Report On

Customer Retention strategies in Retail Banking: A Case Study on BRAC Bank PLC

By

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An internship report submitted to the BRAC Business School in partial fulfillment of the requirements for the degree of
Masters in Business Administration (MBA)

BRAC Business School
BRAC University
December, 2024

Declaration

It is hereby declared that

1. The internship report submitted is my/our own original work while completing degree at BRAC University.
2. The report does not contain material previously published or written by a third party, except where this is appropriately cited through full and accurate referencing.
3. The report does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.
4. I/We have acknowledged all main sources of help.

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Letter of Transmittal

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Subject: Submission of Internship Report

Dear Sir,

I am writing to formally submit my MBA internship report titled “Customer Retention Strategies in Retail Banking: A Case Study on BRAC Bank PLC” as part of the requirements for my internship under your supervision.

The report is based on my work experience at BRAC Bank PLC, where I have been employed as a Relationship Manager. In this role, I have been actively involved in the sales and service of all retail banking products, focusing on customer acquisition, retention, and relationship management. Throughout my internship, I have gained valuable insights into the bank’s customer retention strategies, especially in the competitive landscape of retail banking.

I sincerely appreciate your guidance and feedback throughout the process and look forward to your valuable evaluation of my work. Thank you for your support.

Sincerely yours,

____

Kaisarul Islam Shuvo

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BRAC Business School

BRAC University

Date: December 08, 2024

Non-Disclosure Agreement

This agreement is made and entered into by and between BRAC Bank PLC and BRAC University MBA student Kaisarul Islam Shuvo bearing student ID-20164012. The Receiving Party agrees to keep all such information strictly confidential, use it only for academic purposes related to the project.

Acknowledgement

I would like to express my gratitude to several persons who have supported me during the preparation of this internship report titled "Customer Retention Strategies in Retail Banking: A Case Study on BRAC Bank PLC."

I am sincerely grateful to my line manager, Mr. A K M Mosharraf Hossain, First Assistant Vice President, Retail Sales, BRAC Bank PLC for his continuous supervision, inspiration and for providing valuable perceptions during my internship. His proficiency and mentorship were contributory in helping me understand the intricacies of retail banking.

I encompass my heartfelt thanks to my internship supervisor, Dr. H. M. Arif, Assistant Professor at BRAC University, for his academic guidance and support during this project. His constructive feedback and encouragement helped me shape this report to the best of my abilities.

Furthermore, I acknowledge the assistance and cooperation of my colleagues at BRAC Bank PLC. Their collaboration greatly contributed to my understanding of the field.

Finally, I would like to express my appreciation to BRAC University for giving me the opportunity to carry out this internship, and to all those whose work I referred to during my report.

Executive Summary

This report presents an overview of my internship at BRAC Bank PLC, focusing on customer retention strategies within the retail banking sector. The primary aim of the internship was to develop skills in client management, market analysis, and cross-departmental collaboration while enhancing understanding of effective customer retention techniques.

BRAC Bank, a prominent player in Bangladesh's banking sector, emphasizes personalized service and innovative product offerings, including CASA accounts, loans, and credit cards, to foster customer loyalty. The bank's strategy includes leveraging technology, exemplified by the mobile banking application ASTHA, SUBIDHA to enhance customer engagement and streamline banking processes.

Key findings from the internship highlight the significance of relationship management, cross-selling, and digital solutions in retaining customers, particularly high-value clients. Challenges such as increased competition and regulatory hurdles are met with proactive strategies to maintain strong client relationships. This report concludes with recommendations for further enhancing customer retention efforts at BRAC Bank.

Keywords: customer retention; retail banking; BRAC Bank; client management; digital solutions; cross-selling.

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List of Acronyms

ATM	Automated Teller Machine
BEFTN	Bangladesh Electronic Fund Transfer Network
BRPD	Banking Regulation & Policy Department
CDM	Cash Deposit Machine
CIB	Credit Information Bureau
CRM	Credit Risk Management
CASA	Current Account Savings Account
DBR	Debt Burden Ratio
DPS	Deposit Pension Scheme
e-TIN	Electronic Taxpayer Identification Number
EMI	Equated Monthly Installment
FDR	Fixed Deposit Receipt
FI	Financial Institution
KYC	Know Your Customer
MFI	Micro Finance Institution
MFS	Mobile Financial Services
NBFI	Non-Banking Financial institution
NGO	Non-Government Organization

NPSB	National Payment Switch Bangladesh
PLC	Public Limited Company
PL	Personal Loan
PPC	Product Per Customer
PPG	Product Process Guideline
RCDM	Real-time Cash Deposit Machine
RM	Relationship Manager
RTGS	Real Time Gross Settlement
SMART	Six Month Average Rate of Treasury bill
SME	Small & Medium Enterprises
HL	Home Loan

Glossary

Cross-Selling	A strategy used by banks to offer additional products or services to existing customers. In retail banking, this often includes offering personal loans, home loans, or credit cards to customers who already have a savings or current account.
Customer Churn	The percentage of customers stays only with the bank for a certain period of time and then closes the product and moves to a relationship with other bank
Digital Banking	Through which maximum service and customer request's solution are provided by using modern technology.

Chapter 1

Overview of Internship

1.1 Introduction

Customer retention in retail banking has become one of the most challenging factor to ensure sustainable growth of every bank in Bangladesh. Bank offers various types of product & wide range of service for customers to retain & maintain enduring relationships. Efficient and effective customer retention strategy benefits banks to decrease customer churn and allows banks to exploit customer value through cross-selling, up-selling, and maintaining customer loyalty.

A detailed discussion on customer retention strategy of BRAC bank PLC is discussed in this report. The report also focuses on BRAC Bank’s strong position in banking industry and its diverse range of retail products. Especially they are used to deliver excellent service and tailored banking solutions to ensure business growth.

I had the opportunity to do internship at BRAC bank and learned about customer retention efforts by evolving robust customer relationships, onboarding new clients, and selling retail banking products. This report presents an analysis and implementation of strategies practices employed by BRAC Bank to retain retail banking customers. During my internship at BRAC Bank PLC and by preparing this report I emphasize on each retention strategies in terms of its importance & implementation. The front of this report discussed also the barriers of implementing customer retention strategies and how to overcome them.

1.2 Internship Objectives

My main objective of this internship was to have a clear idea about various retail products of the bank and how to retain customer in sustainable and effective way. Specifically, I intended to gain the following skills and experiences:

- Understanding the role of relationship management in improving customer allegiance, reducing customer churn, and increasing customer sustained value through practical engagement and tailored service.
- Learning about need based selling of retail banking products, including all types of deposit products, asset products and Credit Cards to enhance customer engagement and strengthen loyalty.
- Developing expertise to acquire new customers and expand the customer base by recognizing and aiming target markets. Also safeguarding that high service standards as per bank's expectation are met in this competitive retail banking landscape.
- Working closely with other departments to gain knowledge how other stake holder like credit undertaking, operation, product and other departments of this bank are working.

Through these objectives, my purpose was to subsidize to the bank's retention strategy and improve my skill in building strong connections that lead to sustainable customer loyalty. During my internship at BRAC Bank PLC, I observed their strong governance practices, improved trustworthiness, retain bank's stability and performance which directly influences customer retention.

1.3 Internship Responsibilities

During my internship at BRAC Bank PLC, I had to perform some key responsibilities related to the bank's customer retention strategies and retail banking product sales department. These responsibilities were very important to understanding how relationship management, product sales and customer retention are tangled with the bank's overall business as well as organizational goals. My key responsibilities included the following:

1. Develop relationships, acquire new customers, retain existing customers through selling and cross-selling all types of retail asset & liability products and meet the monthly target successfully by maintaining service standards.
2. Identify the target market and drive through a set of strategies to develop new businesses to enrich the overall CASA portfolio under Corporate Banking, SME & Retail Banking accounts, along with sustainable liability businesses.
3. Analyze, Prepare and Recommend all types of retail proposals especially Personal Loan, Home Loan, Auto Loan and Credit Cards in compliance with the bank's PPG & Bangladesh Bank guidelines.
4. Working closely with other departments to assure a high level of interaction and cooperation among credit undertaking, operation, product and other departments.
5. Understanding and implementing retention strategy to retain valuable client as per banks policy and product process guideline (PPG)

1.4 Skills and Knowledge Gained

BRAC bank PLC has designed its retail products in such way that these are able to meet the demands of customers. Deposit product normally of two types one of these products typically focus on savings & current accounts, and another is focused on long or short term savings product like DPS, FDR, TD etc. Asset products such as car loan, home loan, personal loan, credit cards and payment solutions for personal use. Here are discussed about the key categories of retail banking products:

- **Deposit Products:**

Savings Accounts: Account that allows customers to deposit money, earn interest, and withdraw funds when needed.

Current Accounts: A non-interest-bearing account for day-to-day transactions, mainly used by individuals who require frequent access to funds for personal or business purpose. In Bangladesh deposit of corporate current account & Small business current account also operate under branch which is a part of retail banking.

Fixed Deposits product: Generally known as term deposit where people can fixed deposits starting from one month to three years. A time-bound deposit where money is protected for agreed period of time at a fixed interest rate.

Recurring Deposits (DPS): This product that allows individuals to provide regular premium over time, earning interest on the cumulative amount after maturity date

Foreign Currency Accounts: Accounts that allow customers to hold and transact in foreign currencies. Usually RFCD account is for Bangladeshi citizens and FCY account is offered to

Foreigners. Any Bangladeshi can deposit this RFCD account of that amount which saved after spending in abroad.

- **Loan Products:**

Personal Loans: Unsecured loans for personal expenses such as education, travel, marriage expense, medical emergencies, and consumer goods purchase etc. By considering net income any Bangladeshi can avail personal loan up to twenty lac for maximum five years by maintaining Bangladesh Bank guideline of safe financing method.

Home Loans (Mortgages): Loans for purchasing, constructing, or renovating a house. These are typically long-term loan with full security. Though this loan is secured by respective property mortgage, but Bangladesh Bank prescribe to assess by considering applicant's net income and property value. Bangladesh bank limits for an individual property can avail maximum two corer loan for maximum 25 years with floating interest rate.

Auto Loans: Loans specifically for purchasing vehicles (cars, motorcycles, etc.) usually secured by the vehicle itself.

Credit Cards: A revolving credit facility where customers can borrow money up to a limit and repay it with or without interest as applicable. In local practice interest grace period normally 15-45 days. After reaching bill due date if balance aren't settle interest will apply as contracted. Bangladesh bank limit of this card by ten lac for unsecured credit card and twenty five lac for secured credit card.

Overdraft Facilities: Linked to current accounts, overdraft allows individuals to withdraw more money than is available in their accounts. Usually this type of account holder is in businessman.

Credit risk management procedure of retail asset products

BRAC Bank PLC began with the vision to provide banking solutions to the ‘unbanked' Small and Medium Entrepreneurs. Taking inspiration from its parent organization BRAC, the largest NGO in the world, BRAC Bank introduced small ticket loans to the small and medium enterprises (SME), to specifically bring the grassroots entrepreneurs under the umbrella of formal banking service. Close to half of the bank's lending portfolio is comprised of small and medium enterprises – popularly known as the ‘SME'. BRAC Bank PLC has expanded its focus to retail financing to diversify its lending portfolio and reduce overall risk exposure. SME or corporate loan bank generally provide loans with higher interest but these loans have a higher risk factor in terms of collecting EMI properly. In case of retail loan even interest gain is low but loans are distributed to many different people with low volume and the risk factor of these loans is very low. These products contribute to a more balanced revenue mix by combining relatively low-risk, shorter-term assets. Additionally, retail financing aligns with BRAC Bank’s goal of promoting financial inclusion, reaching a wide range of customers with varying financial needs. By growing this segment, BRAC Bank can achieve sustainable profitability while ensuring long-term stability in its loan portfolio.

BRAC bank PLC offered various types of retail loans like Auto loan for purchasing car for personal use. A customer can borrow up to 50% value of the automobile price as loan based on their income and debt burden capacity.

Bank offers different types of tailored product for home loan like flat purchase, house renovation loan, house building loan etc. Basically this loan is secured by the asset and a customer can borrow up to 70% of their asset value depend on borrower’s income and debt burden capacity and loan repayment ability.

In Bangladesh, personal loans of up to 20 lakh BDT are available to customers, repayable over a maximum period of 5 years. These loans provide flexibility, enabling borrowers to meet various personal needs, such as funding children’s education, purchasing consumer goods, or covering unexpected expenses. Personal loan requiring no specific asset as collateral.

BRAC Bank evaluates an applicant’s worthiness by evaluating their monthly net income and debt burden ratio. Customer's monthly income by examining proof of income through documents like salary slips, tax returns, and bank statements to ensure applicants meet the bank’s minimum income and other related threshold. Reviews the applicant’s credit history, CIB report, past payment behavior and any existing debt obligations as guarantor also under scrutiny to measure overall creditworthiness. This complete assessment process helps bring into line of credit offerings with each customer’s financial capacity, promoting sustainable lending practices. BRAC Bank relies on a prescribed Debt Burden Ratio (DBR) approved by its higher management to evaluate a client’s capacity to handle debt. For instance, monthly net income of a salaried customer is BDT 60,000 and generally expected to bear EMI amount no more than 50% of their income. This means the total monthly repayment amount, including all EMIs across different loans or credit products, should not exceed BDT 30,000. This approach ensures that customers are not overburdened with debt, allowing them to manage their finances effectively while maintaining a responsible repayment capacity. The DBR guideline is a critical tool for mitigating risk and supporting sustainable lending practices.

Table 1: Debt Burden Ratio by monthly net Income

Income Range	DBR
Below 30,000/-	25%
30,000-39,9990/-	35%
40,000-49,999/-	45%
50,000-74,999/-	50%
75,000-99,999/-	55%
100,000-149,999/-	60%
150,000 and onwards	65%

For any loan or credit application, the Relationship Manager conducts KYC process as per bank's guideline to confirm the applicant's identity, financial stability, and purpose of the loan. Then collect all the necessary documents and prepare for credit proposals.

Table 2: Documentation requirements by applicant type

Salaried Employees	Business person	Self Employed person
1. NID 2. E-TIN 3. Photo 4. Tax return proof documents 5. Salary Certificate 6. Bank statement of salary account	1. NID 2. E-TIN 3. Photo 4. Tax return proof documents 5. Trade license 6. MOA, Schedule 10&12, Certificate of incorporation 7. Bank statement of company account reflecting business transaction	1. NID 2. E-TIN 3. Photo 4. Tax return proof documents 5. Professional Certificate like BMDC, IEB membership, FCA certification. 6. Bank statement of transactional statement reflecting income and expense pattern 7. Work station & office work related declaration.

A Relationship Manager (RM) plays a vital role in onboarding and retaining customers for the bank’s sustainable growth because he is the key source to collects and verifies the required documents to approve loan.

Chapter 2

Organization Part

2.1 Overview of BRAC Bank PLC

BRAC Bank PLC officially established in 4 July 2001, with a mission to offer innovative and customer-centric financial solutions especially for missing middle SME customer segment of Bangladesh. It was founded by Sir Fazle Hasan Abed founder of BRAC, one of the world's largest non-governmental organizations, known for its widespread social and economic development programs [1]. BRAC Bank was specifically created to finance small and medium enterprises (SMEs). This sector that had been largely underserved by traditional financial institutions. Initially focused on providing support to SMEs, BRAC Bank has since evolved into a full-service commercial bank, offering a wide range of retail, corporate, and institutional banking services. The bank's commitment to social responsibility sets it apart, integrating financial expertise with a strong focus on sustainability. BRAC Bank's vision to cater to the 'unbanked' SME entrepreneurs has played a crucial role in driving economic growth and employment in Bangladesh.

BRAC Bank is also the only Bangladeshi member of the Global Alliance for Banking on Values (GABV), a network of financial institutions dedicated to sustainable banking. With top domestic and international credit ratings, BRAC Bank is widely regarded for its stable growth, quality portfolio, and adherence to high standards of financial performance.

The bank’s corporate vision emphasizes building a profitable yet socially responsible financial institution, aligning with BRAC’s overarching goal of creating a just, healthy, and poverty-free Bangladesh. Through its mission-driven approach, BRAC Bank continues to focus on SME growth, low-cost deposit mobilization, and ensuring synergies between its branches and BRAC's field offices, further cementing its role as a major contributor to Bangladesh's banking and economic development.

Corporate vision:

Building a profitable and socially responsible financial institution focused on market and business with growth potential, thereby assisting BRAC and its stakeholders to build a just, enlightened, healthy democratic and poverty free Bangladesh. [1]

Corporate Mission:

1. Sustainable growth in Small & Medium Enterprise sector;
2. Continuous low-cost deposit Growth with controlled growth in retail assets;
3. Corporate Assets to be funded through self-liability mobilization;
4. Growth in Assets through syndications and investment in faster growing sectors;
5. Continuous endeavor to increase non-funded income;
6. Keep our debt charges at 2% to maintain a steady profitable growth
7. Achieve efficient synergies between the bank's branches, SME unit offices and BRAC field offices for delivery of remittance and the bank's other products and services;
8. Manage various lines of business in a full controlled environment with no compromise compliance and on service quality;
9. Keep a diverse, far flung team fully motivated and driven towards materializing the bank's vision into reality.[1]

Corporate values:

Corporate values of BRAC Bank PLC's are

1. Virtuousness
2. Creativity
3. Inclusiveness
4. Customer centricity
5. Effectiveness [1]

BRAC Bank's philosophy, encapsulated in the "3P Philosophy"[1] of People, Planet, and Prosperity, reflects its deep commitment to societal welfare, environmental sustainability, and economic growth. By balancing these elements, BRAC Bank strives to create long-lasting positive impacts for the communities it serves.

BRAC Bank's retail banking division plays a pivotal role in the bank's overall strategy, contributing significantly to its financial growth and customer outreach. As one of the leading private commercial banks in Bangladesh, BRAC Bank has established itself as a key player in retail banking by offering a wide array of products and services tailored to meet the diverse needs of individual customers. The retail banking division provides core products such as savings and current accounts, term deposits, loans (including home, auto, and personal loans), and credit cards. These offerings form the foundation of the bank's financial services and support its goal of expanding financial inclusion in Bangladesh. The division is crucial in driving customer acquisition and retention, with innovative digital services and customer-centric solutions enhancing the banking experience for its clientele.

With over 187 branches, 40 sub-branches, and a robust network of 1,101 agent banking outlets, BRAC Bank's retail banking division ensures extensive coverage across the country [1]. This physical presence is complemented by its technological infrastructure, which includes 329

ATMs, 68 RCDMs, and 52 CRMs, ensuring 24/7 access to banking services.[1] Such initiatives demonstrate the bank's commitment to offering convenience and accessibility, key factors in enhancing customer satisfaction and loyalty. Retail banking at BRAC Bank has also benefited greatly from the integration of digital services, positioning the bank as a leader in digital banking. Through mobile and internet banking platforms, BRAC Bank has introduced innovative solutions such as card less transactions, instant money transfers, and access to various loan products, further simplifying the customer experience. This seamless blend of traditional and digital banking has earned BRAC Bank prestigious awards from global institutions like the World Finance Award and The Asian Banker. In addition, the retail banking division plays an essential role in supporting BRAC Bank’s overall financial performance. In FY 2023, BRAC Bank recorded a solid balance sheet with an asset base exceeding BDT 470 billion. Retail deposits and loans contribute substantially to this figure, with total deposits amounting to BDT 588,280 million and loans & advances reaching BDT 559,348 million [1]. The strong performance of the retail division has reinforced BRAC Bank’s position as a financially stable and trusted institution in the Bangladeshi market. Furthermore, BRAC Bank’s retail banking division contributes to the bank’s social mission by promoting financial inclusion and economic empowerment. By offering accessible loan products and savings opportunities to individuals and small businesses, the bank helps drive economic growth and supports the livelihoods of millions of people across Bangladesh.

2.2 Retail Banking Portfolio of BRAC Bank PLC

BRAC Bank offers a complete range of retail asset and liability products designed to targeted customers. As per end of third quarter, 2024 report total retail deposit exceeds BDT 30 billion and total deposit is more than 70 billion BDT. Total loan and advances outstanding is about 59 billon BDT which 30% is contributed by retail asset products and credit card.

Table 3: Key Segments of BRAC Bank's Retail Banking Portfolio

Product Category	**Description**	**Examples**
Checking Accounts	Various types of deposit accounts tailored for individuals	Current Accounts, Savings Accounts, Fixed deposits
Personal Loans	Loans offered for personal purposes	consumer loans, education loans, salary loan
Home Loans	Mortgages for home buyers	Home loans, construction loans, Flat purchase loan etc.
Credit Cards	Credit facilities for consumers	Signature, Platinum, Gold, and Silver cards
Auto Loans	Loans for purchasing vehicles	Car loan, bike loan for personal use purpose.

BRAC Bank's retail asset and liability products are key to engage customers with bank. Bank officials ensure that the customer uses at least two products regularly. For instance when someone takes a loan, he has to open a savings account for loan repayment purpose. Collection officers make sure that customer regularly pay their EMIs and relationship managers ensure frequent transaction of that savings account. With the integration of digital platforms like mobile banking and online services, BRAC Bank ensures ease of access to these products, contributing to high customer satisfaction and retention. Customers can manage their savings, loans, and credit cards seamlessly, reinforcing the bank's value proposition in a highly competitive market. Thus BRAC Bank able to make a good portfolio at retail banking sector.

Table 4: Impact of Key Products on Customer Retention

Product	Customer Retention Mechanism	Impact on Loyalty
CASA Accounts	Daily transactional ease and digital access	High: Ensures consistent interaction
FD & DPS	Long-term savings with attractive interest rates	Medium: Retains long-term savers
Personal Loans	Quick approval, competitive rates	High: Builds trust and loyalty
Home Loans	Long-term commitment with personalized service	High: Encourages customer loyalty
Credit Cards	Loyalty rewards, cashback offers	Very High: Encourages frequent use

BRAC Bank has shown remarkable financial resilience and growth in its retail banking division over the last ten years, despite challenges posed by global and domestic economic factors. Below is an overview of the key financial performance indicators based on last 3 years [2]

Table 5: BRAC Bank Retail Banking Financial Performance (2021-2023)

Year	Asset Growth (BDT Billion)	Asset Growth (%)	Deposit Growth (BDT Billion)	Deposit Growth (%)
2021	200	8%	150	7%
2022	220	10%	163	9%
2023	245	12%	181	11%

BRAC Bank has heavily invested in digital transformation, which has played a significant role in improving customer engagement and boosting retail performance. The ASTHA, SUBIDHA App and digital banking services saw a rapid increase in usage, helping the bank acquire more customers and increase customer retention. Digital transactions now contribute over 30% of retail banking revenues. Over the last three years, BRAC Bank's retail banking division has demonstrated solid growth across key financial metrics, including asset growth, deposit accumulation, and revenue generation, while maintaining a healthy NPL ratio. Its focus on digital transformation and customer-centric banking products has positioned it well for sustained growth and market leadership in Bangladesh's retail banking sector.

2.3 Customer Base and Segmentation

Market segmentation involves dividing a broad consumer base into manageable segments that share common characteristics. By doing this segmentation the bank can identify what kind of behavior and products to offer to each types of customer.

Demographic Segmentation

BRAC Bank segments customers based on key demographic variables, including age, income, occupation, and location. This method allows the bank to design targeted products for various groups, such as youth, professionals, and business owners.

- **Age group based segmentation:** BRAC Bank PLC designs its retail products kepping in mind the age based needs, campus account for students, Golden benefit savings account for senior citizens etc.

- **Income and Occupation based segmentation:** BRAC bank has designed priority accounts to cater to those who do more bank transaction and deposit sufficient money to their bank account. For those who are salaried income people, product like employee banking account, salary account for non-employee banking customer have been launched.
- **Location:** Accounts are segmented separately for urban and rural dwellers. Here it is seen that urban citizens interested in loan or credit card products where as those who living in rural areas are more attracted to ward savings account. Rural customers are offered reachable financial products through BRAC Bank's Agent Banking network.

Behavioral Segmentation

This segmentation is usually done on the basis of customer's spending or savings behavior and considering pattern of the use of financial product.

- **Savings versus Borrowing Preferences:** Customers who save may be targeted with higher interest bearing savings accounts, DPS, bonds or fixed deposits. While those who frequently use loans or take advances from credit card are offered customized loan products like personal loan, auto loan, home loan, instant loan, flexi loan etc.
- **Digital Savviness:** BRAC Bank identifies technologically advanced customers who prefer digital communications and internet banking services like internet online banking and mobile application features. These customers tend to use tools like the ASTHA App, Internet Banking for seamless transactions, use SUBIDHA application for instant loan, use customer care service to get flexi loan from their unused balance of credit card. By focusing on their preference for convenience and technology makes them a key segment for promoting the bank's innovative products.

2.4 Technology and Digital Banking transformation

All conventional banks are currently providing the same services, but this technological advancement has proved the difference from one bank to another. BRAC bank makes various investments in their technology sector every year and has spent past 2023 retained earnings on their internal software development and modification of user friendly application. Bank‘s user friendly applications have played an important role in addressing customer retention which provides variety of services that were previously available only at branch offices. BRAC bank PLC introduce following services which made customer life easier with satisfaction.

1. ATM machines and booth were previously only used for cash withdraw but now through real time cash deposit machine, customer can deposit money 24/7 which immediately available in their checking account.
2. BRAC bank's ASTHA mobile application and internet banking now offering many of service to their account holder. Customer can open TD, FDR by using this application even for encashment customers do not need to go to any branches. Interbank money transfer through RTGS, BEFTN, and NPSB makes customer life easier for any party payment. By ASTHA application customer also can provide their electricity bill, Gas bill, water bill, tuition fees, mobile bill and also can keep service or complain request through this ASTHA application
3. For instant financing bank launches SUBIDHA app, by which customer can get loan within 45 munities by following instruction on this application. Primarily bank finance up to BDT 500000 through this application
4. BRAC bank has expertise call center by which customer can get any service any time. Call center can fulfill 147 types of service request against customer call.

Table 6: Key Technological Features of BRAC Bank for Customers

Technology	Key Features	Impact on Engagement	Impact on Satisfaction
ASTHA App	Mobile fund transfers, bill payments, loan management	Increases frequency of customer interactions	Higher convenience, 24/7 access
SUBIDHA App	Instant loan, Product purchase loan	Employee banking & High deposit balance maintained customers	Instantly loan disbursed to customer account.
Card-less Transactions	ATM withdrawals without cards, secure payments	Empowers customers with flexibility	Reduces card-related fraud risks
Internet Banking	Account management, payments, and investments	Encourages remote banking engagement	Saves time and reduces the need for branch visits
bKash Integration	Seamless transfers between BRAC Bank and bKash wallets	Connects bank customers with mobile money	Enhances ease of use for mobile money users
SMS Banking	Real-time alerts and balance inquiries via SMS	Keeps customers informed and engaged	Enhances security and peace of mind

Chapter 3

Customer Retention strategies in Retail Banking

3.1. Overview of the retail banking landscape in Bangladesh

The retail banking sector in Bangladesh comprises contributions from several key financial entities, including Banks, Non-Banking Financial Institutions (NBFIs), Non-Governmental Organizations (NGOs), and Microfinance Institutions (MFIs). But among these Banks plays a vital role in financial sector because bank is the final place to keep deposit even MFS, NBFI & also NGO's final deposit maintained at banks. Banks in Bangladesh play a vital role in economic growth by mobilizing savings, disbursing credit, and financing infrastructure projects. They support trade through foreign exchange services and trade finance, while fostering financial inclusion via digital banking, mobile financial services, and agent banking. Banks facilitate government policies, implement monetary strategies, and support development initiatives like SMEs and housing finance. Additionally, they handle remittances and foreign direct investment, contributing to economic stability. By adopting financial technology and promoting digital transactions, banks continue to modernize financial services, driving efficiency and broader access to banking for all sectors of the economy. As of 2024, Bangladesh has a total of 61 banks, [3] which can be categorized into the following groups:

1. State-Owned Commercial Banks (SOCBs): 6
2. Private Commercial Banks (PCBs): 43

3. Foreign Commercial Banks (FCBs): 9

4. Specialized Banks: 3

Almost 58 banks in Bangladesh, including both private and state-owned commercial banks, are actively engaged in retail banking. Retail banking is a major focus for most banks as they offer a wide range of services such as personal loans, savings accounts, and credit cards. Additionally, many foreign banks and specialized banks also have retail banking divisions to serve the public. It's great to see how retail banking is growing across the country, helping more people access financial services.

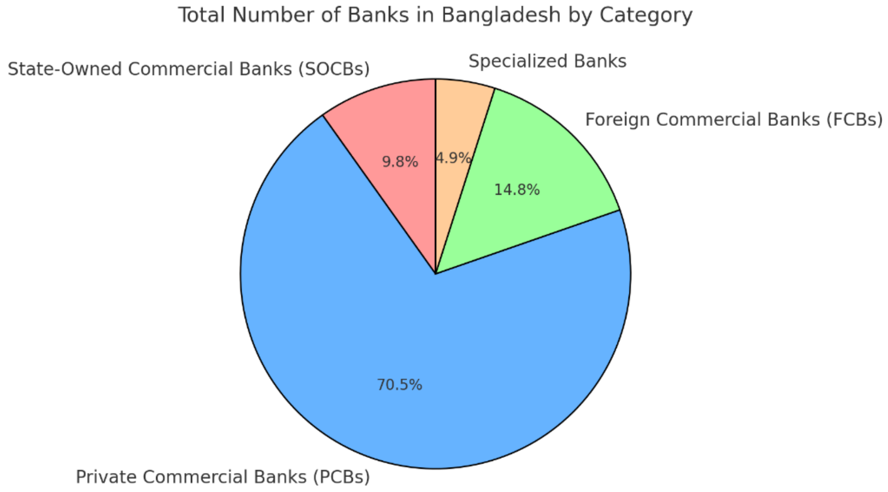

Figure 1: Category wise percentage of banks operate in Bangladesh.

3.2 Key Retention strategies in Retail Banking

In Bangladesh, customer retention has become gradually important as banks face growing rivalry from both traditional institutions and new digital banks, NBFIs & microcredit NGOs. With the development of mobile financial services (MFS) like bKash, Nagad, and Rocket, retail banks must offer more tailored, effective, and steadfast services to retain customers. Additionally, many retail banking customers in Bangladesh seek banks that provide not only reasonable interest rates but also enhanced security, digital banking solutions, and quick access to funds. Retention strategies like loyalty programs, enhanced customer service, and continuous digital banking involvements are key to retaining customers in this rapidly evolving financial landscape. For example, the country's leading banks like Standard Chartered, BRAC Bank, City Bank, and Dutch-Bangla Bank are focusing heavily on customer retention by investing in technology (e.g., mobile apps, real-time services), improving customer engagement, and ensuring financial security, which are critical to retaining retail customers in a highly competitive market. Acquisition new customer is sit to eight times costlier than retain a good customer. Here discussed about major customer retention strategy in retail banking.

3.2.1 Strategies to retain asset products

Usually two types of customers want to close their loans, firstly those who are going to settle their liabilities from any source of income. Another are those who transfer their loan to other bank or NBFI due to lower interest rate or borrow more money than existing one. Loan client who wants to early settle their loan bank usually retain this category of customer by educating them about loan amortization schedule and encourage them to invest on deposit product. First technique tools are describe below

- **Retention tool implementation & importance: To understand about loan amortization schedule and encourage client to invest on deposit product.**

For instance a client is taking a mortgage loan of BDT 4 million for 10 years at 11.5% interest rate his yearly payment is BDT693509/- and after 7 year of successful repayment client decided to close his loan early as he got some money from any source. After 7 years his loan outstanding is 1,680,107.96 and early settlement fee is 0.5% on his outstanding.

Table 7: Loan repayment schedule (yearly premium considered)

Loan principal	4,000,000
Interest rate	11.50%
Loan term	10
Total payment per year	693,508.84

Relationship manager or customer service manager play vital role to retain this loan, he understand client's financial loss if client close this loan on this stage. Because client already paid maximum portion of his interest of this loan. As customer have the ability to pay EMI based on his monthly net income so that he should continue this loan and he can invest his money to any profitable project. Bangladesh bank's sanchaypatra pays 11.99% interest rate on his money. Even BRAC bank offers 10.25% interest rate on term deposit where customer can gain more money from TD.

Table 8: Loan amortization table

Month	Principle beginning each of the year	Total payment	Interest amount	Principle paid	Outstanding
1	4,000,000	693,508.84	460,000.00	233,508.84	3,766,491.16
2	3,766,491.16	693,508.84	433,146.48	260,362.36	3,506,128.80
3	3,506,128.80	693,508.84	403,204.81	290,304.03	3,215,824.77
4	3,215,824.77	693,508.84	369,819.85	323,688.99	2,892,135.78
5	2,892,135.78	693,508.84	332,595.61	360,913.23	2,531,222.55
6	2,531,222.55	693,508.84	291,090.59	402,418.25	2,128,804.31
7	2,128,804.31	693,508.84	244,812.50	448,696.35	1,680,107.96
8	1,680,107.96	693,508.84	193,212.42	500,296.43	1,179,811.54
9	1,179,811.54	693,508.84	135,678.33	557,830.51	621,981.02
10	621,981.02	693,508.84	71,527.82	621,981.02	(0.00)

If customer will do a term deposit of BDT 1680108/- he will gain interest of 595941/- for 3 years Term deposit where as if he continues loan he have to pay (193212+135679+71528) total BDT400419/-. As client has ability to pay EMI so he should continue this loan for financial gain purpose. He not only gain interest surplus but also can keep & own this 1680108/- amount of money which will increase by time.

Table 9: Term deposit calculation table

Deposit Amount	**1680108/-**
Annual interest rate	**10.25%**
Term	**3 years**
Total interest earnings	**595941/-**
Maturity amount	**2276049**

By understanding this loan amortization schedule and influence to invest customer's fund by which client wants to settle their loan is a major retention technique practiced in retail banking to retain customer. This technique is not only helps bank to retain asset clients but also open opportunity and possibility for deposit product selling.

Challenges to implement this strategy:

1. Clients almost feels that bank's employees want to retain their loan for bank's profit and to carry forward this loan will not bring much benefit to him

2. Bank occasionally revise the interest rate while running a loan for instance, home loan interest rate will revise and rescheduled every six months. After this bank does not give any guarantee to customer that the bank will not increase the interest rate, for which customer often suffers from uncertainty. For this reason when an amount of money comes to the customer from any source, then he thinks about settling the loan. As customer decided to settle the loan by thinking so much about it, the advice of bank official often not accepted by the customer.

3. Some customers consider having loan is burden on their family, for example salaried official spend a certain portion of their income every month for this loan repayment. Many of them think that if something happen to the income generating person how their family repay this loan. The customer doesn't want to put his family in danger, so he really wants to be secure with the money to pay off the loan in full or partial settlement.

Strategy to overcome barriers:

Specialized members of the retention team play a vital role in overcoming all the hurdle faced in retaining loan customers. It is clearly explained to the customer that he has already paid maximum of the loan interest and the remaining amount outstanding of this loan is principle amount. Customer asked to discuss the matter with his friends and family who is educated enough to understand this proposition, if necessary the relationship manager also discuss this matter with client's family member. Since the customer has the money to settle the loan, instead of settling it is advised to invest in investment product like stock, term deposit, government savings bond or land which will be financially profitable for him.

- **Retention strategies & implementation for those who transfer their loan to other bank or NBFI due to lower interest rate or borrow more money than existing one.**

In this case banks usually take over the loan from other bank to their bank to increase loan portfolio. That's why other banks offer low interest rate for takeover loan and offer higher amount of loan so that the customer is attract to their bank. To retain this types of customer is very challenging for the bank. Because bank has cost of fund based on which the interest rate of the bank is determined. To retain these types of customer bank use below strategies for customer retention.

1. When customer wants to take over the loan to other bank, last one year loan repayment statement request given to existing bank and bank sent those customers list to customer retention team. The customer retention team contact customer to identify the reason behind it. Bank enhance customer service, ensure satisfaction, offer tailored resolutions, and provide added value to keep clients from leaving.

2. Another effective technique of this types of retention that identify customer needs of additional money and for this types case bank gives proposal to top up the existing loan with lower interest rate if customer repayment is satisfactory in accordance bank guideline.

Challenges to implement this strategies:

1. The bank has a guideline for the maximum amount of loan that can be given to a customer for financing. For instance some bank finance up to 12 times the monthly income of a customer. Based on bank's financing policy it can be 12-18 times of the customer's net monthly income. On the other hand NBFIs offer 20-25 times client's monthly income, although interest rate is higher than bank's loan rate. But when a customer needs money, he doesn't look at the interest rate but amount of money.

2. There are some customers who see a bank offering low interest rate on loan take over and transfer their loan to other bank. As the bank has a cost of fund in terms of fund collection the bank cannot retain these customers by offering low interest rate. For instance if bank collect term deposit at 9% then they have to sale their loan at 11% and keeping margin by 2%.

Strategies to overcome barriers:

1. A customer who has very good repayment history is one that the bank never wants to leave and therefore wants to retain the customer at any cost. In this case, if it is seen that the customer actually transferring his loan to another bank due to the need for additional money, at the time bank will top up the reasonable required loan amount of the customer.

2. It is difficult for the bank to retain those customers who want to take over loan for lower interest rate. The bank cannot reduce loan interest rate on demand because there impose the cost of fund. In this case bank emphasizes on low cost fund collection. For instance, bank provides 0% to 4% interest on CASA fund, whereas term deposit cost is 7% to 11%. BRAC bank always emphasize to collect more CASA fund so that they can offer the minimum interest rate in the market.

Banks create money by granting loans which credits the borrower's account and issuing a demand promissory note. Disbursed money can be spent, creating new money in the economy. As the borrower uses this money, it circulates and often ends up in other banks, which can then use part of those deposits to grant more loans, further increasing the money supply. This cycle of lending and depositing effectively "creates" new money beyond the original deposits. That's why giving loan and retain customer is important for any bank.

3.2.2 Strategies to retain deposit customers

Deposit is considered as blood of the bank because it assist bank to operate, grow and financially stable. From the deposit that bank collects, the bank finance to individual customers, sanction corporate loan and invest in various investment products. All bank need to maintain statutory liquidity ratio, cash reserve ratio as per Bangladesh bank requirements. Banks collect deposits from all types of sector trough branches. Corporate fund, business account fund, government institutional fund and individual retail customer fund are the main source of collecting deposit. However if any bank fall in danger in terms of liquidity crisis Bangladesh bank also provide liquidity support to this types of banks. BRAC bank PLC is growing its deposit portfolio day by day through acquisition of new customer and by retaining existing customer as well. As per financial report 2023 BRAC bank's total deposit was about 58,000 corer BDT and bank planned to increase deposit portfolio by 25% at the end of 2024. By maintaining good governance, emphasizing on relationship management, invest on technologies, maintain standard credit rating, gaining customer trust bank achieved targeted growth by end of September, 2024. Even total retail deposit of this bank is about BDT 30,000 corer, which is an example in banking industry. Retain existing client with satisfaction enable to collect more fund from them, emphasize quality service for premium banking customer, ensure security of customer deposit are playing important role behind this success. Below discussed about important retention strategy and implement technique in perspective of BRAC bank PLC.

1. **Enhance bank reputation and role of credit rating to retain and onboarding new client:**

Clients are particularly sensitive to the financial stability of their bank, as the security of their funds is paramount. Banks with high credit ratings and strong financial statements are more likely to attract clients from competitors, especially in light of liquidity challenges faced by some institutions. The major credit rating agencies are Fitch Ratings, Moody's, and S&P Global. These agencies research and analyze a firm's financials and assign it a corporate credit rating. The ratings are intended to provide investors with information about the financial stability of issuers of debt-based investments. The agencies also rate the debt obligations and fixed-income securities that company's issue. There are total eight existing credit rating agencies in Bangladesh currently including CRISL, CRAB, NCR, ECRL, AGRUS, WASO, ALPHA and BDRAL; those are providing a wide range of credit rating services in Bangladesh. Depositors can rely on credit rating agency reports as these agencies evaluate a bank's financial health, stability, and ability to meet its obligations, providing an objective measure of risk. A high credit rating indicates that a bank is likely to have strong liquidity and a lower risk of default, assuring depositors that their funds are secure. By comparing these ratings across banks, depositors can make informed decisions and choose institutions that offer both safety and attractive returns. Several Bangladeshi banks have been affected by loan defaults and governance issues, leading to a loss of depositor confidence. BRAC bank maintain financial stability and Bangladesh bank guideline standard to attract & retain customers. According to Moody's investors service BRAC bank earned B1 rating, as per S&P global ratings B+ and CRAB rating is AAA, which greatly help bank to retain and acquire new clients.

2. **Technological enhancement and remote banking :**

BRAC bank largely invest on technology and introduce online banking, mobile banking application, ATM cash withdrawal limit, real time CDM give flexibility to do banking by not interaction physical banking. Educate customer by using this channels enhance customer satisfaction which helps to keep relationship with bank.

3. **Competitive interest rate offering technique on deposit products:**

Offering tailored and competitive interest rate on term deposit, providing reward program for high deposit clients, providing interest on savings account's day end balance, waive service and account maintenance charge based on average balance, dedicated relationship manager for each accounts and the role of relationship management in Influencing Customer Retention in retail banking.

Challenges to implement this strategies:

1. Conducting bank through proper management and maintaining standard credit rating.
2. Retail customers usually switch to other banks hoping for higher gain on their savings as well as term deposit rate. NBFIs offer higher interest rate than banks are provided.
3. Due to lack of expertise to handle online banking customer may not feel comfort to use

online channel. Client often thinks cybercrime may occur to his account and for this they thinks their privacy maybe hacked by financial criminal.

4. Customer usually deposits money that in future when a desired money is accumulated, he will invest it permanently in some place like land, stock or new startups. For this reason, there remains a possibility of large amount of money leaving the bank.

5. Usually the relationship manager maintain clients from his acquired portfolio accounts. RMs maintain such a relationship with the customer that they act as a financial advisor. When a relationship manager shifts from one bank to another bank a large number of portfolio also move to another bank, which is a serious loss for the bank.

Strategies to overcome barriers:

The bank has dedicated team so that the bank's activity can run according to proper rules, good governance, maintaining Bangladesh bank's guideline and international standard. Bank always strive to achieve good credit rating so that customers always have a positive attitude to bank and fell secure about his fund. Digital transformation of bank ease and faster customer service but most of the high value depositors are senior citizens, bank assign individual RM for this segment, if any difficulty arise to operate bank official communicate with client to resolve their requirements quickly. For mass client bank launches digital inclusiveness and awareness session, program to educate clients.

It is very challenging for banks to retain customer deposit who wants to withdraw their money or en cash term deposit for investment or property purchase purpose. For this types of customer bank offers SOD or secured loan against term deposit. For instance a client has an FD of BDT 10000000 and he wants to purchase a flat which value is 60 lac. In this case the customer is informed that early encashment will result in financial loss on whole money. In this case client can borrow required amount of money against his term deposit without breaking it. In this case he can repay the money by EMI through secured loan or he can take the money through SOD. When he has the money he can repay the loan. In this case there will be no loss to his term deposit and in addition he will gain interest over time. In effect RM act as personal advisors, addressing customer's exclusive financial needs, offering suitable products, and providing reliable, tailored service. These strategy stimulates cross-selling of financial products, aggregate the customer's lifetime value and enhancing overall satisfaction. Eventually, customers are more likely to remain loyal when they feel appreciated, implicit, and supported by their bank, making effective relationship management a key driver of retention.

3.2.3 Strategies to retain credit card customers

A credit card is a financial tool that allows individuals to borrow money from a bank or financial institution up to a certain limit for purchases or cash advances, with the expectation of repayment either in full or in installments over time. People use credit cards for convenience, enabling them to make purchases without needing immediate cash and to take advantage of benefits like reward points, cashback, or discounts on various services. Banks encourage the use of credit cards as they generate revenue through interest charges, fees, and transaction commissions. Increasing credit card usage is beneficial for banks because it boosts their non-interest income and creates opportunities for cross-selling other financial products. Growing the total outstanding balance of a credit card portfolio is crucial for banks as it represents a steady stream of interest income, especially since credit cards in Bangladesh carry higher interest rates (18% to 22% annually) compared to other loan products. In our country, highest credit card usage, portfolio & outstanding size maintained by City Bank PLC. Then in second third and fourth place maintained respectively by Standard Chartered, Eastern Bank PLC and BRAC Bank PLC. To attract new customers, retain existing customers and expand their credit card portfolios banks often use various tools which are described below.

1. Offering annual fees waive based on customer card usage pattern. Especially retain target customers who are using credit card for lifestyle spending and particularly sensitive to annual fees.

2. Value added assistances on Credit Cards, discounts offers, cashback, reward points, instant loan and EMI on product purchase options to new acquisition and retention.

3. Strategic implementation of EMI option on card outstanding and instant loan facility of client's unused balance.

4. The role of enhanced communication and customer feedback and financial education for customer retention**.**

Challenges to implement this strategies:

1. Most of the people want to close the card because they do not understand the usage of this credit card properly. It can be seen that the sales officers of the bank somehow gave a credit card to the customer but were not able to properly explain how to use the credit card after receiving it. This result in customer leaving their credit card unused for year. As a result it can be seen that at the end of the year, when annual fee of the credit card is charged, customer sees this charge and decides to close the card.

2. Generally, in the case of product purchase if client pay by card there are discount offer, cashback offer, installment offer on bill are available on the bank credit card. At the end of month, monthly bill for credit card spending is usually sent on the statement date. Here it is said how much money he has spent in the monthly cycle i.e. how much is his outstanding balance and it is said that he has to pay the minimum amount to avoid late payment fee. For instance if a client monthly bill is 100,000 BDT then he have to pay at least 5% of his outstanding to regularize the card. In this case the customer misunderstand about total due and minimum due, if he pays only 5000 BDT then he have no problem to continue the card. But bank charges 18-22% interest on rest 95000 BDT. Then customer thinks that, I got cash back, discount but every month he have to pay more than his expense. So it is better to pay in cash or using debit card. This is why most of the customers close their credit card.

3. When a customer has a credit card, he buys the product which he choose without considering his repayment ability or monthly debt burden capabilities. At some point he realize that having credit card is costing him beyond his capability. When customer fails to pay the full outstanding amount, interest accrues day by day and credit card outstanding increases. However when client sees that even after paying his minimum due every month, his outstanding is not decreasing as his expectation, he has a bad impression of the credit card. Client wants to settle his card by managing money from any source.

Table10: Credit card repayment schedule and time span who pays only minimum due

Month	Total outstanding carry forward	minimum payment	Balance	interest impose on remaining balance (21% P.A / 1.75% per month	New outstanding
0	100000	5000	95000	1662.5	96662.5
1	96662.5	4833.125	91829.38	1607.014063	93436.38906
2	93436.38906	4671.819453	88764.57	1553.379968	90317.94958
3	90317.94958	4515.897479	85802.05	1501.535912	87303.58801
4	87303.58801	4365.179401	82938.41	1451.422151	84389.83076
5	84389.83076	4219.491538	80170.34	1402.980936	81573.32016
6	81573.32016	4078.666008	77494.65	1356.156448	78850.8106
7	78850.8106	3942.54053	74908.27	1310.894726	76219.16479
8	76219.16479	3810.95824	72408.21	1267.143615	73675.35017
9	73675.35017	3683.767508	69991.58	1224.852697	71216.43536
10	71216.43536	3560.821768	67655.61	1183.973238	68839.58683
11	68839.58683	3441.979341	65397.61	1144.458131	66542.06562
12	66542.06562	3327.103281	63214.96	1106.261841	64321.22418
13	64321.22418	3216.061209	61105.16	1069.340352	62174.50332
14	62174.50332	3108.725166	59065.78	1033.651118	60099.42927
15	60099.42927	3004.971464	57094.46	999.1530117	58093.61082
16	58093.61082	2904.680541	55188.93	965.8062799	56154.73656
17	56154.73656	2807.736828	53347	933.5724953	54280.57223
18	54280.57223	2714.028611	51566.54	902.4145133	52468.95813
19	52468.95813	2623.447906	49845.51	872.2964289	50717.80665
20	50717.80665	2535.890333	48181.92	843.1835356	49025.09985
21	49025.09985	2451.254993	46573.84	815.0422851	47388.88715
22	47388.88715	2369.444357	45019.44	787.8402488	45807.28304
23	45807.28304	2290.364152	43516.92	761.5460805	44278.46497
24	44278.46497	2213.923248	42064.54	736.1294801	42800.6712
25	42800.6712	2140.03356	40660.64	711.5611587	41372.1988
26	41372.1988	2068.60994	39303.59	687.812805	39991.40166
27	39991.40166	1999.570083	37991.83	664.8570526	38656.68863
28	38656.68863	1932.834432	36723.85	642.6674485	37366.52165
29	37366.52165	1868.326082	35498.2	621.2184224	36119.41399
30	36119.41399	1805.970699	34313.44	600.4852576	34913.92855
31	34913.92855	1745.696427	33168.23	580.4440621	33748.67618
32	33748.67618	1687.433809	32061.24	561.0717415	32622.31411
33	32622.31411	1631.115706	30991.2	542.3459721	31533.54438
34	31533.54438	1576.677219	29956.87	524.2451753	30481.11234
35	30481.11234	1524.055617	28957.06	506.7484926	29463.80521
36	29463.80521	1473.190261	27990.61	489.8357617	28480.45071
37	28480.45071	1424.022536	27056.43	473.4874931	27529.91567
38	27529.91567	1376.495784	26153.42	457.684848	26611.10474

39	26611.10474	1330.555237	25280.55	442.4096162	25722.95911
40	25722.95911	1286.147956	24436.81	427.6441953	24864.45535
41	24864.45535	1243.222768	23621.23	413.3715703	24034.60416
42	24034.60416	1201.730208	22832.87	399.5752941	23232.44924
43	23232.44924	1161.622462	22070.83	386.2394687	22457.06625
44	22457.06625	1122.853312	21334.21	373.3487264	21707.56166
45	21707.56166	1085.378083	20622.18	360.8882127	20983.07179
46	20983.07179	1049.15359	19933.92	348.8435686	20282.76177
47	20282.76177	1014.138089	19268.62	337.2009145	19605.8246
48	19605.8246	980.2912299	18625.53	325.9468339	18951.4802
49	18951.4802	947.5740101	18003.91	315.0683584	18318.97455
50	18318.97455	915.9487275	17403.03	304.5529519	17707.57877
51	17707.57877	885.3789387	16822.2	294.3884971	17116.58833
52	17116.58833	855.8294166	16260.76	284.563281	16545.3222
53	16545.3222	827.2661099	15718.06	275.0659815	15993.12207
54	15993.12207	799.6561034	15193.47	265.8856544	15459.35162
55	15459.35162	772.967581	14686.38	257.0117207	14943.39576
56	14943.39576	747.169788	14196.23	248.4339545	14444.65993
57	14444.65993	722.2329963	13722.43	240.1424713	13962.5694
58	13962.5694	698.1284701	13264.44	232.1277163	13496.56865
59	13496.56865	674.8284324	12821.74	224.3804538	13046.12067
60	13046.12067	652.3060334	12393.81	216.8917561	12610.70639
61	12610.70639	630.5353196	11980.17	209.6529938	12189.82407
62	12189.82407	609.4912033	11580.33	202.6558251	11782.98869
63	11782.98869	589.1494344	11193.84	195.8921869	11389.73144
64	11389.73144	569.486572	10820.24	189.3542852	11009.59915
65	11009.59915	550.4799577	10459.12	183.0345859	10642.15378
66	10642.15378	532.1076891	10110.05	176.9258066	10286.9719
67	10286.9719	514.3485949	9772.623	171.0209078	9943.644212
68	9943.644212	497.1822106	9446.462	165.313085	9611.775086
69	9611.775086	480.5887543	9131.186	159.7957608	9290.982093
70	9290.982093	464.5491046	8826.433	154.4625773	8980.895565
71	8980.895565	449.0447783	8531.851	149.3073888	8681.158176
72	8681.158176	434.0579088	8247.1	144.3242547	8391.424522
73	8391.424522	419.5712261	7971.853	139.5074327	8111.360728
74	8111.360728	405.5680364	7705.793	134.8513721	7840.644064
75	7840.644064	392.0322032	7448.612	130.3507076	7578.962568
76	7578.962568	378.9481284	7200.014	126.0002527	7326.014693
77	7326.014693	366.3007346	6959.714	121.7949943	7081.508952
78	7081.508952	354.0754476	6727.434	117.7300863	6845.163591
79	6845.163591	342.2581796	6502.905	113.8008447	6616.706256
80	6616.706256	330.8353128	6285.871	110.0027415	6395.873685
81	6395.873685	319.7936842	6076.08	106.3314	6182.411401
82	6182.411401	309.12057	5873.291	102.7825895	5976.07342
83	5976.07342	298.803671	5677.27	99.35222061	5776.62197

84	5776.62197	288.8310985	5487.791	96.03634025	5583.827212
85	5583.827212	279.1913606	5304.636	92.83112739	5397.466978
86	5397.466978	269.8733489	5127.594	89.73288852	5217.326518
87	5217.326518	260.8663259	4956.46	86.73805336	5043.198245
88	5043.198245	252.1599123	4791.038	83.84317083	4874.881504
89	4874.881504	243.7440752	4631.137	81.044905	4712.182334
90	4712.182334	235.6091167	4476.573	78.3400313	4554.913248
91	4554.913248	227.7456624	4327.168	75.72543275	4402.893019
92	4402.893019	220.1446509	4182.748	73.19809644	4255.946464
93	4255.946464	212.7973232	4043.149	70.75510997	4113.904251
94	4113.904251	205.6952125	3908.209	68.39365817	3976.602697
95	3976.602697	198.8301348	3777.773	66.11101983	3843.883582
96	3843.883582	192.1941791	3651.689	63.90456454	3715.593967
97	3715.593967	185.7796984	3529.814	61.7717497	3591.586018
98	3591.586018	179.5793009	3412.007	59.71011756	3471.716835
99	3471.716835	173.5858418	3298.131	57.71729238	3355.848286
100	3355.848286	167.7924143	3188.056	55.79097775	3243.846849
101	3243.846849	162.1923425	3081.655	53.92895387	3135.583461
102	3135.583461	156.779173	2978.804	52.12907503	3030.933363
103	3030.933363	151.5466681	2879.387	50.38926715	2929.775962
104	2929.775962	146.4887981	2783.287	48.70752536	2831.994689
105	2831.994689	141.5997344	2690.395	47.0819117	2737.476866
106	2737.476866	136.8738433	2600.603	45.5105529	2646.113576
107	2646.113576	132.3056788	2513.808	43.9916382	2557.799535
108	2557.799535	127.8899768	2429.91	42.52341727	2472.432976
109	2472.432976	123.6216488	2348.811	41.10419822	2389.915525
110	2389.915525	119.4957763	2270.42	39.7323456	2310.152094
111	2310.152094	115.5076047	2194.644	38.40627857	2233.050768
112	2233.050768	111.6525384	2121.398	37.12446902	2158.522699
113	2158.522699	107.9261349	2050.597	35.88543987	2086.482004
114	2086.482004	104.3241002	1982.158	34.68776331	2016.845667
115	2016.845667	100.8422833	1916.003	33.53005921	1949.533443
116	1949.533443	97.47667214	1852.057	32.41099349	1884.467764
117	1884.467764	94.22338821	1790.244	31.32927658	1821.573653
118	1821.573653	91.07868263	1730.495	30.28366197	1760.778632
119	1760.778632	88.03893159	1672.74	29.27294475	1702.012645
120	1702.012645	85.10063225	1616.912	28.29596022	1645.207973
121	1645.207973	82.26039865	1562.948	27.35158255	1590.299157
122	1590.299157	79.51495785	1510.784	26.43872348	1537.222923
123	1537.222923	76.86114613	1460.362	25.55633109	1485.918108
124	1485.918108	74.29590538	1411.622	24.70338854	1436.325591
125	1436.325591	71.81627953	1364.509	23.87891294	1388.388224
126	1388.388224	69.4194112	1318.969	23.08195423	1342.050767
127	1342.050767	67.10253835	1274.948	22.311594	1297.259823
128	1297.259823	64.86299114	1232.397	21.56694455	1253.963776

129	1253.963776	62.69818881	1191.266	20.84714778	1212.112735
130	1212.112735	60.60563676	1151.507	20.15137422	1171.658473
131	1171.658473	58.58292363	1113.076	19.47882211	1132.554371
132	1132.554371	56.62771855	1075.927	18.82871642	1094.755369
133	1094.755369	54.73776845	1040.018	18.20030801	1058.217909
134	1058.217909	52.91089543	1005.307	17.59287273	1022.899886
135	1022.899886	51.14499429	971.7549	17.0057106	988.7606021
136	988.7606021	49.43803011	939.3226	16.43814501	955.760717
137	955.760717	47.78803585	907.9727	15.88952192	923.8622031
138	923.8622031	46.19311015	877.6691	15.35920913	893.0283021
139	893.0283021	44.6514151	848.3769	14.84659552	863.2234825
140	863.2234825	43.16117412	820.0623	14.3510904	834.4133988
141	834.4133988	41.72066994	792.6927	13.87212275	806.5648516
142	806.5648516	40.32824258	766.2366	13.40914066	779.6457496
143	779.6457496	38.98228748	740.6635	12.96161059	753.6250728
144	753.6250728	37.68125364	715.9438	12.52901683	728.472836
145	728.472836	36.4236418	692.0492	12.1108609	704.1600551
146	704.1600551	35.20800275	668.9521	11.70666092	680.6587132
147	680.6587132	34.03293566	646.6258	11.31595111	657.9417287
148	657.9417287	32.89708643	625.0446	10.93828124	635.9829235
149	635.9829235	31.79914617	604.1838	10.5732161	614.7569934
150	614.7569934	30.73784967	584.0191	10.22033502	594.2394787
151	594.2394787	29.71197394	564.5275	9.879231334	574.4067361
152	574.4067361	28.72033681	545.6864	9.549511988	555.2359113
153	555.2359113	27.76179557	527.4741	9.230797026	536.7049128
154	536.7049128	26.83524564	509.8697	8.922719175	518.7923863
155	518.7923863	25.93961932	492.8528	8.624923422	501.4776904
156	**501.4776904**	**25.07388452**	**476.4038**	**8.337066603**	**484.7408725**
13 years	payment 485 taka to settle credit card			**49571.2714**	
				Total interest	

To avoid this ridiculous circle of minimum due payment maximum clients want to settle their credit card.

Strategies to overcome barriers:

Credit card is a very profitable product for banks because the interest rate of credit card is the highest among all loan product offered by banks. There are various cost involved for issuing a new credit card such as sales person's salary, operation cost, credit risk management cost, client point and documents verification cost, courier cost, production cost etc. Retaining existing customer is more important than acquiring new customer. BRAC bank PLC can retain about 30% of credit card customer who wants to close the card. Bank form a specialized retention team to implement retention technique prescribed by bank as follows.

1. When customer request bank to close credit card that time our officer looks the pattern of usage the credit card. Customer earned 1 reward point for spending every 80 taka and by this reward point customer can waive card's annual fee [4]. Usually customers are indifferent about this reward point, retention manager understand the importance of this reward point by which client can use it free. Some banks offered annual fee waive upon 15 transaction per year, some also offering to spend only 100000 BDT per year. By understanding customer about techniques of annual fee waive option is the major tolls of credit card retention

2. Not knowing proper use of credit card, many customers pay various kind of fees & charges like cash advance fee, late payment charge, over limit charge, insurance coverage charge, interest charge and these types of customer at the same point pay off the credit card outstanding and close the card. In this case it is the responsibility of relationship manager to provide advance information for proper use of credit card and inform about all related fees & charges. For instance, customer need to understand about billing cycle, statement date, shortcomings of minimum due, benefit of total due payment etc. Sometimes bank offers to convert outstanding to monthly planning scheme which clients are facing challenge to clear outstanding. For instance bank offers 10% flat interest rate annually on 100,000 BDT for 1 year so that client can easily settle outstanding and use further with awareness of fees and charges. Strategic implementation of EMI option on card outstanding

and instant loan facility of client’s unused balance are key retention tool of credit card retention.

3. Value added assistances on Credit Cards for travelers like priority pass, airport transportation service, meet & greet service, insurance benefit are the key retention strategy for financially solvent client, who are used to use this card for their daily needs and lifestyle maintain purpose.

3.2.4 Enhance financial connections for customer retention: pleasing clients with multiple products and increase product per customer (PPC)

Pleasing customers with numerous financial products is a powerful retention strategy in retail banking. Cross selling plays a dynamic role in deepening customer relationships by offering a set of complementary financial products that cater to diverse needs. When a bank cross sells products like loans, credit cards, or insurance to its existing customers, it not only boosts its revenue but also strengthens the bond with the customer. For instance, if a client already has a checking account and the bank offers them a credit card with favorable terms, the customer is likely to see added value in keeping all their financial services under one roof. At BRAC Bank PLC, the focus on customer segmentation has led to the identification of two key types of individual account holders: those maintaining savings accounts primarily for transactions and those focused on savings by doing FD or DPS. To better serve these segments, the bank has implemented a filtering system that identifies customers who consistently maintain an average balance of more than BDT 150,000 at their checking accounts. Bank wants to increase product per customer, as customers can manage all their financial activities from a single point of contact. Offering all types of financial solutions that align with their clients need BRAC Bank PLC believe in building multiple product relationship. The bank enhances customer convenience by offering standing instructions for automatic payments to other banks' DPSs, insurance premiums, and loan installments. This continuous mixing of financial services encourages clients to keep their deposits with trust for longer periods, maximizing their interest earnings. Moreover, when existing need loans whether for home renovation, flat purchases, or car financing BRAC Bank leverages its existing relationship with these customers to offer personalized loan products with lower interest rates, further reinforcing loyalty. By positioning itself as a one-stop solution for both deposit and lending needs, the bank reduces the likelihood of customer churn and increases overall customer lifetime value. The key offerings to employee banking clients in terms of loans and deposits can be summarized as follows:

- Offering all types of retail loan with comparatively lower interest rate. Like personal loan, Home Loan, Car loan with Preferential Rates.

- Providing competitive interest rates on Fixed Deposit Receipts, higher DPS Interest Rates, and higher Interest on CASA Balances are major strategies to retain deposits.

- By offering credit cards that go beyond traditional benefits and cater to customers' lifestyle needs, banks can create a deeper connection with their clients. Features like cashback offers, reward points, exclusive discounts on travel, dining, and shopping, and access to premium services (lounges, events, etc.) are highly appealing to customers seeking convenience and added value.

- A personalized banking experience combined with digital banking and self-service options is becoming a cornerstone of customer retention strategies in retail banking. Customers today expect tailored financial solutions that cater to their unique needs, and banks that offer personalized product recommendations, priority services, and customized loan or deposit options can build stronger relationships.

- Bank offers lowest interest rate for bundle loan and credit card offer where card has no service charge for first year.

This interconnected cycle of cross-selling and bundling multiple financial products around existing accounts strengthens customer retention. It ties the customer's financial life closely to the bank, making it both convenient and financially rewarding to stay. This strategy not only increases retail portfolio but also mitigates lending risks, as the bank has a clearer understanding of the customer's financial behavior and income stability. By working closely with organizations through employee banking agreements, bank ensures a low-risk, sustainable approach to growing its retail banking portfolio. In the face of growing competition, retail banks in Bangladesh must focus on a holistic retention strategy that encompasses relationship management, cross-selling, employee banking, and digital banking solutions. By offering personalized services, lifestyle-enhancing products, and seamless digital experiences, banks can foster long-term loyalty and reduce customer churn. Through a combination of high-value financial products and convenience-driven solutions, retail banks can ensure they remain relevant and competitive in an evolving financial landscape.

3.3 Recommendations

Here are some recommendations for enhancing customer retention strategies in retail banking in Bangladesh:

1. Increase product per customer (PPC) & ensure regular use of these. For instance to ensure that the customer regularly use his credit card for purchase and enjoy EMI facility as he pays his monthly bill, DPS customers regularly pays their monthly premium. When a customer is availed more products of the bank and his engagement with bank increases.

2. Educate customers financially and properly inform them about fees and charges of the bank's product is also satisfy customer. For example when a customer takes a loan, ensure client has a clear idea about related charges like processing fee, CIB charge, loan interest rate, government excise duty, stamp charge, file processing charge etc. As a result when the bank makes any charges, the customer remain satisfied and takes necessary preparations to pay these bills.

3. Strengthen relationship management & enhance communication and feedback channels should be the major retention strategy to retain customers. Bank relationship managers should always be connected with customers because when any dissatisfaction arises, it is responsibilities of relationship managers to resolve it immediately and satisfy customer to continue existing relationship. So, improve customer service and support and foster a customer-centric Culture is required for customer retention

4. Now a days in this age of technology customers want to complete all their banking activity by not going any branch office. Therefore it is the responsibility of banks to spread user friendly application and easy to operate able online channels. Customers want to maintain the relationship with the bank those are technologically advanced.

3.4 Conclusion

"Customer Retention strategies in Retail Banking: A Case Study on BRAC Bank PLC" has provided valuable understandings into the important practices that drive customer loyalty in a highly competitive banking landscape. Throughout my internship, I observed that BRAC Bank's promise to empathetic and identifying customer needs through tailored product, services and relationship management contributes to its success in retaining clients. The integration of digital banking solutions, effective communications and trustworthiness programs has not only improved customer fulfillment but also positioned BRAC Bank as a leader in retail banking industry.

The findings of this report highlight the standing of fostering strong relationships management by offering modified financial products and maintaining enduring engagement.

Banking sector continues to change it is imperative for BRAC Bank and other financial institutions in Bangladesh to adapt their retention strategies to meet different customer expectations and preferences. By implementation of technology, quick service delivery and maintaining a customer-centric approach, BRAC Bank PLC can continue to reinforce its associations with clients and ensure sustainable growth in the modest retail banking market.

This internship involvement has equipped me with a thoughtful understanding of customer retention strategies in retail banking sector and their implementation, which will be precious as I pursue my career in banking sector. I am grateful for the chance to learn from the knowledgeable and skilled professionals at BRAC Bank and under the supervision of experienced faculty of BRAC University.

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