; commercial Bank, Agricultural Bank, Industrial Bank, Savings Bank & Exchange Bank. But when we use the term 'Bank' without any prefix, or qualification, it refers to the 'Commercial Bank'. Commercial banks are the primary contributors to the economy of a country. It helps to flow funds from surplus unit to deficit unit and through this it facilitated the efficient allocation of the resources as well as accelerated economic growth. This sector is moving towards new dimension as it is changing fast due to competition, deregulation and financial reforms.

As the pace of globalization competition in banking sector is increasing very fast, Banks are becoming more customers oriented and offer High tech customized products to its target market to hold the market. Banking Industry is moving towards rapid changes though technological innovation and diversified needs of its customers. Our central bank always keeps monitoring banks performances. Individual banks also need to assess their own performance to satisfy the parties those are related to its growth-

- ◆ For Shareholders.
- ◆ For depositor.
- ◆ For Bangladesh Bank.
- ◆ For its own Assessment to view the future growth and profit trend.

As a result, it has become essential for every person to have some idea on the bank & banking procedure.

1.01 Origin of the Report:

As a mandatory part of the BBA program, the students of BRAC University have to submit an internship report, which reflects their activities during the program, So that I prepare my report on "Analysis of SME Banking of BRAC Bank Limited", which was assigned by my internal supervisor Showvonick Datta, Lecturer of BRAC University.

1.02 Broad Objective

- ◆ To know details of SME loan in BRAC Bank Ltd
- ◆ The functions of SME conducted by BRAC Bank in the rural and remote areas of Bangladesh

1.03 Specific Objectives

- ◆ To know the SME loan activities in BRAC Bank
- ◆ To find out importance of SME loan
- ◆ To know the requirements to get SME Loan
- ◆ To know the enterprise selection criteria to provide SME loan
- ◆ To analyze the Marketing Procedure of SME loans of BRAC Bank
- ◆ To know the loan sanction, disbursement and recovery procedures of SME loans
- ◆ To know the expectations of customers of BRAC Bank
- ◆ To make some recommendations and conclusion to further the development of SME loan products of BRAC Bank Ltd.

1.04 Data requirements:

In fact, my aim was to collect as much information as it can be possible for me to make an overview of the bank, its mission and vision, its departments and its functions. Of course I had to collect enough information so that I can make an analysis of SME loan and the specific behavior of its borrowers. The data collected allowed me to make an analysis regarding SME loan, its process starting from sanction of loan to closing of loan and especially regarding SME loan borrowers behaviors that is whether they are paying dully or lately or they have any default tendency.

1.05 Sources of data:

For collecting the required data, I have used different sources or methods like the following:

Primary Sources are as follows:

- ◆ Personal observation
- ◆ Discussion with bank's officers, managers
- ◆ Focus group meeting

Secondary Sources are as follows:

- ◆ Different statements of bank
- ◆ Annual report of banks
- ◆ Official website
- ◆ Files, manuals, handouts balance sheet and various documents of BRAC Bank Limited

1.06 Methodology:

Quantitative and qualitative data were collected and analyzed according to acceptable standards of practice. Different tables and graphs were used to make the data meaningful and comparable. Qualitative data were analyzed rationally and in comparison with current market condition. Necessary percentages and averages were calculated and the analyzed results were described step by step.

1.07 Scope:

Scope of the study is quite clear. Since Asset Operations Department is dealing with all types of loan activities in the bank, studying these core themes, Opportunities are there to learn other aspects of SME matters.

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

1.08 Limitations:

The study has suffered from a number of barriers:

- ◆ Data from BRAC Bank is highly confidential for the outside people. No banks in Bangladesh disclose the party's name in the transaction.
- ◆ It was difficult to communicate with the customers, as many of them were unable to give me much time for interview.
- ◆ The information of BRAC Bank Ltd was not found in a structured way.
- ◆ As I have taken a sample of small size of observations, there may be some sampling error

Organization Profile

2.01 Introduction:

BRAC Bank Limited (BBL) which is one of the fast growing commercial bank inaugurated its banking operations at 4th July 2001 in Bangladesh. Since then it has established its name and branding with its quality of services and products. In a very short time BRAC Bank Limited became one of the successful and fastest growing commercial banks in Bangladesh. The Bank operates under a "Triple-Bottom-Line" approach where profit and social responsibility march together as it strives to achieve a poverty-free and enlightened Bangladesh. The bank also continuously works to uphold the "Three P" agenda that means Planet, People and Profit as a part of sustainable and glorious banking journey.

The primary objective of BRAC Bank Limited is to provide all kinds of banking services while being the market leader in the Small and Medium Enterprises (SME) business. The bank with institutional shareholdings by BRAC, International Finance Corporation (IFC) and Shore Cap International has been the fastest growing bank in 2004 and 2005. A fully operational Commercial Bank, BBL focuses on pursuing unexplored market niches in the Small and Medium Enterprise Business, which hitherto has remained largely untapped within the country. In the last almost 12 years of operation, the Bank has disbursed over BDT 22000 crore in loans to nearly 4 lakh SME entrepreneurs. The management of the Bank believes that this sector of the economy can contribute the most to the rapid generation of employment in Bangladesh. Since inception in July 2001, the bank's footprint has grown to 155 branches, 413 SME unit offices and 399 ATM sites across the country, and the customer base has expanded to approximately 1 million around 2013.

2.02 Background of BRAC bank Ltd:

BRAC Bank Limited is a scheduled commercial bank in Bangladesh. It established in Bangladesh under the Banking Company Act, 1991 and incorporated as private limited company on 20 May 1999 under the Company Act, 1994.

The primary objective of the Bank is to provide all kinds of banking business. At the very beginning the Bank faced some legal obligation because the High Court of Bangladesh suspended activity of the Bank and it could fail to start its operations till 03 June 2001. Eventually, the judgment of the High Court was set aside and dismissed by the Appellate Division of the Supreme Court on 04 June 2001 and the Bank has started its operations from July 04, 2001.

BRAC Banks envisages providing mass financing by increasing access to economic opportunities for all individuals and business in Bangladesh with a special focus on currently under-served enterprises across the rural-urban spectrum.

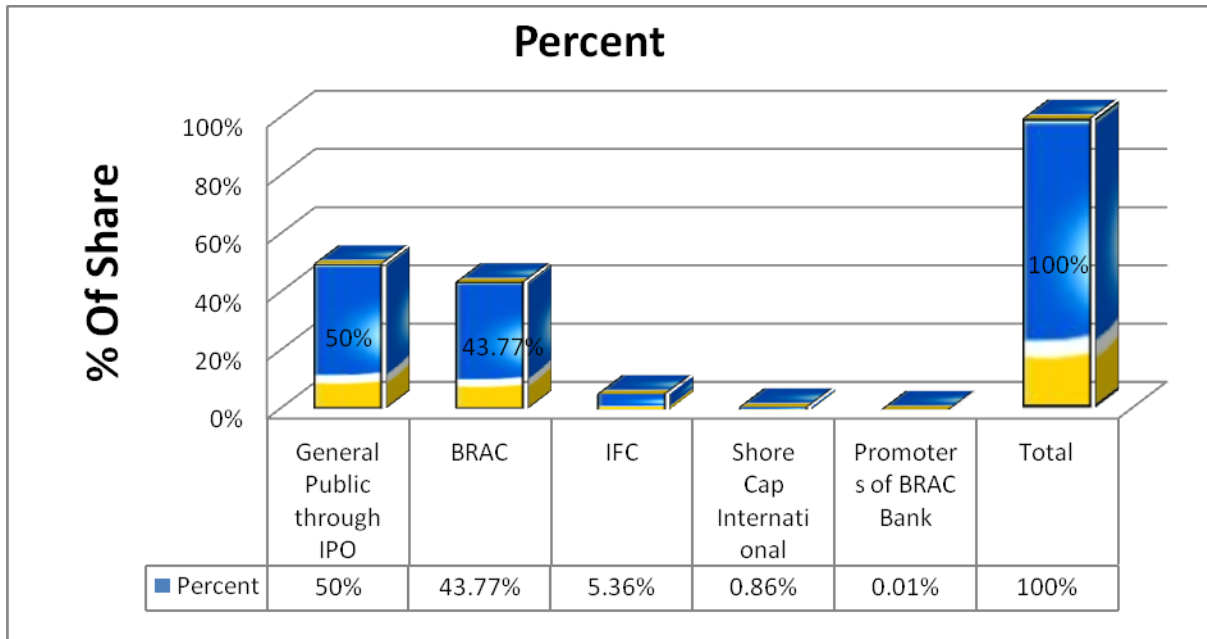
The Chairman of the Bank is Sir Fazle Hasan Abed. Now the Managing Director & CEO of the bank is Mr.Syed Mahbubur Rahman.

BRAC Bank is surviving in the large banking arena through its unique and competitive products. The bank has made a reasonable progress due to its visionary management people and its appropriate policy and implementation.

Shareholding Structure

Shareholding	Percent
General Public through IPO	50%
BRAC	43.77 %
IFC	5.36%
Shore Cap International	0.86 %
Promoters of BRAC Bank	0.008%
Total	100%

Figure: Shareholders of BRAC Bank Limited



2.03 Management of BRAC Bank Limited:

Boards of directors are the sole authority to take decision about the affairs of the business. Now there are 5 directors in the management of the bank. All the directors have good academic background and have huge experience in business. Mr. Muhammad A. (Rume) Ali is the chairperson of the bank. The board of directors holds meetings on a regular basis.

The current management teams and board of directors' name are given in the following table:

Board of Directors:

Sir Fazle Hasan Abed, Chairman	
Mr. Shib Narayan Kairy, Director	Ms. Tamara Hasan Abed, Director
Ms. Nihad Kabir, Director (Independent)	Dr. Hafiz G.A. Siddiqi, Director
Ms. Zahida Ispahani, Director	Mr.Syed Mahbubur Rahman, MD & CEO

Management Team:

Mr. Syed Mahbubur Rahman, Managing Director & CEO	
Mr. Mohammad Mamdudur Rashid, Deputy Managing Director	
Mr. Rais Uddin Ahmad Group Company Secretary, Head of Legal & Regulatory Affairs	Mr. Nabil Mustafizur Rahman, Chief Credit Officer
Mr. Nawed Iqbal, Chief Technology Officer	Mr. Syed Faridul Islam, Head of Risk Management
Mr. Firoz Ahmed Khan, Head of Retail Banking	Mr. Mahmoodun Nabi Chowdhury, Head of Corporate Banking
Ms. Tahniyat Ahmed Karim, Head of Human Resources	Mr. Shah Alam Bhuiyan, Head of Operations
Mr. M. Sarwar Ahmed, Head of Special Assets Management (SAM)-SME & Retail Banking	Mr. Zeeshan Kingshuk Huq, Head of Communication & Service Quality
Mr. Abdur Rahman, Head of SME Banking	

2.04 Corporate Vision:

BRAC Bank will be a socially responsible institution that will not lend to businesses that have a detrimental impact on the environment and people. So BRAC Bank operates following a specific vision like:

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

2.05 Corporate Mission:

BRAC Bank will adhere to highly professional and ethical business principles and internationally acceptable banking and accounting standards. The missions of the organization are:

-  Sustained growth in 'small & Medium Enterprise' sector
-  Continuous low cost deposit growth with controlled growth in Retained Assets
-  Corporate Assets to be funded through self-liability mobilization. Growth in Assets through Syndications and Investment in faster growing sectors
-  Continuous endeavor to increase fee based income
-  Keep our Debt Charges at 2% to maintain a steady profitable growth
-  Achieve efficient synergies between the bank's Branches, SME Unit Offices and BRAC field offices for delivery of Remittance and Bank's other products and services

-  Manage various lines of business in a fully controlled environment with no compromise on service quality
-  Keep a diverse, far flung team fully motivated and driven towards materializing the bank's vision into reality

2.06 Corporate Values:

The Bank's Strength emanates from its owner - BRAC. This means, it will hold the following values and will be guided by them as it does its jobs:

-  Value the fact that customers are the member of the BRAC family
-  Creating an honest, open and friendly environment
-  Have a strong customer focus and build relationships based on integrity, superior service and mutual benefit
-  Strive for profit & sound growth
-  Work as a team to serve the best interest of its owners
-  Relentless in pursuit of business innovation and improvement
-  Value and respect people and make decisions based on merit
-  Base recognition and reward on performance
-  Responsible, trustworthy and law-abiding in all that the organization does.

2.07 Corporate Culture:

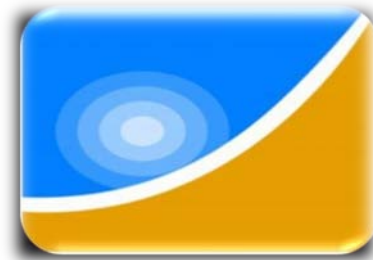
Bank has adopted trust as a corporate value which is acronym for team work, respect for all people, unquestionable integrity, excellence in everything BRAC Bank of SME do, Sense of urgency in getting things done and total commitment. All employees are expected to conduct themselves in accordance with the rules and regulations of the bank.

2.08 Corporate Goals

-  To be the absolute market leader in the SME loan
-  To be world class organization, in term of service quality and establishing relationship
-  To be the model bank in the world

2.09 LOGO Meaning

The logo of BRAC Bank has been prepared keeping in mind the goal of the organization. The square structure of the logo means solid and strong.



The Golden Color in the lower portion of the logo means the Golden Bangladesh & her fertile land. The Blue color in the upper portion means the sky with enormous & unlimited opportunity. The white colored curve means Growth and Progress. White circles in the blue color mean the flashing sun that gives light to everywhere.

2.10 Company Slogan

BRAC Bank Limited Company's slogan is "Aastha Obichol". It promises trustworthiness as well as being the "Dependable Friend in Banking" will hold true for years to come.

2.11 Achievements

- o BRAC Bank has been awarded as the "FT Sustainable Banking Awards 2010" by Financial Times newspaper & IFC (International Finance Corporation) for sustainable Bank of the Year 2010 in London.
- o BRAC Bank received the prestigious Business Award styled DHL-Daily Star Bangladesh Business Awards 2008 as Best Financial Institution
- o BRAC Bank Limited has received the prestigious award for being the highest VAT paying organization in the year 2007-2008 of national level in service industry.
- o BRAC Bank Limited has been awarded ICAB National Award from Institute of Chartered Accountants of Bangladesh (ICAB) for one of the Best Published Accounts & Reports 2007 recently.

2.12 Departments of BRAC Bank Limited:

If the departmentalization is not fitted for the particular works there would be haphazard situation and the performance of a particular department would not be measured. BRAC Bank Limited has does this work very well. There are five different business units generating business BRAC Bank Limited:

- ◆ Small & Medium Enterprise (SME)
- ◆ Retail Banking
- ◆ Whole Banking
- ◆ Probashi Banking
- ◆ E-Banking

All the units are being operated in a centralized manner to minimize costs and risks.

Small & Medium Enterprise (SME):

SME is an additional and specialized horizon of the bank which serves the bank's special focus in promoting broad based participation by catering to the small and medium entrepreneur. The network of SME has already been established throughout Bangladesh. For SME loan operation, BRAC Bank Ltd has in total 413 unit offices, 107 zonal offices, 14 territories and more than 2200 Customer Relationship Officers (CRO). These CROs work for the Bank to converge clients for getting the SME loan. Once CROs get the loan application and if it is less than BDT 500,000 then zonal officer has the authority to approve the loan. But if it is above BDT 500,000 then the CROs send it to Head Office for all necessary approval. After approving the loan then Asset Operation Department starts its work. First loan disbursed to Mita Oil Mills on October 30, 2001.

As the scopes of businesses are growing, the amount of files and disbursement is getting bigger. The SME market in Bangladesh is large. BRAC Bank is the absolute market leader in the number of loans given to small & medium enterprises throughout Bangladesh. The Bank disburses almost BDT 22,000 crore of their loans till date from the SME division.

SME Products-

Loan Products		Deposits Products
◆ Apurbo ◆ Pathshala ◆ Trade Plus ◆ Digoon Rin ◆ Aroggo Rin ◆ Prothoma Rin (For women)	◆ Durjoy Rin ◆ Shomriddhi Rin ◆ Shompod Rin ◆ Shokti Rin ◆ Anonno Gold ◆ Bizness Loan ◆ Supplier Finance ◆ Cash Secured Loan ◆ Supper Supplier Loan	◆ Prapti Current Account ◆ Prachurjo Fixed Deposit

Retail Banking

BBL has almost 155 outlets and 399 ATMs all over Bangladesh. The bank also offers a wide range of financial solution to meet its client's everyday needs. In retail banking operation the bank has a slogan that "Be it home loan, car loan or simply a quick loan-simply drop an application and we shall do the rest while you enjoy your life".

Retail Products –

Deposit Products	Loan Products	Cards
Savings Account: Triple Benefit Savings A/C Savings Classic Account Aporajita Account Future Star Account Current Accounts: Current Classic Account Current Plus EZee Account Salary Account Campus Account Term DPS: Fixed Deposit Flexi DPS Interest First Fixed Deposit Freedom Fixed Deposit (FFD) Abiram Fixed Deposit	Loan: Salary Loan Quick Loan Auto Loan Home Loan Secured Loan Loan/Overdraft Car Loan Doctor's Loan Top Up Loan Credit Card Loan Study Loan Teacher's Loan Now Loan	Credit Cards: Platinum Card VISA Classic VISA Gold Dual Universal Card

A diagram is given for better understanding the Retail Banking for providing loan-

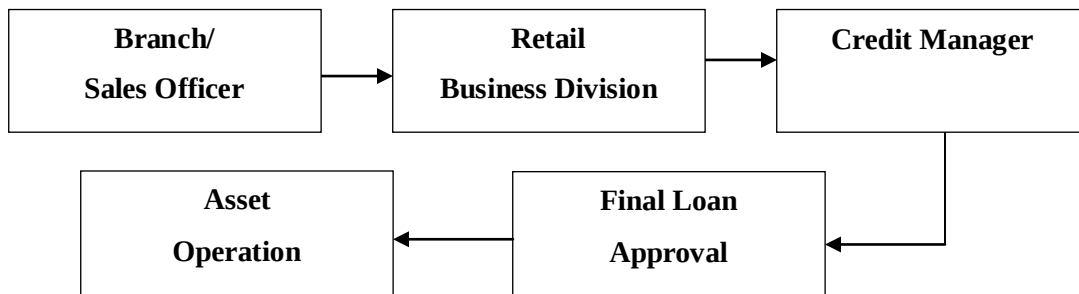


Figure: Process Flow of Retail Loan

Branch officer find out the suitable clients for giving loan. Then loan request send to the retail business division under supervise of credit manager. Credit managers investigate all information of clients and if get all information fit for approval of loan then Final Loan Approval will issue and send request to asset operation department for giving loan of clients.

Wholesale Banking

BRAC Bank offers a full array of Financial Services to Corporations and Institutions. Having access to the deepest end of the country, BRAC Bank is there to assist businesses in Bangladesh. With us on your side, you have the power of local knowledge with the capabilities of global standard.

Corporate Banking	Cash Management	Custodial Service
Overdraft Short Term Loan Lease Finance Loan against Trust Receipt Work Order Finance Emerging Business Syndication Term Loan Project Finance Bill Purchase Bank Guarantees Trade Finance: Letter of Credit (LC) Letter of Guarantee (LG)	Cash & Trade Overview Liability Products Securities Services	Probashi Biniyog

Table: Whole banking

Probashi Banking

Every month, Probashi Banking executes around 150,000 transactions, which has made BRAC Bank one of the largest players among private commercial banks in channelizing inward remittance in the Bangladesh. With the help of ELDORADO, now anyone can withdraw money from any of the Eldorado member banks in addition to BRAC Bank outlets.

Probashi banking products:

Accounts & Deposits	Investments	Remittance
Probashi Current Account	Probashi Wage Earners	Western Union
Probashi Savings Account	Bond	Money Transfer
Probashi Fixed Deposit	US Dollar Premium & Investment Bond	Exchange Houses
Probashi Abiram	Probashi Biniyog	
Probashi DPS		

Table: Probashi Banking

E-Banking

BRAC Bank Limited offers its clients a wide range of financial solutions with 155 outlets, over 399 ATMs to meet their everyday needs.

- ◆ Internet Banking
- ◆ E-Commerce
- ◆ Phone Banking
- ◆ Important Security Messages for transaction
- ◆ Automated fire alarm system & highly equipped security system for banking

Asset operations Department (AOD)

3.0 Loan Administration Department:

Loan Administration Department is formerly known as the Asset Operations Department that tries to mitigate all loan portfolio risks and also tries to ensure effective control and monitoring securities and documentation process. It has started its operations with retail and corporate loan portfolios of Gulshan Branch in May 2003. The loan portfolios of remaining branches were brought under its control in June 2003. Finally in July 2003, the SME division also came under its control. Today, the Asset Operations Department of this bank is playing an enormous role risk mitigation as well as smooth disbursement and monitoring of loans initiated by all its three business divisions:

- ◆ SME
- ◆ Retail &
- ◆ Corporate

The flow chart below shows where exactly asset operations stand in the Course of a loan disbursement:

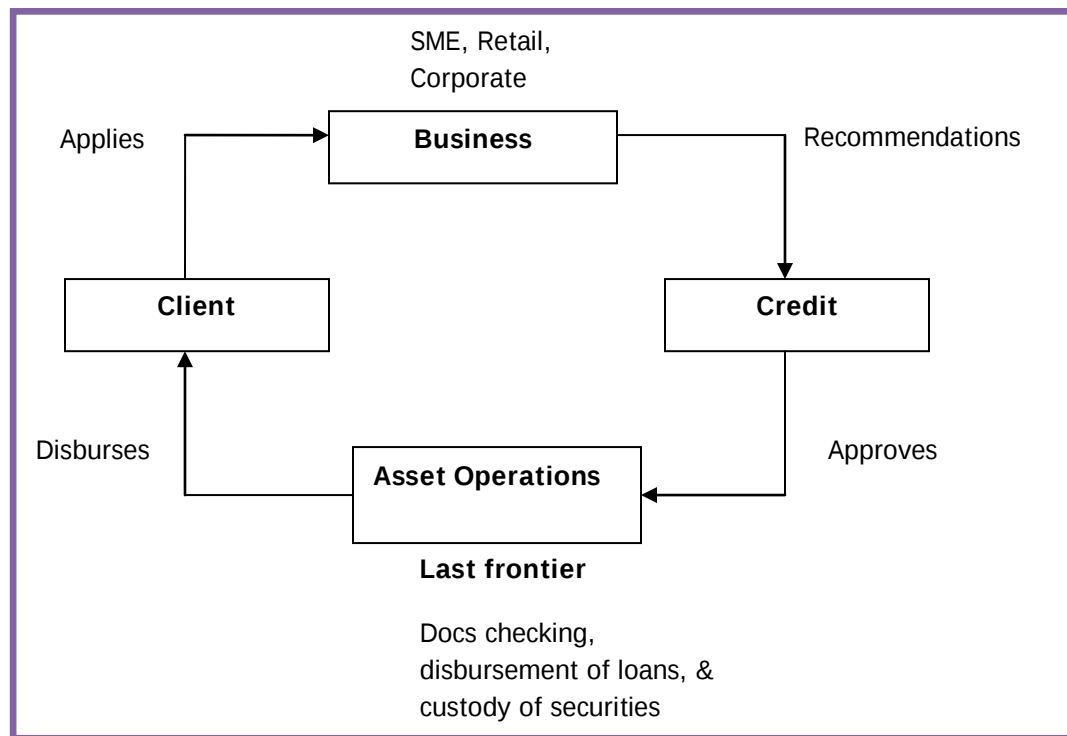


Figure: Position of Asset Operations Department (AOD)

As can be seen in the process illustrated page -16, the Asset operations department acts as the last frontier in the disbursement process. After the clients have been reviewed and recommended by the appropriate business divisions and approved by the credit committee, the files are then sent to asset operations where the disbursement is initiated after proper scrutiny of all documents and securities.

In this way, the asset operations department provides the much needed back office support to the business divisions in disbursing the loans marketed by them to actual customers. It is the last check-point to mitigate all loan related risks before disbursement of a loan and performs in line with the Credit Risk Management Guidelines of Bangladesh Bank.

The AOD has been structured according to the support it provides to the different business divisions as shown below:

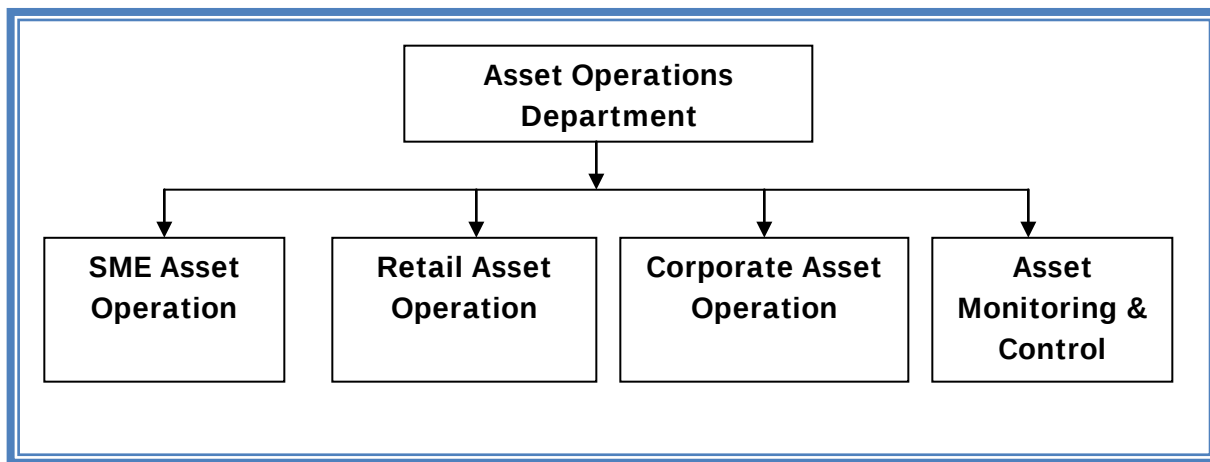


Figure: Asset Operation Departments

3.01 SME Asset Operations

This segment deals with approved SME loan files for checking and disbursement. SME Asset Operations consist of three segments:

- ◆ **Documentation Team**

This team receives approved SME loan files from SME unit offices as well as from SME head office and Credit department. Members of this team check these files to make sure that all the required documents and securities are in order. For any missing documents, the help desk team informs the respective Customer Relation Officers (CRO). Files are delivered to Disbursement team after checking.

◆ Disbursement Team

This team starts to work on the loan files if all the documents of the files are in order. They create the loan account, collect necessary charges and disburse the loan amount to the client's account.

◆ Help Desk Team

SME help desk deals with loan files that have some missing documents in them. All the CROs of BRAC bank all over Bangladesh makes their queries here for any type of assistance.

◆ Repayment Team

The repayment team collects repayment of SME loans. SME Asset Operations is also responsible for loan account closing, rescheduling, and issuance of No Liability Certificates of all SME loans.

3.02 Asset Monitoring and Control

The main responsibility of this team is to review and re-check all the loan files that were disbursed by SME, Retail, and Corporate Team to minimize the risk. Other tasks involve collecting CIB reports from Bangladesh Bank, internal and external audit compliances, preparation and submission of all reports to Bangladesh Bank, safe custody of loan files and securities and vault management. AMC is a combination of four teams:

- ◆ Post Disbursement Review Team
- ◆ CIB Team
- ◆ Vault Management Team
- ◆ Insurance Management Team

Overview of SME Banking of BBL

4.0 SME Banking:

The most valuable resource of Bangladesh is its people. As a nation we struggled for our independence and now the attainment of economic uplift is the main goal. Micro lenders are working here in the financial field, providing very small amount and on the other hand regular commercial banks have been providing bigger amount of loans to larger industries and trading organizations. But the small and medium entrepreneurs were overlooked. This missing middle group is the small but striving entrepreneurs, who because of lack of fund cannot pursue their financial uplift, as they have no property to provide as equity to the commercial banks. With this end in view-BRAC Bank was opened to serve these small but hard working entrepreneurs with triple bottom line vision. As a socially responsible bank, BRAC Bank wants to see the emancipation of grass-roots level to their economic height and also to make profit by serving the interest of missing middle groups. 50% of its total portfolio usually collected from urban areas, are channeled to support these entrepreneurs who in future will become the potential strength of our economy. BRAC Bank is the market leader in giving loans to Small and Medium Entrepreneurs. They have been doing it for the last 12 years.

4.01.1 Definition of SME

SME is defined as, “A firm is managed in a personalized way by its owners or partners, who has only a small share of its market and is not sufficiently large to have access to the stock exchange for raising capital”

But SME definition has been given as per Bangladesh Bank

An organization is not a public limited company and meets the following criteria:

	Criteria	Trading/ Service	Manufacturing
Small Enterprise	Number of Staff (not more than)	25	50
	Fixed Asset (Except Land & building)	BDT 50 Thousand – BDT 50 Lac	BDT 50 Thousand – BDT 1.5 Crore
Medium Enterprise	Number of Staff (not more than)	50	150
	Fixed Asset (Except Land & building)	BDT 50 Lac – BDT 10 Crore	BDT 1.5 Crore – BDT 20 Crore

4.02 Importance of SME Loan in Bangladesh

The main focus of BRAC Bank is to develop human and economic position of a country. Its function is not limited only to providing and recovering of loan but also try to develop the economy of a country.

So reasons for this program from the viewpoint of BBL:

Support Small Enterprise:

The small enterprise, which requires BDT 2 to 30 lacks loan, but they have no easy access to the banks/financial institutions. For example: In case of Anonno loan, an amount of 3 to 8 lacks is provided without any kind of mortgage.

Economic Development

Economic development of a country largely depends on the small and medium scale enterprises. Such as, if we analyze the development history of Japan, the development of small & medium scale enterprises accelerate the development of that country.

Employment Generation

The bank gearing employment opportunities by two ways: Firstly, by providing loan to the small enterprises expanding, these businesses require more workers. Secondly, Small & Medium Enterprise (SME) program requires educated and energetic people to provide support to entrepreneurs.

Profit Making

SME program is a new dimensional banking system in the banking world. Most of the CROs are providing door-to-door services to the entrepreneurs. Entrepreneurs are satisfied by the service of the bank and make profit.

Encourage Manufacturing

BRAC Bank is highly encouraging manufacturing entrepreneurs who produce by purchasing various types of materials. CRO try to encourage them to produce material if possible because if they can produce instead of purchasing their profits will be high.

Spread the experience

Another reason of BRAC Bank is to spread the knowledge of importance of SME banking regarding various businesses. The customer service officers share their knowledge from various businesses and try to help the entrepreneurs who have lack of knowledge. CRO's who are the driving force of SME division of BRAC Bank also gather knowledge about various businesses and make stronger knowledge base clients who can be able to expand business.

4.03 SME products

Anonno Rin

This is a small-scale loan designed to finance small scale trading, manufacturing and service ventures, especially to aid the purchase of fixed assets, and to finance working capital.

Eligibility

- ◆ Entrepreneurs aged between 18 to 60 years
- ◆ Entrepreneurs with minimum 2 years experience in the same line of business
- ◆ A business which must be a going- concern with more than 1 year in operation

Maximum Amount

- ◆ From minimum BDT 3 lac up to maximum of BDT 8 lac

Features

- ◆ Loan without mortgage
- ◆ For excellent borrowers who have paid or are paying in due times, bank offers discounted rates
- ◆ Quick, quality banking throughout the country
- ◆ Potential women entrepreneurs will also get the facilities of this loan

Apurbo Rin

In order to help our SME borrowers for financing working capital or to purchase fixed assets, BRAC Bank offers APURBO. It caters to the need of entrepreneurs who are operating in trading, manufacturing, service, agriculture, non-farm activities, agro- based industries and other sectors of our economy.

Eligibility

- ◆ Age minimum 25 years and maximum up to 60 Years
- ◆ Entrepreneurs having a minimum of 3 years of business activities
- ◆ A business which must be a going concern for 3 years

Maximum Amount

- ◆ Starting from BDT 8 lac to maximum of BDT 30 lac

Features

- ◆ Without mortgage for loan below 25 lac
- ◆ Simple loan processing for expanding business
- ◆ Quick disbursement
- ◆ Disbursement in one or two installments
- ◆ Flexible monthly repayment plan

Pathshala Rin

This is a loan designed to meet the needs of small and medium sized private educational institutions, such as kindergartens, schools and colleges etc.

Eligibility

- ◆ A small & medium educational institution that is in operation for minimum 3 years
- ◆ The institution should be sole proprietorship, partnership, Private Limited Company, or Society
- ◆ The educational institute must be a profit making concern

Maximum Amount

- ◆ Minimum BDT 3 lac to maximum BDT 30 lac

Features

- ◆ Without mortgage for loan below 10 lac
- ◆ Loan for fixed assets purchase & civil construction
- ◆ Loan repayment can be spread up to 4 years
- ◆ Minimum documentation
- ◆ Monthly repayment plan
- ◆ Quick disbursement
- ◆ Flexible interest rate based on security

Aroggo Rin

This loan is suitable for private clinics, diagnostics centers and doctors' chambers to purchase fixed assets under equated monthly installments.

Eligibility

- ◆ Institutions with at least 2 years in operation & a profit making concern
- ◆ Doctors having 5 years of experience

Maximum Amount

- ◆ Minimum of 3 lac to maximum of 30 lac

Features

- ◆ Loan without mortgage up to 8 lac
- ◆ Easy loan processing
- ◆ Loan repayment schedule is spread up to 3 years
- ◆ 1% loan processing fee
- ◆ Flexible interest rate based on security

Digoon Rin

DIGOON RIN is a loan facility for Small and Medium enterprise. This product's main objective is to help various Small and Medium entrepreneurs to meet their short-study cash flow shortages or bridge the fund-flow gaps.

Double loan provides on deposit. For business expansion, clients do not need to encash their savings rather they can take double amount of loan on their deposit.

Eligibility

- ◆ Aged between 18 years to 55 years
- ◆ Entrepreneur having minimum 2 years of business activities
- ◆ The business which must be a going concern for 2 years

Maximum Amount

- ◆ Minimum of 5 lac to maximum of 30 lac BDT

Features

- ◆ Double amount of loan on clients deposit
- ◆ Attractive return against the deposit
- ◆ Flexible repayment plan in monthly installment and single installments
- ◆ Quick disbursement

Supplier Finance

Supplier finance is a loan facility for the enlisted Suppliers of various large retailers, marketing companies, distributors, exporters etc. This product's main objective is to help various Suppliers to meet their short-study cash flow shortages or bridge the fund-flow gaps.

Eligibility

- ◆ If client is an enlisted supplier of a corporate house with which BRAC Bank has a corporate tie- up
- ◆ Have minimum 3 years of continuous operation
- ◆ Have 1 year continuous relationship with the purchasing firm

Maximum Amount

- ◆ Minimum BDT 3 lac up to maximum BDT 30 lac

Features

- ◆ No mortgage up to 25 lacks
- ◆ Equal monthly installment and revolving loan facility
- ◆ 1% of loan amount as the processing fee

4.04 SME Network coverage:



4.05 Security Documentation against Loan:

A document is a written statement of facts and a proof or evidence of particular transaction between parties involved. While allowing any disbursements against credit facilities to borrowers, it should be ensured that prior to any disbursements; security documentation is fully and properly completed.

4.05.01 Purpose of Security Documentation and its Importance

Documentation is necessary for the acknowledgement of a debt and its terms and conditions by the borrower and the creation of charge on the securities in favor of the bank by the borrower. Correct and proper documentation allows a bank to take legal measures against the default borrowers.

If filing a suit with the courts against a default borrower becomes necessary, the court will first review all documents. If any of the documents is found to be defect or incomplete, the purpose of security documentation will be defeated and a court ruling in favor the bank cannot be expected. Proper care should, therefore, be taken while completing security documentation.

4.05.02 Type of Securities

The following listed securities may be obtained from borrower against loan to enterprises, either individually or in a combination.

- ◆ Mortgage of loan and other immovable property with power of attorney to sell
- ◆ Lien of Fixed Deposits receipts with banks and other non-banking financial institutions, lined, these have to confirm by the issuer
- ◆ Lien of Pratirakshay sanchay patra, Bangladesh sanchay patra and wage earner development bond, all considered Quasi or Near cash items
- ◆ Lien of shares quoted in the stock exchange (This is rarely accepted)
- ◆ Pledge of goods (Banks are akin to stay away from such securities now a days)
- ◆ Hypothecation of Goods, Book Debt & Receivables, Plant & Machineries
- ◆ Charge on fixed assets of a manufacturing enterprise
- ◆ Lien of cheque, Drafts and order
- ◆ Lien of work orders, payment to be routed through the bank and confirmed by the issuer
- ◆ Shipping documents of imported goods

4.05.03 Land Related Securities Documentation Process

Each SME unit offices have with at least two local lawyers who will work on behalf of the bank. These always will be employed whenever a borrower and where the security will be landed and immovable property accept a loan sanction. Any one of the lawyers will be provided with photocopies of all the relevant land related documents and while handing over show the original documents to them, the lawyers will carry out checks of the originals and if satisfied returned to the borrower.

The documents generally provided are:

- ◆ Title Deeds or Deed of conveyance otherwise known as ‘Jomeer Dalil’ which signifies ownership of a particular land
- ◆ Baya Dalil or Chain of Documents, which signifies that the conveyance of titles has been proper and legal
- ◆ Mutation Certificate if Khatian which signifies that the title if the land has been duly registered in the Government/Sub-registrar’s records
- ◆ Duplicate Carbon Receipt or DCR
- ◆ Latest Khajna or land rent receipt
- ◆ Purchase such as CS Khatian, SA Khatian and BS Khatian
- ◆ Mouja Map
- ◆ Municipal rent receipts if the land falls within a municipal area

4.06 Other Security Documents

Letter of Hypothecation of Goods & Stocks and Book Debt and Receivable

These letters Hypothecation are actually two different sets of documents but because of their similarity, these are being explained together. These documents create an equitable or floating charge in favor of the bank over the goods and services and/ or book debts and receivables that are being financed where neither the ownership nor the possession is passed to the bank. Under this agreement, the borrower undertakes to keep the percent stock of goods and that, which may increase from time to time in good condition in future, in good condition. This hypothecation gives the bank the power to possesses and sell the mentioned goods and stocks or claims the book debts directly from the debtors in order to settle the borrower’s dues to the bank.

Letter of Hypothecation of Plant & Machinery

Under this agreement, the Borrower undertakes to keep the present plant and machinery at the present location in good condition and which gives the bank the power to possess and sell the mentioned plant and machinery to meet the borrower's dues to the bank. In case of limited company, both private and public, these Letters of Hypothecation with schedules are usually registered with the Registrar of Joint Stock of Companies (RJSC) that provides more security to the banks.

Letter of Lien

A lien is the right of one person to retain property in his hands belonging to another until certain legal demands against the owner of the property by the person in possession are satisfied. Thus a bank or a creditor who has in its possession a lien over the goods in respect of the money due by the borrower, as a general rule has the right to exercise certain powers to hold on to the security. In addition, if the bank has right to set off the value of the said goods or instrument in its possession, then the bank can sell the goods or encase the instrument to liquidate the dues by the borrower.

Personal Guarantees

This is a guarantee of a person or third who is not the direct beneficiary of the loan/credit facility but is equally liable for the loan. The involvement of a 3rd party creates additional pressure on the borrower to minimize the risk. The guarantor is the person who has to pay the entire outstanding loan and interest if the borrower fails to pay for any reason.

4.07 Selection of Potential Enterprise for SME:

4.07.01 Enterprise Selection Criteria

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

- The business must be in operation for at least one year
- The business should be environment friendly, no narcotics or tobacco business
- The business should be legally registered, i.e., valid trade license, income tax or VAT registration, wherever applicable

- The business should be in legal trade, i.e.; smuggling will not be allowed or socially unacceptable business will not be entertained
- The business must have a defined market with a clear potential growth
- The business must be located ideally close to the market and the source of its raw materials/suppliers. It should have access to all the utilities, skilled manpower's that are required
- Any risk assessed by the management in turn will become a credit risk for the bank. So effort should make to understand the risk faced by the business.

4.07.02 Entrepreneur Selection Criteria

In order to understand the capability of the management behind the business, the following should be assessed:

- The entrepreneur should be physically able and in good health, preferably between the age of 25-50. If he/she is an elderly person closer to 50, it should be seen what the succession process will be and whether it is clearly defined or not
- The entrepreneur must have the necessary technical skill to run the business, i.e. academic background or vocational training, relevant work experience in another institution or years of experience in this line of business
- The entrepreneur must have an acceptable social standing in the community (People should speak highly of him), he should possess a high level of integrity (Does not cheat anyone, generally helps people), and morally sound (Participates in community building)
- The entrepreneur must possess a high level of enthusiasm and should demonstrate that he is in control of his business (Confidently replies to all queries) and has the ability to take up new and fresh challenges to take the business forward
- Suppliers or creditors should corroborate that he pays on time and is general in nature
- Clear-cut indication of source of income and reasonable ability to save.

4.07.03 Guarantor Selection Criteria

Equally important is the selection of a guarantor. The same attribute applicable for an entrepreneur is applicable to a guarantor. In addition he should possess the followings:

- The guarantor must have the ability to repay the entire loan and is economically solvent (Check his net worth)
- The guarantor should be aware about all the aspects of loan, his responsibility, know the entrepreneur reasonably well & live in same community
- Govt. and semi-govt. officials can be selected as a Guarantor such as schoolteacher, college teacher, doctor etc
- Police, BDR and Army persons, political leaders and workers, and Imam of mosque cannot be selected as a guarantor

4.08 Terms and Conditions of SME Loan:

The SME department of BRAC Bank will provide small loans to potential borrower under the following terms and condition:

- ◆ The potential borrowers and enterprises have to fulfill the selection criteria
- ◆ The loan amount is between Tk. 2 lacs to 30 lacs
- ◆ SME will impose loan processing fees for evaluation / processing a loan proposal as following:

Loan Amount	Loan Processing Fee
2 lacs to 2.99 lacs	BDT 5,000
3 lacs to 5 lacs	BDT 7,500
5.01 lacs to 15 lacs	BDT 10,000
15.01 lacs to 30 lacs	BDT 15,000

- ◆ Loan can be repaid in two ways:
 1. In equal monthly loan installment with monthly interest payment
 - Or
 2. By one single payment at maturity, with interest repayable a quarter end residual on maturity
- ◆ Loan may have various validates, such as, 3 months, 4 months, 6 months, 9 months, 12 months, 15 months, 18 months, 24 months, 30 months and 36 months
- ◆ The borrower must open a bank account with the same bank and branch where the SME has its account

- ◆ Loan that approved will be disbursed to the client through that account by account payee cheque in the following manner: Borrower name, Account name, Banks name and Branch's name
- ◆ The loan will be realized by 1st every month, starting from the very next month's whatever the date of disbursement, through account payee cheque in favor of BRAC Bank Limited A/C. With Bank's named and branches name
- ◆ The borrower has to issue an account payable blank cheque in favor of BRAC Bank Limited before any loan disbursement along with all other security
- ◆ The borrower will install a signboard in a visible place of business of manufacturing unit mentioned that financed by "BRAC Bank Limited"
- ◆ The borrower has to give necessary and adequate collateral and other securities as per bank's requirement and procedures
- ◆ In case of fixed asset financing 50% of the acquisition cost of the fixed asset may be considered. While evaluating loans against fixed asset, adequate grace period may be considered depending on the cash generation after the installation of the fixed assets. Maximum period to be considered including grace period may be for 36 months.

4.09 Monitoring:

Monitoring is a system by which a bank can keep track of its clients and their operations. So monitoring is an essential task for a CRO to know the borrowers activities after the loan disbursement. This also facilitates the buildup of an information base for future reference.

4.09.01 Importance of Monitoring

Through monitoring a CRO can see whether the enterprise invested the sanctioned amount in the pre-specified area of his business, how well the business is running, the attitude of the entrepreneur, cash credit sales and purchase, inventory position, work in process and finished goods etc, This information will help the CRO/BRAC Bank to recover the loan accruing to the schedule and to take the necessary decisions for repeat loans. Moreover, monitoring will also help to reduce delinquency. Constant visit over the client /borrower ensures fidelity between the bank and the borrower and tends to foster a report between them.

4.09.02 Area of Monitoring

The purpose is to know the entire business condition and all aspects of the borrowers so that mishap can be avoided.

Business Condition

The most important task of the CRO to monitor the business frequently, it will help him to understand whether the business is running well or not, and accordingly advice the borrower, whenever are necessary. The frequency of monitoring should be at least once month if all things in order.

Production

The CRO will monitor the production activities of the business and if there is any problem in the production process, the CRO will try to help the entrepreneur to solve the problem. On the other hand the CRO can also stop the misuse of the loan other than for the purpose for which the loan was disbursed.

Sales

Monitoring sales proceed is another important task of the CRO it will help him to forecast the monthly sales revenue, credit sales etc. which will ensure the recovery of the monthly loan repayments from the enterprise as well as to take necessary steps for future loans.

Investment

It is very important to ensure that the entire loan has been invested in the manner invented. If the money is utilized in other areas, then it may not be possible to recover the loan.

Management of raw materials

In case of a manufacturing enterprise, management of raw materials is another important area for monitoring. If more money is blocked in raw materials, then the enterprise may face a fund crisis. On the other hand the production will suffer if there are not enough raw materials.

4.09.03 Monitoring System

The CRO can consider the following things for monitoring

The CRO will monitor each business at least once a month. He/she will make a monitoring plan/schedule at beginning of the month

During monitoring the CRO must use the prescribed monitoring form and preserve in the client file and forward a copy of the report to SME head office immediately. An SME branch will maintain the following files: The file will contain-

- ◆ Purchase Receipt
- ◆ Delivery Memo's
- ◆ Quotations

In addition, all other papers related to furniture and fixture procurement

4.10 Economic Mapping Survey:

After starting a SME, unit office in a new area the CRO will conduct a survey of the business. The objective of the survey is to collect relevant information about the business, which will help to select potential business for SME loans. To conduct the economic mapping and survey properly; the following 5cs should be followed:

i. Capacity

Capacity refers to the ability of the firm to repay the loan. In loan application, CROs must discuss exactly how and when borrower intends to repay the loan. Not only need to state clients revenues and expenses, but also need to indicate the amount of clients cash flows and the timing of cash flows with regard to repayment. Capacity also refers to client's credit history. Do have a good credit score? The bank will look at clients past repayment history, both business and personal. Don't forget to indicate every possible source of repayment at disposal in application.

ii. Collateral

Collateral is a distinct relationship to capacity. Collateral refers to forms of security which can provide assurance to bank for getting money. Collateral may be buildings or equipment owned by small business or by personally, including home, land etc. Collateral may also include a guarantee by someone else that, in case clients cannot repay the loan, the other party will. BRAC Bank treats loan guarantees by the term "co-signer."

iii. Capital

Capital, in this context, represents the owner's investment in the business. Before applying for a bank loan, the owner has to have a significant investment in the business before a lender will even consider making a business loan. The loan officer will look carefully at the amount and quality of capital the owner has to offer.

iv. Conditions

Conditions are two-fold. First, conditions refer to the overall economic climate and external environment surrounding the bank and the business firm. During a recession or periods of tight credit, it is obviously more difficult for a small business to repay a loan and more difficult for a bank to find the funds to loan. It becomes even more important for the small business firm to present an iron-clad loan application to the bank. The second part of conditions refers to the intended purpose of the loan. Are borrowers buying new equipment for expansion? Are borrowers replenishing working capital to prepare for seasonal inventory buildup? Why do borrowers need the money? Spell it out in detail in loan application.

v. Character

Character is often a subjective judgment made by the banker about the prospective client. The lender decides if the client is trustworthy with regard to repaying the loan and generating a return on the investment. To justify character CROs meet with suppliers, ex- lenders & third party.

For initial assistance, CRO may approach-

- ◆ BRAC office
- ◆ Trade Associations and Chambers
- ◆ Local govt. office like UNO and Municipal office

Once potential borrower is formally approached, then all details should be incorporated in the client register as per the prescribed format.

4.11 Procedure of BRAC bank SME loan:

4.11.01 Loan Sanction activities

Select Potential Enterprise

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

Loan Presentation

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

Collect Confidential Information

Another important function of a CRO is to collect confidential information about the client from various sources. The sources of information are suppliers regarding the client's payment, customers regarding the delivery of goods of services according to order, various banks where the client has account, which shows the banks transactions nature of the client

Open Clients Accounts in the Respective Bank

When the CRO decided to provide loan to the client then he/she help the client to open an bank account where BRAC bank has a STD a/c. BRAC bank will disburse the loan through this account. On the other hand the client will repay by this account. Although there is some exception occur by the special permission of the authority to repay by a different bank account

Fill Up CIB Form

CRO give a CIB (Credit Information Bureau) form to the client and the client fill and sign in it. In some case if the client is illiterate then the CRO fill the form on behalf of the client, Then CRO sends the filled and signed form to the SME head office

Sending CIB to Bangladesh Bank

The SME, head office collects all information and sends the CIB form to Bangladesh Bank for clearance. Bangladesh Bank return this CIB form within 10-12 days with reference no.

CIB report from Bangladesh Bank

In the CIB report Bangladesh Bank uses any of the following reference no:

- ◆ **NIL:** if the client has no loan facility in any bank or any financial institution then BB (Bangladesh Bank) use 'NIL' in the report
- ◆ **UC (Unclassified):** if the client has any loan facility in any bank or financial institution and if the installment due 0 to 5.99 then BB use UC in the report
- ◆ **SS (Substandard):** if the client has any loan facility in any bank or financial institution and if the installment due 6 to 11.99 then BB use SS in the report
- ◆ **DF (Doubtful):** if the client has any loan facility in any bank or financial institution and if the installment due 12 to 17.99 then BB use DF in the report

- ◆ **BL (Bad lose):** if the client has any loan facility in any bank or financial institution and if the installment due 18 or above then BB uses BL in the report. This report indicates that the client is defaulter and the bank should not provide loan the client
- ◆ **Loan decision considering CIB report:** Considering CIB report, BRAC bank decide whether it will provide loan the client or not. If the bank decides to provide loan then the SME of head office keep all information and send all papers to the respective unit office to apply with all necessary charge documents.

4.11.02 Loan Sanction

The respective unit office sanctions loan to the client if it is 2 to 5 lacs, and then sends the sanction letter including all necessary charge documents to the loan administration division for disbursing the loan. If the amount is higher than 5 lacs then the respective unit office sends the proposal to SME, head office for sanction. The head of SME sanctions the loan and sends the sanction letter including all documents to the loan administration division for disbursement and inform the respective unit office regarding sanction of the loan.

4.12 SME Loan Recovery Procedures:

The repayment process starts immediately after one month of the loan taken. Suppose if a loan is taken in January 5, 2013 then the repayment process will be started from February 5, 2013 and the borrower will pay his/her first installment in that date. Before that date, the borrowers will be informed about the number of installments and amount of each installment. He can deposit the installment by himself or by the Customer relationship officer (CRO). Again they can deposit the installments either in any branch of BRAC Bank or in any correspondence bank (where BRAC Bank has no branch). If the borrower cannot pay the installment in the stipulated date, interest will be charged for each day before they pay that installment. Again interest will be reduced if the borrower pays the installment before the date of repayment. Interest will be charged and added to the principal amount for every month or every 3 three months depending on the policy for each loan disbursement.

However, after the borrower repays the loan installments there are number of steps done in the repayment procedure of SME loan. These steps are:

Receive SMS/Fax for installment deposits

When the borrower repays any installment of the loan then he/she informs it to the unit office/CRO. Then the unit office/CRO sends an SMS through mobile phone or a Fax to the loan administration division informing the repayment. A loan administration division collects these SMS /Fax and takes a paper print of these SMS.

Entry the installment information to MBS

Loan administration division entries the repayment installment information to the banking software Finacle.

Print Vouchers

Completing the entry, the loan administration division takes paper print of all vouchers in a prescribed yellow paper.

Check SMS/Fax and solve problems (If any)

The loan administration is responsible for all entry in Finacle. If there is any error found in future then the respective officer who is entering this information in Finacle will be liable for it. User ID will easily identify it. So they are always aware of to ensure the correct entry. Completing the entry of information, they print a hard copy and check it with the SMS/Fax. If there is any error found then it is solved and ensures the correct information entry.

Repayment voucher check and posting

If it confirmed that all entering information is correct and there is no error, then the responsible officer of the loan administration division posts it to Finacle. If one time posted, it is not rectifiable without permission of the higher authority. So the loan administration is always aware of regarding the recovery procedures of SME loan.

5.0 Nature of the Job

BRAC Bank Limited (BBL), the leading private commercial bank has organized different projects on a regular basis and the project named “Physical Asset Verification” is one of them. Being the sub unit of finance division, “Asset Management Team” of BBL has proposed a project in the name of “Physical Asset Verification” to the management committee and after getting the approval as well as the budgetary cost allocation for the project they go for recruiting. The approval note for the project is given in the Appendix part. Usually they recruit intern from different universities to do the project work. Being a private commercial bank, BRAC Bank Limited started to tag its fixed assets from the year 2008, so that it can identify all the fixed assets into location wise category. At that time, the BBL maintained a manual asset registered book to reconcile the assets, which was very much complicated and had possibilities to do errors. During that time, the bank used a piece of paper on which they write down the code name as well as the number of the fixed asset and affixing it on the assets.

Later in the year 2010, the bank introduced Enterprise Resource Planning (ERP) software named IFS and by using that software the Bank maintains an asset register book to reconcile the assets in an effective and efficient way. For identifying the location without difficulties BRAC Bank Limited uses different SOL Number for each and individual location, such as the bank uses SOL NO “OOOO” for the Head Office. Now anyone can easily identify how many fixed assets are visible in a particular Branch, AB (Alternative Banking) Center, ATM (Automatic Teller Machine) Booth, Apon Shomoy, ROC (Regional Operation Center) and CRM (Credit Risk Management) by putting the SOL NO. in the IFS. One can also easily know the purchase date as well as written down value of any particular asset by tracing the barcode number of that asset. By putting the barcode number in the asset register book at IFS software it is possible to identify the purchase date as well as the written down automatically. Earlier the barcode that are affixing on the fixed asset is purchased from the third party but now BBL has its own barcode printer to print the barcode. I along with 1 intern & 1 officer had to go for official tour in around 135 locations of Bangladesh for the asset tagging and collecting information regarding the assets.

Fixed asset tagging process of BRAC Bank Limited is described in the followings:

- ✓ Branch/ Head Office/SME Unit Office/ ATM
- ✓ Collect Asset List Using IFS & Compile it
- ✓ Print the Fixed Asset Code Using IFS
- ✓ Visit Particular Location & Tagged each individual Asset
- ✓ Collect Untagged List of Asset Information
- ✓ Split/ Move Asset in IFS & prepare Tag for this asset
- ✓ Provide the Tag in Concern Location through Courier Service

Mainly the job I along with two had to do is affixing the barcode tag on the fixed asset after matching the fixed asset with the asset list and collect the serial number as well as the model of the IT equipments such as Monitor, CPU, Laptop, AC, Money counting machine, UPS, Printer, Scanner, Fax machine, ATM machine, Online UPS, Generator etc. BRAC Bank Limited provides a unique pin number to each and every employees of the bank. In case of Monitor, CPU, Laptop, UPS we had to collect the user pin number of the employees who were using that IT equipments.

5.01 Specific Responsibilities of the Job

Compare to the other local commercial bank, BRAC Bank Limited (BBL) is the only private commercial bank where a lot of employees are working to fulfill the organization's goal as the bank treated its employees as asset for the organization. The bank recruited interns to fulfill a number of objectives and several specific responsibilities of the jobs are:

1. Identification of untagged fixed assets of the bank:

BRAC Bank Limited started to tag its fixed assets manually from the year 2008, so that the bank can identify the location wise fixed assets. Later, when the Enterprise Resource Planning (ERP) software introduced within the bank, then all the work turn into automated and error free. Initially, we collect the list of the fixed asset by putting the SOL NO. in the IFS software. Then print the tag of those fixed assets using the barcode printer. Whenever we used to visit the location we had to take the list of the fixed asset as well as the tag of that particular location with us. First I had to identify the untagged fixed assets, then affixing a barcode on each of the individual fixed assets after matching the asset with the description of list of fixed asset.

2. Identification of location wise fixed assets:

I along with two had to visit almost 135 locations in Dhaka, Chittagong, Rajshahi, Rangpur, Barisal, Sylhet, Jessore, Comilla and Khulna divisions. On each location outside Dhaka there is an IT specialist person who guidelines us. The main objective of this project is to identify the fixed assets based on the location of the fixed asset. For instance whenever we had to visit a branch first we had to make sure that the fixed asset list as well as the tag of those assets is with us, without those things we cannot identify the fixed asset on a location wise basis. A sample of the sheets that we used to collect information is given as followings:

Item Name	Brand	Model	Object Id	Serial No	Pin No	Appro x.date	Locati on	Rema rks
Monitor	Dell	Rev 40	PCD00 02150	CN0M875N64180 94R12ZU	1231	2 YRS	Cash	
CPU	Dell	Optiplex 960	COM0 002150	R5TX8WU	1231	2 YRS	Cash	
Laptop	Lenovo	B400	PLC00 03030	LXTZYRSUHAD 32	3420	1.5 YRS	MNG ROM	
AC	GENE RAL	ASGH1 SH		E0163740				TAG N/A
Iron Safe			SAF00 00150					

We had to collect the brand, model, product serial number and the user pin number of the assets. The detail information about the location that we have visited is given in the end of appendix.

3. Affixing barcode on all the fixed assets

Barcode is a tag on which the asset's number is written with the specific the description as well as the particular location of the assets. Beside this, there is a Logo with the name of BRAC Bank on that barcode which represents that the owner of the assets is BRAC Bank Limited. Earlier the barcode that are affixing on the fixed asset is purchased from the third party but now BBL has its own barcode printer to print the barcodes.

The sample of a barcode is given as followings:



ACR0002003

Object des: AC General 2.5 ton

Location: Natore Branch

4. Reconciliation of the assets with the asset register book in IFS

We had to tag all the fixed assets of almost 135 locations including Branches, SME Unit Offices, ATM Booths, Apon Shomoy, AB centers, ROC (Regional Operations Center), CRM (Credit Risk Management) of BRAC Bank Limited within three months. After that we had to prepare two Excel Sheets; one is for the tagged assets and the other one is for the untagged assets. Untagged assets were those assets that are completely new or transferred from other locations and had no existence on that particular location in the IFS. After preparing those Excel Sheets with all the update information regarding the fixed assets then we had to reconcile the fixed assets with the asset register book in IFS software. We also had to enter the serial number as well as the model of the IT equipments (such as monitor, CPU, Laptop, AC, Money counting machine, UPS, Printer, Scanner, Fax machine, ATM machine, Online UPS, Generator etc.) in the IFS. In case of Monitor, CPU and UPS we had to collect the user pin number of the employees who were using those IT equipment.

Project Part

5.02. Fixed Asset:

A long-term tangible or intangible piece of property that a company owns as well as uses in the production and the duration of which is more than one year; which will be depreciated over the useful life will be termed as fixed assets. Fixed assets must be classified in a company's balance sheet as intangible, tangible, or investments.

Some examples of BRAC Bank's fixed assets are:

Office Equipment

Furniture & Fixtures

Air Conditioner

Printer, Scanner

IT Hardware & Software

Construction & Renovation Works

Photocopy Machine

Vehicle

Generator

Any other items as per the criteria of fixed items

5.03 Objectives of Fixed Asset Management in BRAC Bank Limited:

There are several objectives of managing the fixed asset and those objectives are described in followings:

1. To ensure the assets visibility by physically being the location.
2. To identify and calculate the value of the assets.
3. To match the assets location as well as visibility with the register book.
4. To know the actual financial picture of a particular branch as well as the company.
5. Ensure the assets visibility by physically being the location:

5.04 Benefits associated with the management of fixed asset in BRAC Bank Limited

◆ Managers know about the assets

As the fixed asset management team calculated each of the particular branch's assets individually that is why the managers of each individual branch are able to know the exact quantity as well as the value of assets that they have in their branches. If there were any mismatching between the assets list and visibility of the asset of a particular branch then we had to inform it to the branch manager. This will increase or decrease the value of the fixed asset of that particular branch. In that case, whenever the internal auditor prepares profit and loss statements as well as balance sheet based on that overstate or understate value of the fixed assets then it will provide inaccurate profit & loss statement as well as balance sheet of that branch.

◆ Getting Insurance benefit against fixed asset

As the manager can get the accurate information regarding the value of the assets so he is able to minimize the avoidable risk factor by getting the insurance coverage against the fixed assets. Through this type of project BBL can ensure the quantities as well as the values of the fixed assets for a particular location and also ensure whether the banks provides more insurance premium for getting the insurance coverage against the fixed assets of a particular branch.

◆ Calculating the written down value (WDV)

Written down value is the value that we get after deducting the depreciation amount from the book value that means the purchase price of the asset. Asset management team is solely responsible to calculate the written down value. They provide all the information regarding the fixed asset within the BRAC Bank Limited.

If the written down value of an asset is more than the repair & maintenance cost of that asset and can get farther service from that asset if they repair it then the asset management team decided to do repair and maintenance

◆ Branch's balance sheet

Fixed asset is an item that is placed in the assets part of the balance sheet. So it is very important to know the accurate figure of the fixed asset for the management as well as the stakeholders of BRAC Bank. Through this type of project BRAC Bank Limited ensures that the fixed assets are placed in the proper locations and the quantities as well as the values of the assets are matches with the IFS software. Overstate or understate value of the fixed assets in any branch's balance sheet is going to misguide the management as well as the stakeholders of the bank and also weigh down the goodwill of the bank.

◆ Transfer asset to branches

In case of transferring the assets, asset management team of the BRAC Bank just gives the approval to transfer the assets through an e-mail. As the team is not transferring the assets by physically being the location that is why through this type of project work they can ensure the exact locations of the fixed assets.

◆ Revaluation of fixed assets

Revaluation of fixed assets is a process of increasing or decreasing the carrying value of fixed assets to account for major changes in the fair market value of the asset. Financial Accounting Standards (FAS) for fixed assets require fixed assets to be initially recorded at cost model and the revaluation model.

In the cost model the fixed assets are carried at their historical cost less accumulates depreciation and accumulated impairment losses. There is no upward adjustment to value due to changing circumstances.

◆ New purchase and repair maintenance

Fixed asset management sub unit of BBL recorded all the assets that are being purchased newly as well as make important decisions regarding the repair and maintenance of the existing assets that are being already used in the branches.

In case of repair and maintenance of an asset BBL at first inform the asset management department and then the asset management team decides whether this asset should repair or not by calculating that asset's written down value. If the asset management team identify that the written down value of an asset is less than the repair and maintenance cost of that asset then the asset management team decided not to do any additional cost like repair & maintenance cost on that asset and send it for auction. If the written down value of an asset is more than the repair & maintenance cost of that asset and can get farther service from that asset if they repair it then the asset management team decided to do repair and maintenance

5.05 Vendor Enlistment Criteria of BRAC Bank

BRAC Bank Limited (BBL) purchased any kind of fixed assets with the direct supervision of procurement department. The procurement department followed some criteria to enlist a vendor with the bank. The bank is looking for the following documents to be enlisted are:

- Photocopy of "Trade License"
- Photocopy of VAT Registration certificate
- Photocopy of TIN certificate
- Bank solvency certificate/documents such as Balance Sheet, Bank Statement etc
- Experience certificate if available
- Details descriptions of products/services with catalogue/brochures if available
- Existing Clients list
- Organization Structure with the names of contact persons with contact details
- Distribution Networks if available
- Service Centers Networks if available
- Manufacturer's Authorization Documents (if applicable)

5.06 Process of Fixed Asset Management in BRAC Bank Limited

Fixed asset management of the BRAC Bank Limited is a sub unit department of finance division where the entire fixed assets are being managed in such a way, so that the company can easily identify the assets location on which the assets are located as well as written down value of the assets any time. The bank has ERP (IFS) Software for managing the fixed asset.

Step-a: For acquisition of new Assets the following steps have been followed in the IFS:

- o Generally anyone can create the MR (Material Requisition) and send it to the department head or delegated person to authorize that MR.
- o IT Team then justified the MR and send it to the procurement dept. for providing budgetary cost of that MR; after that Payment processing & Compliance team allocates the budget for that MR.
- o Division head then approves the MR and send it to the store team for converting that MR into PR (Procurement Requirement).
- o If it is within the financial limit of the approver, then procurement team creates PO; otherwise the procurement team takes necessary financial approval as per delegation.
- o Procurement team then creates the PO (Purchase Order) & Purchase the Assets according to the procurement policy.
- o After delivering the assets & submitting of the final bill Fixed Asset Team creates object ID in IFS.
- o Store team receives & Issue that object in the IFS and Payment Team pays the final bill.
- o Fixed Asset team activates all new objects that were purchased in last month & charge depreciation in IFS

Step-b: For Disposal off of the old/unused Asset the following steps have been followed

- o According to the Auction policy GA & IS (General Administration & Infrastructure Services) /IT takes necessary approval for the auction.
- o GA&IS, Fixed asset and auction committee member should complete the auction and calculate profit or loss on auction based on written down value (WDV).
- o Fixed asset team then disposes off each and every asset based on previously provided list using IFS Sale option.

Step-c: For charging Depreciation the following steps have been followed in IFS

- o According to the BBL's guidelines ERP team sets the Object group wise depreciation rate in the IFS.
- o Asst. manager of Fixed Asset team Creates depreciation proposal in IFS.
- o Officer of Fixed Asset team Charges depreciation manually and check it with depreciation proposal.
- o Sr. manager of Fixed Asset team Authorized and post depreciation proposal in IFS.

5.07 Some Basis of Accounting

The financial statements of the BRAC Bank Limited are prepared on a going concern and accrual bases under historical cost convention and in accordance with Generally Accepted Accounting Principles (GAAP).

1. Property, Plant and Equipment Recognition (PPR)

The cost of an item of property, plant and equipments (Fixed Assets) shall be recognized as an asset if, and only if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. Property, plant and equipments have been accounted for at cost less accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs of enhancement of existing assets are recognized as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the bank and the cost of the item can be measured reliably. All other repairs and maintenance are charge to the profit & loss account during the financial period in which they are incurred.

2. Depreciation

Land is not depreciated. Depreciation is charged on the items of property, plant and equipment using straight-line method. Depreciation has been charged from the following month of acquisition, whereas no depreciation on the assets disposal off has been charges from the month of disposal. Depreciation on premises other than freehold land and other fixed assets is recognized in profit or loss on a straight line basis over the expected useful economic lives of the

assets based on cost, or in the case of assets which have been revalued, on the revalued amount. The estimated useful lives for the current and comparative period are as follows:

Category of Assets	Estimated useful life (Years)
Buildings	20
Furniture & fittings	5-10
Motor Vehicles	5
Leasehold Improvement	6-7
IT Equipments	4
Office Equipments	5-10

Depreciation on additions to property, plant & equipment is charged from the month in which such assets are capitalized and adjustments to accumulated depreciation for disposals off are made up to the month in which the relevant assets are disposed off.

The rate of depreciation on various classes of property, plant and equipment are as follows:

Asset Category	Rates (%)
Building & other constructions	2
Furniture & fixtures	12.5
Office decoration	15
Computers & accessories	25
Air coolers & ceiling fans	20
Telephones, fax & mobiles	20
Electrical & office equipment	20
Cookeries & cutleries	10
Vehicles	20
Software & system	33

3. Sale of Fixed Assets

Sale price of fixed assets are determined on the basis of the fair value of the assets. Gain or loss on the sales of assets is recognized in profit and loss account according to the provision of ISA 16 property, plant and equipments.

4. Revaluation

The fair value of land and building is usually its market value. This value is determined by appraisal normally undertaken by professionally qualified values. The fair value of items of plant and equipment is usually their market value is determined by appraisal. The frequency of revaluation depends upon the movements in the fair value of the items of property, plants and equipment being revalued.

Increase in the carrying amount as a result of revaluation is credited to Shareholders equity under the heading of revaluation surplus; decrease in the carrying amount as a result of revaluation is recognized as an expense. However, a revaluation decrease is charged directly against any related revaluation surplus to the extent that decrease does not exceed the amount held in the revaluation surplus in respect of those same assets.

5. Impairment

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the assets should be reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss is recognized as an expense in the income statement.

6. Others

Useful life and method of depreciation of property, plant and equipments are reviewed periodically. As useful lives of assets do not differ significantly as it was previously estimated. Bank management does not consider revaluing its assets by the meantime. As per Bangladesh Accounting Standards (BAS)-17 “lease” all fixed assets taken on lease has been accounted for as finance lease whereas those were being recognized as operating lease in the earlier years.

6.0 Background of the research:

BRAC Bank was incorporated for helping the “missing middle” that means focusing the SME (Small & Medium Enterprise) sector in Bangladesh. Since almost 12 years have gone BRAC Bank is now dominating the SME sector in a triumphant march in Bangladesh. Obviously, by this time it attracted enough customers and achieves their acceptances. However, no research has been performed before on the extent to which customers are satisfied. Besides, the quality of products and service may not satisfy some groups of clients. Sometimes, they also charge prices higher than the other banks. These problems led me to conduct a survey on customer satisfaction at perspective of clients & managers. My survey will focus on customer satisfaction and attitudes towards BRAC Bank SME service, loan processing, & loan products etc. The survey will help to identify the key problems and provide a logical solution that will ultimately help them to run the business more effectively & efficiently.

6.01 Rational of the research:

Survey is the only way to answer this question, there is no other efficient way to answer this question.

Objectives of the survey:

Once the need for information has been clearly defined, the surveyor must specify the objectives of the proposed survey and develop a specific list of information needs. Research objectives answer the question "Why is this project being conducted?"

My specific survey objective is to

- To know the customer satisfaction level at BRAC Bank Limited.
- To measure the customers attitude towards BRAC Bank Limited.
- Future customers expectation and future perspective of BRAC Bank Limited

6.02 Data and Methodology:

6.02.01 Data collection:

Data were collected from BRAC Bank Head office, SME offices, CRM (Credit Risk Management) center, Branches etc by getting answer of questioner. And further question were asked to the managers, officers of BRAC Bank.

I used primary data for the purpose of my survey and I also used some secondary data as well. Data were collected by using personnel interview, survey method from the customers of BRAC Bank who frequently visit there. Secondary data collected rapidly and easily, at a relatively low cost, and in a short time. Website, notes, books, journals reports, & newspapers are the source of secondary data.

The population and sample of our survey would be –

Population N = Clients & Managers of BRAC Bank

Sample n = conveniently selected 29 customers & 10 managers

I have accumulated pertinent information's by questionnaire from those 29 customers & 10 managers of BRAC Bank. At the same time for the analysis part I have used SPSS and statistical tools. The overall methodologies of this research include sample size, sample selection, questionnaire design, data collection, and data analysis.

Population issue:

Theoretically all the customers who visit BRAC Bank are my theoretical population, but on a particular day when I visited BRAC Bank is my accessible population, the customers I can get access.

Probability or non-probability sampling:

Here in this survey I used probability sampling method. I utilize random selection method. Under this method different units in my population have equal probabilities of being chosen.

Sampling Method:

Simple random sampling has been used for this particular survey.

Reliability concern:

Reliability means the consistency of the respondents answer. The answers the respondents provide are reliable

My total sample size was thirty-nine (39).

I constructed two questionnaires of thirteen questions for clients & five questions for Bank Manager. I followed both nominal and ordinal scale of measurement which helps me to get more accurate response from my respondents.

I used primary data for my survey purpose. The data which is collected is processed and analyzed. I used SPSS software to analyze the data. I also used graphical representation, frequency table, cross tabulation etc to analyze the data. It will eventually lead me to the conclusion of my survey.

6.03 Analysis of Data: Frequency table

Gender of Clients					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	27	93.1	93.1	93.1
	Female	2	6.9	6.9	100.0
	Total	29	100.0	100.0	

Almost 93% male & 7% female are participated in this research from clients for giving answers. Male participants are more than female because males are taking more SME loan than female.

Type of business of Clients

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Proprietorship	18	62.1	62.1	62.1
	Partnership	9	31.0	31.0	93.1
	Private Company	2	6.9	6.9	100.0
	Total	29	100.0	100.0	

In this survey approximately 62% participants are running proprietorship business, 31% partnership business & 7% private company who expressed their valuable information about BRAC Bank SME service and products whether they maintain the quality of service or not.

Years of taking service from BBL

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below 1 year	4	13.8	13.8	13.8
	1-2 years	8	27.6	27.6	41.4
	2-5 years	10	34.5	34.5	75.9
	Above 5 years	7	24.1	24.1	100.0
	Total	29	100.0	100.0	

In this survey different type of client's sample has been selected who are taking service from BRAC Bank for the different period in business cycle. From above table we can easily see that respondents are taking service below 1 year approximately 14%, from 1-2 years 28%, 2-5 years 34% and above 5 years 24%. So, we can easily conclude that 86% clients are taking service 1 year to above 5 years from BRAC Bank. Therefore, BRAC Bank has ability to retain their clients as majority of clients are taking service more than one year.

Cross-tabs:

Crosstabs is an SPSS procedure that cross-tabulates two variables, thus displaying their relationship in tabular form. In contrast to Frequencies, which summarizes information about one variable, Crosstabs generates information about *bivariate* relationships.

Crosstabs creates a table that contains a cell for every combination of categories in the two variables.

- Inside each cell is the number of cases that fit that particular combination of responses.
- SPSS can also report the row, column, and total percentages for each cell of the table.

6.04 Analysis of Data: Cross-tabulation

Gender of Clients * BBL's SME service Cross tabulation

			BBL's SME service			Total
			Bad	Neutral	Good	
Gender of Clients	Male	Count	1	2	24	27
		% of Total	3.4%	6.9%	82.8%	93.1%
	Female	Count	0	0	2	2
		% of Total	.0%	.0%	6.9%	6.9%
Total		Count	1	2	26	29
		% of Total	3.4%	6.9%	89.7%	100.0%

24 male respondents (82.8%) has expressed that BRAC Bank Limited's (BBL) SME service is good but only 1 male respondent (3.4%) said BBL's SME service is bad. On the other hands, 2 female respondents (6.9%) have provided their opinion as BBL's SME service is quite good. And, 2 male respondents (6.9%) were neutral to express their opinion about BBL's SME service. In sum, we can say that 26 persons (89.7%) were expressed that BBL's SME service is good.

Gender of Clients * Flexibility of SME loan Cross tabulation

		Flexibility of SME loan	Total
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			Disagree	Neutral	Agree	
Gender of Clients	Male	Count	8	7	12	27
		% of Total	27.6%	24.1%	41.4%	93.1%
	Female	Count	0	2	0	2
		% of Total	.0%	6.9%	.0%	6.9%
Total		Count	8	9	12	29
		% of Total	27.6%	31.0%	41.4%	100.0%

We can easily express that 12 male respondents (41.4%) agree & 8 male respondents (27.6%) disagree about the flexibility of BBL's SME loan than other banks. But, 7 male respondents (24.1%) & 2 female respondents (6.9%) total 9 (31%) was neutral in terms of flexibility of BBL's SME loan than other banks because may not enough knowledge about the service of other banks. So, we can say that BBL's SME loan have little bit rigidity due to design loan products for the business purpose but almost 41% respondents agree BBL's SME loan are quite flexibility than others Banks.

Gender of Clients * SME loans are clients based Cross tabulation

			SME loans are clients based				Total
			Disagree	Neutral	Agree	Strongly agree	
Gender of Clients	Male	Count	2	1	22	2	27
		% of Total	6.9%	3.4%	75.9%	6.9%	93.1%
	Female	Count	0	0	2	0	2
		% of Total	.0%	.0%	6.9%	.0%	6.9%
Total		Count	2	1	24	2	29
		% of Total	6.9%	3.4%	82.8%	6.9%	100.0%

We are seeing from above table that 22 (75.9%) & 2 (6.9%) male respondents are agree and strongly agree respectively toward the loan products have been designed based on clients requirement. In addition, 2 female respondents (6.9%) also agree that BBL's loan products are appropriate in perspective of client's choice. But only 2 (6.9%) & 1 (3.4%) male respondents are disagree & neutral accordingly in the statements of loan products are clients based. However,

approximately 90% respondents have positive attitude toward BBL's loan products because BRAC Bank's research and development department is continuously working for updating products and services for retaining customers.

Gender of Clients * Loan processing time frame work Cross tabulation

			Loan processing time frame work				Total
			Bad	Average	Neutral	Good	
Gender of Clients	Male	Count	4	13	2	8	27
		% of Total	13.8%	44.8%	6.9%	27.6%	93.1%
	Female	Count	0	2	0	0	2
		% of Total	.0%	6.9%	.0%	.0%	6.9%
Total		Count	4	15	2	8	29
		% of Total	13.8%	51.7%	6.9%	27.6%	100.0%

From above table we can analyze that 8 (27.6%) male respondents are expressed good, 2 (6.9%) neutral, 13 (44.8%) average & 4 (13.8%) bad in terms of loan processing of time of BRAC Bank limited. On the other hand, only 2 (6.9%) female respondents have given opinion about that BBL's loan processing time is average. So in total 15 (51.7%) respondents gave opinion about average time of loan processing of BRAC Bank. However, majority responders approximately 52% told BBL's loan processing time is average because BBL's loan processing time is quite similar than others bank. If a person wants loan then bank SME team will verify all details about clients and finally find all positive information of clients, approve for loan. So, it needs approximately average 1 month for getting loan.

Gender of Clients * BBL's has adequate offices for reaching clients Cross tabulation

			BBL's has adequate offices for reaching clients			Total
			Neutral	Agree	Strongly agree	

Gender of Clients	Male	Count	3	17	7	27
		% of Total	10.3%	58.6%	24.1%	93.1%
	Female	Count	1	1	0	2
		% of Total	3.4%	3.4%	.0%	6.9%
Total		Count	4	18	7	29
		% of Total	13.8%	62.1%	24.1%	100.0%

From above table, 17 (58.6%) male & 1 (3.4%) female respondents are agree, 7 (24.1%) male respondents are strongly agree and 3 (10.3%) male & 1 (3.4%) female respondents are neutral about BBL's has adequate offices for reaching clients. However, in total 25 respondents (86%) have positive attitude toward BBL's has adequate offices for reaching clients. In almost 12 years BRAC Bank's growth rate is tremendously unbelievable that in every district they establish their offices for reaching clients.

Gender of Clients * SME sector reaches socio-eco barriers Cross tabulation

			SME sector reaches socio-eco barriers				Total
			Disagree	Neutral	Agree	Strongly agree	
Gender of Clients	Male	Count	1	2	18	6	27
		% of Total	3.4%	6.9%	62.1%	20.7%	93.1%
	Female	Count	0	0	2	0	2
		% of Total	.0%	.0%	6.9%	.0%	6.9%
Total		Count	1	2	20	6	29
		% of Total	3.4%	6.9%	69.0%	20.7%	100.0%

From above table, 6 (20.7%) male respondents are strongly agree, 18 (62.1%) agree, 2 (6.9%) neutral and 1 (3.4%) disagree in the terms of BBL's SME sector reaches socio-economic barriers. On the other hand, 2 (6.9%) female respondents agree that BBL's SME sector reaches socio-economic barriers. However, approximately 90% respondents have positive attitude towards BBL's SME sector reaches socio-economic barriers. BBL is the only one commercial bank in Bangladesh which disburse largest volume SME loan to reach socio-economic barriers.

Gender of Clients * Slogan about " Aastha Obichol " in terms of service Cross tabulation

	Slogan about "Aastha Obichol" in terms of service	Total
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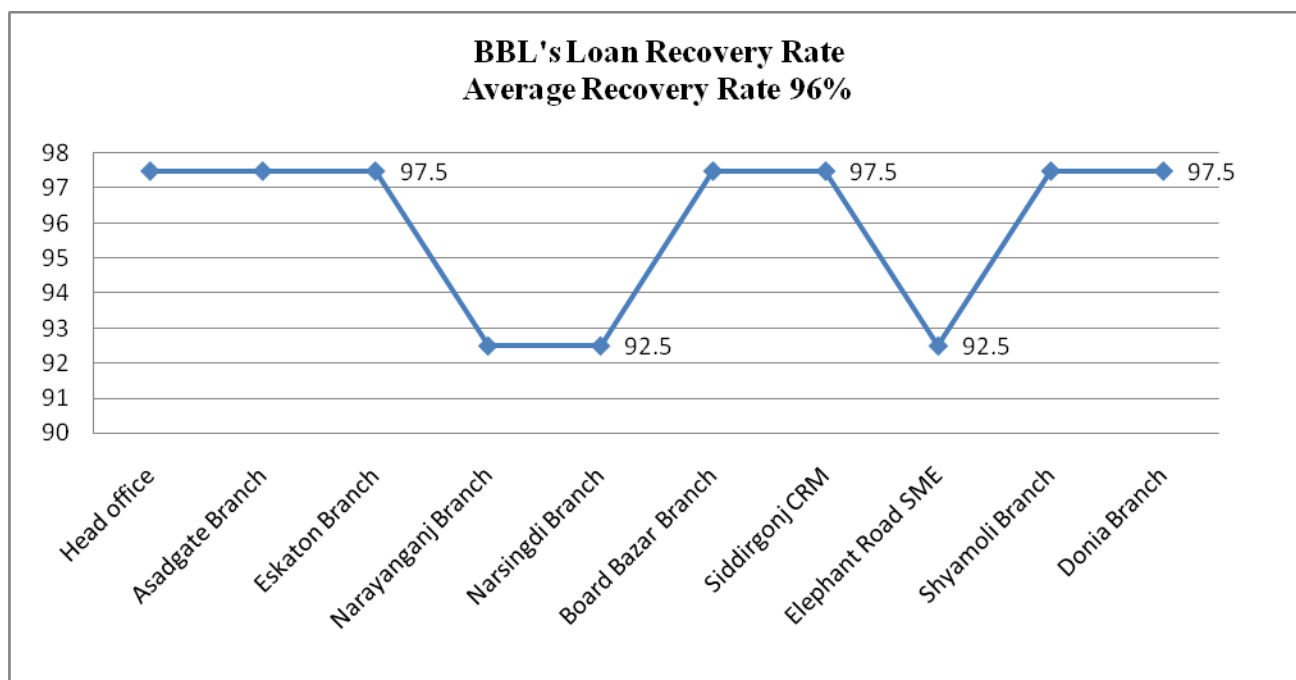
			Neutral	Agree	Strongly agree	
Gender of Clients	Male	Count	2	19	6	27
		% of Total	6.9%	65.5%	20.7%	93.1%
	Female	Count	0	2	0	2
		% of Total	.0%	6.9%	.0%	6.9%
Total	Count	2	21	6	29	
	% of Total	6.9%	72.4%	20.7%	100.0%	

From above table, 6 (20.7%) male respondents are strongly agree, 19 (65.5%) agree, and 2 (6.9%) neutral about BBL's corporate Slogan about "Aastha Obichol" in terms of service. Even, 2 (6.9%) female respondents also agree with BBL's corporate Slogan in terms of service. BBL is highly committed to provide excellence service to their clients. So, approximately 93% respondents have given positive answer in terms of service of BBL.

Gender of Clients * Satisfaction about service Cross tabulation

			Satisfaction about service			Total
			Disagree	Agree	Strongly Agree	
Gender of Clients	Male	Count	3	17	7	27
		% of Total	10.3%	58.6%	24.1%	93.1%
	Female	Count	0	2	0	2
		% of Total	0.0%	6.9%	0.0%	6.9%
Total		Count	3	19	7	29
		% of Total	10.3%	65.5%	24.1%	100.0%

We can analysis from above table, 7 (24.1%) male respondents are strongly agree, 17 (58.6%) agree, and 3 (10.3%) disagree about satisfaction of service of BBL. And, 2 (6.9%) female respondents satisfied also agree of the service of BBL. BBL's environment, type of products, quality of service and priority banking services etc satisfied clients. So, approximately 90% clients are satisfied by getting service.



I took 10 branches randomly in different locations Dhaka & near Dhaka for collecting sample. The above graph is representing the approximate results of loan recovery for SME. I designed five choices from 75%-100% (75%-80%, 80%-85%, 85%-90%, 90%-95% & 95%-100%) range as approximate loan recovery rate in my questionnaire. Seven & three branches have selected 95%-100% range (its average 97.5) & 90%-95% range (its average 92.5) respectively. So, by using this average rate there has been found average recovery rate 96%. But actual recovery rate is 96.89% in BRAC Bank in 2011. BBL has approximately 7,700 workers and more than 2200 CROs are working in SME sector. BBL has large strong & experience personnel to recover loan. Even BBL gets help from the BRAC for knowledge showing, experience & new ideas for succeeding recovery of loan.

Most popular loan in BBL

		Most popular loan products		Total
		Anonno Rin	Apurbo Rin	
Branches	Count % Total	8 80 %	2 20%	10 100%

From above table we can easily analysis that 8 (80%) & 2 (20%) branches expressed that their best products are Anonno Rin & Apurbo Rin respectively. There are more than 15 SME products for clients in BBL. But majority 80% branches have said that Anonno Rin is most popular loan products for clients because loan amount is BDT. 3-8 lacks everyone can afford it as SME loan & it is collateral free loan.

Type of business of Clients * Satisfaction about service Cross tabulation

		Satisfaction about service			Total	
		Disagree	Agree	Strongly Agree		
Type of business of Clients	Proprietorship	Count	2	12	4	18
		% of Total	6.9%	41.4%	13.8%	62.1%
	Partnership	Count	1	6	2	9
		% of Total	3.4%	20.7%	6.9%	31.0%
	Private Company	Count	0	1	1	2
		% of Total	.0%	3.4%	3.4%	6.9%
Total	Count	3	19	7	29	
	% of Total	10.3%	65.5%	24.1%	100.0%	

From above table 2 (6.9%), 12 (41.4%) & 4 (13.8%) proprietorship businessperson are disagree, agree & strongly agree accordingly for about satisfaction about service. Again, 1 (3.4%), 6 (20.7%) & 2 (6.9%) partnership businessperson are disagree, agree & strongly agree respectively for about satisfaction about service. And, 1 (3.4%) & 1 (3.4%) private company businessperson are disagree, agree & strongly agree accordingly for about satisfaction about service in BBL. However, approximately 90% business person have positive attitude towards BBL's SME service.

Years of taking service from BBL * Satisfaction about service Cross tabulation

		Satisfaction about service			Total	
		Disagree	Agree	Strongly Agree		
Years of taking service from BBL	Below 1 year	Count	0	4	0	4
		% of Total	0.0%	13.8%	0.0%	13.8%
	1-2 years	Count	1	6	1	8
		% of Total	3.4%	20.7%	3.4%	27.6%
	2-5 years	Count	2	5	3	10
		% of Total	6.9%	17.2%	10.3%	34.5%
	Above 5 years	Count	0	4	3	7
		% of Total	0.0%	13.8%	10.3%	34.1%
Total	Count	3	19	7	29	
	% of Total	10.3%	65.5%	24.1%	100.0%	

From above table we can express that 13.8% agree about satisfaction about service who are taking service below 1 year. Again, 3.4%, 20.7% & 3.4% disagree, agree & strongly agree on the term of satisfaction about service who is taking service from 1-2 years. Once more, 2 – above 5 years taking service who expressed their opinion that 9 (31%) agree, 6 (20.6%) strongly agree & only 2 (6.9%) disagree about the satisfaction about service of BRAC Bank. So, BRAC Bank is committed to retain their valuable clients and keep them in touch of their best service. But it is needed to take continuously improvement about their service.

6.05 Comparative analysis of SME Credit Scheme of Six Different Banks in Bangladesh

Dhaka Bank Ltd.

The Bank started branch operations at Belkuchi Sirajgonj in April 2003. Prior to the Bank's intervention, the weaving community did not have the financial strength to stock their products till "Eid ul Fitr" when the annual sale takes place. Traders were taking advantage to the situation by buying up entire productions at low prices and liquidating stocks just before "Eid". With financial services from Dhaka Bank Limited, the weavers have converted to power looms, significantly increased profitability and reduced the involvement of middlemen. Already they have identified several clusters and are working on improving access to finance within these clusters.

Dutch-Bangla Bank Ltd.

Dutch-Bangla Bank Limited (the Bank) is a scheduled commercial bank. The Bank is listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited. DBBL a Bangladesh European private joint venture scheduled commercial bank commenced formal operation from June 3, 1996. The Bank commenced its banking business with one branch on 4 July 1996. The bank opened SME windows in 2001.

Prime Bank Ltd.

Prime Bank Ltd. is established in April 1995 by a group of visionary entrepreneurs. As per decision of the Board of Directors of Prime Bank Ltd. in its 78th meeting held on 17.11.1999 "Small & Medium Enterprise (SME) Cell" has already been established at Head Office under the Credit Division. Now the bank can replicate quality anywhere in the world. So, the competitive differentiation comes from swiftness to market and innovation. And in this regard, small companies' right down to the individual can beat big bureaucratic companies ten out of ten times.

Mercantile Bank Ltd

Mercantile bank is a third generation commercial bank. It has opened SME windows in 1999 to encourage the small business activities.

Eastern Bank Ltd

Small and Medium Enterprises (SME) in Bangladesh contributed 25% of gross domestic product (GDP) and 80% of the industrial jobs of the country in 2004. According to ADB, the country's estimated 6 million SMEs and micro enterprises firms of less than 100 employees have a significant role in generating growth and jobs. This is a sector that has its own distinct needs and requires specialized focus. Eastern Bank Ltd. Eastern bank started its banking journey in 1992 but (EBL) has launched SME Banking in early 2005 with this view in mind. Eastern Bank Ltd. Services in SME:

- Provide SMEs with easy access to financing.
- Deliver products that ensure superior returns to our customers.
- Orient customers with industry trends, regulatory issues etc, for their success.
- Value long-term relationship banking

BRAC Bank Ltd.

The BRAC Bank ltd started its operation in 2001. The SME portfolio includes

- Prothoma Rin exclusively designed for women
- Anonno Rin this is a small-scale loan
- Apurbo Rin in order to help our SME
- Supplier Finance in order to help suppliers & manufacturer

6.06 Competitor's comparative analysis

6.05.1. Analysis of Loan size

- i. Dhaka Bank Ltd - Taka 0.50 Lac to Taka 50.00 Lacs
- ii. Dutch-Bangla Bank Ltd- Taka 3 Lac to Taka 50.00 Lacs
- iii. Prime Bank Ltd – Taka 1 Lac to Taka 75.00 Lacs
- iv. Mercantile Bank Ltd- Taka 0.50 Lac to Taka 50.00 Lacs
- v. Eastern Bank Ltd- Taka 2 Lac to Taka 300.00 Lacs
- vi. BRAC Bank Ltd- Taka 0.50 Lacs to Taka 30.00 Lacs

Among the banks Eastern bank offers the highest loan amount to the customers where as the BRAC bank offers the lowest loan amount to its customers.

6.05.2. Rate of interest

- i. Dhaka Bank Ltd – 12% to 18% p.a.
- ii. Dutch Bangla Bank Ltd - 15% to 17% p.a.
- iii. Prime Bank Ltd- 17% to 20% p.a.
- iv. Mercantile Bank Ltd- 12% to 18% p.a.
- v. Eastern Bank Ltd- 13% to 16% p.a.
- vi. BRAC Bank Ltd- 14% to 24% p.a.

In terms of interest rate the Dhaka Bank & Mercantile Bank Ltd offers the lowest rate of interest to its customers. And, the highest rate is charged by BRAC Bank Ltd.

6.05.3. Loan processing fees

- i. Dhaka Bank Ltd – 1.5% of Loan
- ii. Dutch Bangla Bank Ltd - 1% of Loan
- iii. Prime Bank Ltd- 1% of Loan
- iv. Mercantile Bank Ltd- .50% of Loan
- v. Eastern Bank Ltd- 1% of Loan
- vi. BRAC Bank Ltd- 1% of Loan

Here we can see that Dhaka bank is showing the highest loan processing fee. But the prime bank and mercantile bank is charging the lowest rate .50% as loan processing fess

6.05.4. Period of loan

- i. Dhaka Bank Ltd – 1 to 5 years
- ii. Dutch Bangla Bank Ltd – 1 to 3 years
- iii. Prime Bank Ltd- up to 1 years
- iv. Mercantile Bank Ltd- up to 1 years
- v. Eastern Bank Ltd- 1.5 to 5 years
- vi. BRAC Bank Ltd- 1 to 3 years

Among the banks the highest loan maturity date is offered by Dhaka bank & Eastern bank limited and Mercantile & Prime Bank Limited offer the lowest maturity period.

6.05.5. Mode of Finance

- i. Dhaka Bank Ltd – Term loan and working capital loan
- ii. Dutch-Bangla Bank Ltd- Only term loan
- iii. Prime Bank Ltd – Term loan and working capital loan
- iv. Mercantile Bank Ltd- Only term loan
- v. Eastern Bank Ltd- Only working capital loan
- vi. BRAC Bank Ltd- Only term loan

All the Banks providing SME financing facilities do not provide long-term loan to its customers. Among the banks Prime and Dhaka Bank limited both provides term loan and working capital loan to their customers. Other bank either provides term loan or working capital loan to its customers.

Comparative Analysis of SME Credit Scheme of Six Different Banks

Bank Name	Start SME Operation	Loan of Size	Interest Rate	Loan Process fee	Period of Loan
Dhaka Bank	2003	.50 - 50 Lacks	12%-18%	1.5% of Loan	1 to 5 years
Dutch Bangla	2001	3 - 50 Lacks	15%-17%	1% of Loan	1 to 3 years
Prime Bank	1999	1 – 75 Lacks	17%-20%	1% of Loan	Up to 1 year
Mercantile Bank	1999	.50 - 50 Lacks	12%-18%	0.5% of Loan	Up to 1 year
Eastern Bank	2005	2 – 300 Lacks	13%- 16%	1% of Loan	1.5 to 5 years
BRAC Bank	2001	.50 - 30 Lacks	14% - 24%	1% of Loan	1 to 3 years

From table prime bank and mercantile bank are the pioneer banks that are initiated SME operation early and eastern bank is focusing SME sector in 2005 which is quite late in banking operation because EBL started its banking journey in 1992. So, EBL is concentrating the highest loan amount to the clients for reaching the maximum disbursement. But, BBL is focusing on the lowest loan amount to their clients where they are charging the highest interest rate. And, lowest interest rate is charging by Dhaka bank & mercantile bank. However, loan processing fee is highest in Dhaka bank (1.5%) and lowest in mercantile. Additionally, Dhaka bank & Eastern bank are focusing on long term loan maturity and prime & mercantile are offering the short term loan maturity. So, we can easily analyze that in terms of loan size & loan processing fee mercantile bank's SME products are so attractive. But, in terms of interest rate and loan maturity Dhaka bank is trying to attract more customers. So, BRAC bank should revise their products & service so that it will help them to compete with the rising competitors. However, most

interesting fact is that most of clients don't have much knowledge about – which bank is providing the lowest interest rate, lowest loan processing fee etc.

6.05.6. Management

Overall the management of the banks engaged in SME banking is efficient and have diverse knowledge of banking sector. BRAC bank has facilitated from BRAC in terms of knowledge, market survey & manpower as well to provide training of their staffs for managing the SME division.

6.05.7. Number of branches & SME Service Center

SL No	Bank Name	No of Branches	No of SME
1	Dhaka Bank Ltd	68	3
2	Dutch Bangla Bank Ltd	104	10
3	Prime Bank Ltd	111	17
4	Mercantile Bank Ltd	81	5
5	Eastern Bank Ltd	61	26
6	BRAC Bank Ltd	155	413

We can easily explain that BRAC Bank is the pioneer bank in terms of the largest network of branches & SME offices around the country for reaching maximum clients. In 64 districts BRAC Bank has SME network coverage. So, BRAC Bank is playing a vital role in the country by dominating the SME sector and leading the banking arena in our country. However, other banks are trying to expand and competing with BRAC Bank as it is the number 1 bank in SME sector. Since its inception BRAC Bank is capturing market in a triumphant march and even today they are following expansion strategy because all over Bangladesh it has banking network.

6.05.8. Loan disbursement & recovery rate of different banks (TK in Crore, 31 Dec'11)

Serial NO	Name of the Bank	Portfolio Size	Recovery Rate
1	BRAC Bank Limited	1450	96.89%
2	Eastern Bank Limited	1044.9	96.06%
3	Prime Bank Limited	942.94	95%
4	Dhaka Bank Limited	412.93	96.07%
5	Mercantile Bank Limited	383.36	95.02%
6	Dutch Bangla Bank Limited	310	95.49%
	Total	4544.13	

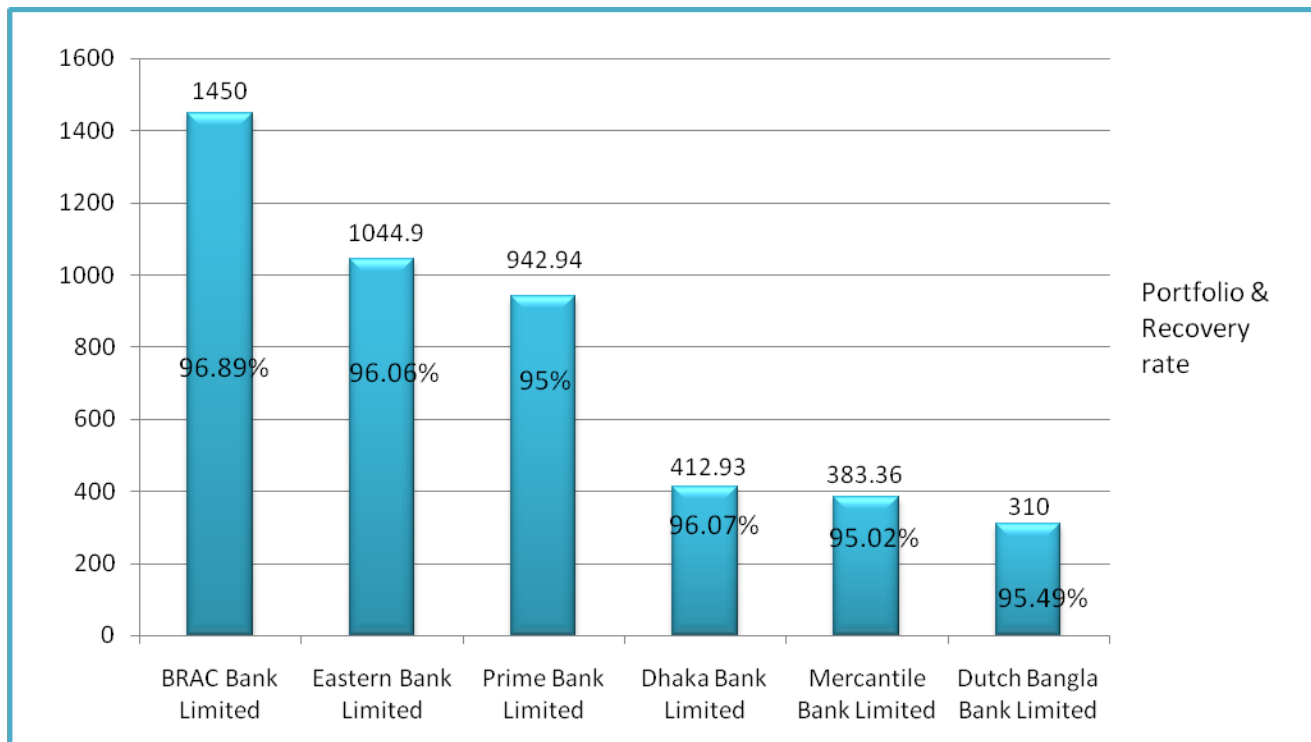
From the table we can see that the BRAC bank has the highest investment in the SME sector followed by Eastern Bank Ltd. in second position. While the Prime Bank Ltd., Dhaka Bank Ltd., Mercantile Bank Ltd. and Dutch-Bangla Bank Ltd. are third, fourth, fifth and sixth respectively out of this six bank. As BRAC Bank got the brand name of BRAC so that it has gained popularity in the market. On the other hand, Eastern bank and Prime bank are coming to capture market in an emerging giant in SME sector of banking industry. We can also see that in couple of years growth rate of loan disbursement of this two banks are significantly increased. But, Dhaka bank, mercantile bank & Dutch Bangla bank are more focusing on corporate and whole banking. So that their contribution in SME sector is lower than others. But, they are moving ahead to contribute more in SME sector in the coming decades.

6.05. 9. Collateral free loan:

(up to Dec, 11)

Bank Name	Collateral free Loan
BRAC Bank	92%
Eastern Bank	84.42%
Prime Bank	82.23%
Dhaka Bank	78.93%
Mercantile Bank	78.43%
Dutch Bangla Bank	73.36%

BRAC Bank disbursed the highest percentage of collateral free loan up to 31st December, 2011 where Dutch Bangla Bank disbursed the lowest percentage of SME loan. As BRAC Bank is the pioneer bank which provided highest collateral free loan so that it gain market leader in SME.



Source: Annual report (2011) SME section, for BBL & DBBL financial express & daily star newspaper

We can also see that in the recovery task BRAC Bank is also leading institution. BRAC bank uses word to mouth marketing approach to provide loan and give door to door service so that employees of BBL ties with excellent relationship with clients. On the other hand, now Eastern bank is also practicing to work in field based for keeping more directly link with clients. In this approach recovery rate will be better and loan disbursement amount also increased. Even, Dhaka bank also in better position for recovery as its recovery rate is 96.07%. But, prime bank & mercantile bank is quite lagging behind for recovery as its recovery rate is approximately 95%. And, Dutch Bangla bank is trying to improve its recovery position since couple of years. In December 31, 2011 its recovery rate came in 95.49%.

6.06 Findings: Some latest information about BRAC Bank

- ◆ In its almost 12 years of operations, BRAC Bank has disbursed approximately Tk 22,000 crore loan to 4 lakh SME entrepreneurs across the country
- ◆ The finance has created direct employment to 13 lakh people. The bank also extended support to 8,000 women entrepreneurs with Tk 360 crore loans till date.
- ◆ SME loan financing is increased by 17.63% than previous (2011) year.
- ◆ Largest network channel to reach maximum clients.
- ◆ Specialized management team and experience personnel in the sector
- ◆ Door –to-door service is provided by customer relationship officers
- ◆ Focus on highest collateral free loan to customers.
- ◆ BRAC Bank is established focusing on missing middle or SME.

6.07 SWOT analysis

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

6.07.1 Strengths

Company reputation: BRAC bank has already established a favorable reputation in the banking industry of the country particularly among the new comers. Within a period of 12 years operation, BBL has already established a firm footing in the banking sector having tremendous growth in the profits and deposits. All of this is the sign of strong reputation of these banks.

Sponsors: BBL has been founded by a group of eminent entrepreneurs of the country having adequate financial strength. The sponsor directors belong to prominent resource persons of the country. Even, institutional share holders (BRAC, Shore Cap International & International Finance Corporation) are providing new ideas, policy along with engaged themselves to monitor and controlling. The Board of Directors headed by its Chairman Sir Fazle Hasan Abed who has long history in micro credit, finance, portfolio management & investment in BRAC. Therefore, BBL has a strong financial strength and it built upon a strong foundation.

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

Facilities and equipment: BBL has adequate physical facilities and equipments to provide better services to the customers. The bank has computerized and online banking operations under the software called Finacle banking operations. Counting machines in the teller counters have been installed for speedy service. Computerized statements for the customers as well as for the internal use of the banks are also available.

Impressive branches: This creates a positive image in the minds of the potential customers and many people get attracted to the bank. This is also an indirect marketing campaign for the bank for attracting customers. 155 branches & 413 SME unit office of the bank are impressive and are compatible to foreign banks.

ATM: BBL is providing the fastest modern banking service. Now BBL has 399 ATM across the country.

Interactive corporate culture: BBL has an interactive corporate culture. Unlike other local organization, BBL's work environment is very friendly, interactive and informal. There are no hidden barriers or boundaries while interacting between the superior and the subordinate.

The environment is also lively and since the nature of the banking job itself is monotonous routine, BBL's likely work environment boosts up the spirit and motivation of the employees.

Teamwork at mid level and lower level: At BBL's mid level and lower level management, there are often team works. Many jobs are performed in groups of two or three in order to reduce the burden of the workload and enhance the process of completion of the job. People are eager to help each other and people in general are devoted to work.

6.07.02 Weaknesses

Advertising and promotion of SME loan: This is a major setback for BBL and one of its weakest areas. BBL's advertising and promotional activities are satisfactory but its SME loan is not advertised well. It does not expose its SME product to general public and is not in lime light. BBL does not have neon sign or any advertisement for SME loan in the city.

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

Low remuneration package: The remuneration package for the entry and the mid level management is considerably low. The compensation package for BBL entry-level positions is even lower than the contemporary banks. Under the existing low payment structure, it will be very difficult to attract and retain higher educated employees in BBL. Specially CRO's are not satisfied with compensation package provided to them. That's why BBL's CROs turnover rate is higher than any other banks

6.07.03 Opportunities

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

Product & service line expansion: In this competitive environment BBL must expand its product line to enhance its sustainable competitive advantage. As a part of its product line expansion, BBL can introduce some products like e-ticketing for trains (it's already have), air lines, bus (especially for exclusive service) etc. Even, BBL can link with govt. for increasing the fee based income in the sector of collecting public utilities bills, tax, Khajna etc.

6.07.04 Threats

Multinational banks: The emergence of multinational banks and their rapid expansion poses a potential threat to the growing banks. Due to the booming energy sector, more foreign banks are expected to arrive in Bangladesh. Moreover, the already existing foreign bank such as Standard Chartered is now pursuing an aggressive branch expansion strategy. This bank is establishing

more branches countrywide and already launched is SME operation. Since the foreign banks have tremendous financial strength, it will pose a threat to local banks.

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

Contemporary banks: The contemporary banks of BBL such as Eastern bank, Dhaka bank, prime bank, and Dutch Bangla are its major rivals. Prime bank and other banks are carrying out aggressive campaign to attract lucrative clients as well as large portion of SME financing.

Default culture: This is a major problem in Bangladesh. As BBL is a new organization, the problem of non-performing loans or default loans is very minimum or insignificant. However, as the bank becomes older this problem arises and the whole community suffers from this chronic diseases. BBL has to remain vigilant about this problem so that proactive strategies are taken to minimize this problem if not elimination.

Conclusion

BRAC Banks always contribute towards the economical development of Bangladesh. 43.77% profit goes to BRAC NGO and this portion spread on the socio-economic development of this country. BRAC BANK Limited compared with other banks is contributing more to country by financing most of their fund in fruitful sectors and very essential projects. The projects are leading to increase in production resulted from investing in the field of SME. It is obvious that the right thinking of this bank establishing a successful network over the country and utilizing resources, which play an important role in the development of our SME sector. For the future planning and the successful operation in achieving its prime goal in this current competitive market spread on SME sector beyond the country.

8.0 Recommendations

SME is the new biggest sector for doing better business because small & medium enterprise (SME) is contributing the majority percentage of GDP in Bangladesh. So, focusing on this sector will be a driven force of the development of Bangladesh. There are some recommendations given below which are based on findings and analysis:

- ◆ Utilize resources specifically for growth of SME business.
- ◆ Implement strict and continuous monitoring system of the whole recovery process.
- ◆ Train the Customer Relationship officers more comprehensively and realistically so that customers may not face any trouble while getting and repaying the loan.
- ◆ Analyze customers' behavior that what type of customer makes default and stop giving them SME loan.
- ◆ Risk Management department's audit report should be more strict and reliable so that possible defaulter may not get the loan.
- ◆ Whether the borrowers are utilizing the loan on the right purpose should be ensured.
- ◆ Before obsolete products & services it is needed to focus on continuous development of products & services.
- ◆ Cash counter should increase in the busiest branches
- ◆ Ensure hassle free service; reduce the long duration of service of killing customer's valuable time.
- ◆ Loan processing time should decrease.
- ◆ Employees remuneration pattern should be increased
- ◆ Govt. patronization should be emphasized in SME sector
- ◆ Decreased employee turnover rate
- ◆ Hiring market intelligences and continuous survey needed for competitor analysis to bit them
- ◆ Keep up-to-date about market, products & services
- ◆ Reschedule the interest rate keeping pace with competitors
- ◆ Recovery rate should be satisfactory level and try to hold it and increase it.