Report on

“Evaluating the effectiveness of Central Bank’s regulation on Credit Risk Management (CRM) in mitigating default risk: A study on Dhaka Bank Mirpur Branch”.

By

Meghoboty Islam

20304005

An internship report submitted to the BRAC Business School in partial fulfillment of the requirements for the degree of Bachelors of Business Administration

BRAC Business School

BRAC University

January, 2025

Declaration

I hereby declare that,

1. This internship report submitted is my own work while completing my Under-graduation Degree in BRAC University.
2. This report doesn't contain any contents that have been collected from third party unless it is properly referenced and cited with proper details.
3. In this report there is no such contents that have been used or submitted for other degrees or diploma in any other university.
4. I have acknowledged all main sources of information.

Student's full name & signature:

____

Meghoboty Islam

20304005

Supervisor's full name & signature:

____

MD Arif Hossain Mazumder, PhD

Assistant Professor

BRAC Business School

BRAC University

Letter of Transmittal

Date: 30 January, 2025

MD Arif Hossain Mazumder, PhD

Assistant Professor

BRAC Business School

BRAC University

Kha 224, Bir Uttam Rafiqul Islam Ave, Dhaka 1212

Subject: Submission of internship report on “Evaluating the effectiveness Of Central Bank’s regulation has on CRM in mitigating default risk: A study on Dhaka Bank Mirpur Branch”.

Respected Sir,

It is an honor for me to get the opportunity to work under supervision and guidance to write my internship report on “Evaluating the effectiveness Of Central Bank’s regulation has on CRM in mitigating default risk: A study on Dhaka Bank Mirpur Branch”.

I am honored to have you as my supervisor as you supported my, gave me guidance and direction to complete my report. To make this report in the most comprehensive, useful and concise manner possible, I have tried my best by included relevant data and propositions. Without your guidance, preparing this report would become very challenging.

I hope that this report will meet the desires.

Sincerely,

Meghoboty Islam

Student ID: 20304004

BRAC Business School

BRAC University

Non-Disclosure Agreement

This agreement is made and inter into by and between Dhaka Bank PLC and the undersigned student od BRAC Business School, BRAC University.

1. I try to maintain the privacy of any document and information regarding Dhaka Bank PLC at any point of my internship.
2. Without the permission of my supervisor, I won't share, copy or remove any information or document from the bank.

I commit to follow the previously followed guideline.

____

Meghoboty Islam

20304005

Acknowledgment

By the grace of Almighty Allah, in these three months of my internship journey at Dhaka Bank PLC Mirpur Branch, I got a lot to learn and enrich my knowledge. I find myself quite fortunate enough to get help from different people, specially from the whole credit and trade department of the branch. I am very honored that they found me worthy enough to contribute to their predominant work. Also, I want to that the whole branch for providing the friendly environment that motivated me to work hard so that I can give my best into my work. I want to humble thank Mr. MD. Mubarok Hossain my on-site supervision and Mr. Musbah Uddin Saleh the manager of the branch, whose supervision and direction I have enjoyed this whole journey of learning official work. Apart from my official personnel, I would like to specially thank my internship report supervisor Mr. Md. Arif Hossain Mazumder sir without whose guideline I won't able to complete my internship report this smoothly. His guidance and directions have made my journey worthier and more remunerative that I would like add to my academic and personal life as a life time experience. Finally, I would like to thank my parent and my family for supporting me and motivating me to walk forward in my life and in this journey. I want to show my heartfelt appreciation to them for being my biggest support.

Executive Summary

The primary goal of this report is to complete my undergraduate degree. This report reflect both my academic and personal life. Since my major is Finance and Accounting and my internship area was Customer Credit and Trade department of Dhaka Bank Mirpur Branch, this report will also reflect some useful financial terms.

This whole report has been divided into three chapters. First chapter will contain all information about me and my internship journey. Second chapter will reflect the organizational insights of the bank. And the third chapter will contain of my project part which is on evaluating Credit Risk Management of Dhaka Bank PLC Mirpur Branch.

The first chapter will show my internship information. It will showcase all my listed jobs that I have performed at Dhaka Bank during my internship period. The Second chapter will consist of organizational data. It will show all the organizational activity of the bank in its different department like, HR, financial practice, marketing and so on. Moreover, financial part will show the financial analysis of 3 years financial data to analyze the overall financial performance of the bank. At the end, the paper will show the strength and weakness and the upcoming threats and opportunities of the bank.

And the third chapter will discuss about the credit risk management policy of the bank. Like any other banks in Bangladesh Dhaka Bank PLC also have their own credit risk management policy abiding the CRM guideline of Bangladesh Bank. This paper will analysis how well the bank is managing their credit risk, how Bangladesh Bank's CRM guideline impacting the bank's CRM policy, how effective their CRM policy is in reducing NPL rate, good their credit quality is by analyzing the NPL over 5 years. Besides the paper will also analyze what are the challenges the branch is facing while maintain credit disbursement procedure. In the end there will some recommendation for the bank regarding improvement of their credit disbursement process and upgrading their CRM policies.

In conclusion, I want to say that by writing this paper I have tried to implement my academic knowledge in practical also know about every details of the bank. This report will help to design my career which I am heading to.

Contents

Chapter 1: Overview of The Internship

1.1 Student Information

Name: Meghoboty Islam

ID: 20304005

Program: Bachelor Of Business Administration

Major 1: Finance

Major 2: Accounting

1.2 Internship Information

1.2.1: Company information:

Company name: Dhaka Bank PLC, Mirpur Branch.

Department: Consumer Credit & Collection Unit.

Address: Plot 1, Road 5, Block A, Mirpur 10, Dhaka 1216

Period: 3 Months.

1.2.2: Company Supervisor's Information

Name: Mohammad Mubarok Hossain

Designation: First Vice President & Manager Operation of the branch.

1.2.3. Job Responsibility

I was an intern in Customer Loan and Foreign Trade department of Dhaka Bank Mirpur Branch. I was directly supervised by the operation manager of the branch. I had to perform various responsibility that help to gather actual working experience in this sector. With the help of my supervisor and other fellow colleagues of that departments, I perform all those responsibilities smoothly. Some of my job responsibilities includes,

- **Secured Overdraft (SOD) Loan Documentation:** Dhaka Bank gives their clients an opportunity to take overdraft against their asset like FDR and DPS. To prepare this documentation I need to get information about FDR or DPS which will be used as collateral against their loan. I had to gather information like how many instrument (FDR/DPS) the client had, their rates, tenor and in case of DPS how many installments are left and so on. After gathering this information, I have to put them in an excel format to prepare branch sanction, SCC & LDCL.

- **Charge Documents:** To obtain loan from the bank, borrowers need to provide some correspondent documents to the bank those help the bank to access creditworthiness of the borrower. Charge documents includes, promissory note, letter of revival, letter of authority, letter of disbursement, net worth statement, lien and authority, personal guarantee and photograph of the borrower. I used to prepare these documents for the borrowers. After completing all the procedure of loan, I used to put stamped on the documents.
- **Credit Information Bureau (CIB)**: Credit Information Bureau is the credit payment history of the borrowers that helps the banking institutions to access the creditworthiness of the borrowers. I used to help my supervisor by gathering required information from the clients such as company's customer id, account number, owner's NID, NID verification report, Trade License, TIN and BIN number, guarantor's papers and so on. I put all this information in the CIB Report format and provide them to my supervisor.
- **Tax Certificate:** The bank maintains an excel sheet that contains all tax summary occurred from acquiring different services from the bank over a year such as foreign service, exceed tax, indebted. I was associated with calculating all these taxes and provide them to the clients whenever they want.
- **LABA Proposal:** LABA means loan against bank acceptance. I used to prepare draft by following swift approval and other required documents. After approving the LABA proposal I used to prepare sanction, SCC documents against LABA with the help of my supervisor which includes that the client has approved all the condition and wants to complete further procedures. At the end I used to prepare disbursement letter.
- **Others:** Apart from these works above, I used to get account statements from the bank's Portal app. I used to put stamped on charge documents and some legal papers. I used to write mails, correspondent letters to different entities on behalf of my fellow colleagues. I used to prepare journal for different purposes.

1.3: Internship Outcome

1.3.1: Student's Contribution to the bank

This was my first experience working as an intern in an organization. Though I wasn't a permanent employee, I tried to involve in most of the jobs and tries to be present every day. I tried to do my best to help my fellow colleagues and became a part of the branch. Whenever I was assigned with any types of works I tried my level best to perform my duty and tried to learn as much as I can from that task. During my internship journey, I noticed that employees used to be very busy handling clients and providing services. So, whenever I got free time, I tried to reduce work load from my senior colleagues by helping them in their designated work. I didn't hesitate doing any type of work. Besides my regular job, I have scanned the documents, taking Branch Manager Sir's sign in documents, printing documents and so on. My supervisor was so pleased with me that he handed over any task without hesitation. Also, sometimes my in-site manager asked me to help him writing his mails and other documentation. I have successful completed my internship journey with full dedication and enthusiasm.

1.3.2: Benefits of the students

I had chance to learn by combining my academic education with the real-world work environment during my internship period in Dhaka Bank PLC Mirpur Branch. It was my first working experience with any organization and I enjoyed the whole internship journey as I was able to learn a a lot about banking industry. I had seen how actually a loan is disbursed and what are the actually procedure. Also, for the very first time I have seen real LC and its preparing procedures which I have only read in my text book. As a finance and accounting student I always had a dream to work in a bank, this experience will help me in my future career. Since this is the first time my working in an organization, the path wasn't very easy and comfortable for me. I used to do a lot of mistakes in every single work. But my supervisor and other senior colleagues were very patients and cooperative with me. They always had forgiven my mistakes and gave advices so that I could learn from my mistakes and can perform my work better. After working here for a month, my skills started to improve and started to de less mistakes. Through this journey my skills r4egaring typing speed, MS Excel and other related software have significantly improved as well my communication skill.

1.3.3: Problems Faced During Internship Period

Although my supervisor's assistance and existed good working environment made my internship journey smooth, I faced some challenges that hampered my working flow. Firstly, there was no specific job allocated for the interns. Interns are supposed to do every types of work whenever needed. Since there was no specific task allocated for me, someday I had to sit quietly without doing any work all day. And another day I didn't get time to had my lunch at lunch hour. Also, work time for interns were not fixed. Sometimes I got to return home at 7pm when interns in other organizations are supposed to leave at 6pm. Besides, interns weren't allowed to used bank's personal software.

1.3.4: Recommendation

If the bank can allocate some specific responsibilities with allocated time for the interns like full time employees, they could get proper experience of performing their own allocated responsibility. It will help them to practice how to perform their own job responsibility and punctuality. They would have an actual experience of professionalism. Besides, they can give some feedback to the interns so that they can feel themselves bound to some work and be more patinate. Also, the bank can ensure that the interns don't need to seat idly rather do something to acquire knowledge.

Chapter 2: Organization Part

2.1. Introduction

Dhaka Bank PLC is one of the renowned and safest banks in Bangladesh. It was established in 5 July, 1995 following Company Act 1994. This bank is well known for its outstanding customer service. IN this current situation in Bangladesh where more than 10 banks are announced as risk bank and are in a vulnerable situation, Dhaka bank is marking its position as a potential player in the market with their growing provident deposits. Through this internship program I got an opportunity to work in the credit and trade division of Dhaka Bank Mirpur branch. This bank provides banking service along with investment service to the corporate and personal clients with the assistance of technology-based system and some highly professional employees. They also provide high range of online banking service throughout all branches, online platforms, ATM. This bank is likely taking proactive approaches to ensure both financial stability and customer's confidence. This report will focus on overall operational function of Dhaka Bank and its different deportment. In this part organizational information will mentioned. Overall, this part of the report will critically analyze the whole operational functions of Dhaka Bank PLC.

2.1.1 Objectives

Objective of this chapter is to evaluate Dhaka Bank PLC's organizational culture and performance with a primary focus on following key aspects,

- Evaluating the bank's strategic approaches in different departments. To analyze their operational structure and leadership policies, their mission & vision, what are their corporate values and policies, what are their managerial practices and other practices that helps them to compete successfully with their competitors.
- Then this paper will thoroughly analyzed financial performance and policies of the bank.
- Then there will an analysis how the banking industries and how Dhaka Bank PLC dealing with the challenging situation of the industry.
- Also, the paper will contain DBL's marketing policies, what are the strategies they are taking to meet their customer demand, what are their strength and weakness and what are their upcoming opportunities that they need to adapt.

- In the end it can be said that this chapter will explain all these fundamental objectives in detail.

2.1.2: Scope

Dhaka Bank is one of the largest banks of Bangladesh, contributing significant role in the development of our economy. The scope of this part of the report are mentioned below,

- Dhaka Bank PLC's organizational policies, hierarchy, marketing strategies and channels, management policies and so on for all department.
- Also, learn about DBL's products and services, loan products, international trading products, different types of LCs given to the trade banking customers.
- Furthermore, learn about the challenges and opportunities that the bank faces to survive in the banking industry, conducting their daily services as well.

2.1.3: Methodology

The methodology of this paper includes both primary and secondary data. That information available in the secondary resource has been collected from Dhaka bank's annual report, previous studies on Dhaka Bank, Dhaka Bank's official website and other relevant sites. On the other hand, information about the bank's Mirpur Branch internal organizational work will be collated from primary data collection method which will include interviewing senior colleagues and departmental in-charge, also Manager of Dhaka Bank Mirpur branch and some of their regular clients. During my internship period I have worked with several departments. And from there I gather some information. So, I have used those experiences and information in this paper. All this collected information will be organized and analyzed throughout this paper.

2.1.4: Limitation

Though this paper tried to reflect all the significant information, still there are some limitation. First of all, the limitation of not disclosing DBL's internal information. There was an agreement between employees and the management all the departmental information will be non-disclosed. Organizational information can not be licked outside without the concern of the bank's authority. So, lots of information have been added on the basis of assumption. Besides, while taking one to one information from the client, most of them didn't want to cooperate. They didn't want to disclose their personal information with any outsider.

2.1.5: Significance

Significance of this part of the report is to showcase all the important operational practices that Dhaka Bank PLC maintains that help to achieve dignified position in the banking industry. Also, it will represent their marketing and customer handling strategy. It helps them to adapt with the changing customer demand and to understand their preferences which will play an significant role to improve their service and cope with this new changes. Besides, financial analysis of this part will show how effectively and efficiently Dhaka Bank PLC is managing their operational activities and making proper usage of their cash reserve, provident deposits, debt and other equities to preserve their profitability and sustainability.

2.2: Overview of the company

Dhaka Bank PLC is one of the leading commercial banks in Bangladesh in private banking sectors. In 5th July,1995, the bank started their banking operation as per the law of Company Act 1994. Their main focus is customer centric. They goal for maximizing inventor's wealth and secure their profitability by conducting business effectively and efficiently. The bank started their business with about100 million capital and about 1000 million authorized funding that they had eventually grew 10 times more (Banglapedia, 2023). With the motto of "Excellence in Banking", the bank is working towards achieving best performing bank in the eye of their customers. The bank operates their business in divided their key business into some separate division such as Islamic division, Corporate Division, Agricultural Banking, Consumer Banking, SME. The bank has total 114 branches, 3 SME Service Centers, 2 Offshore Banking Unit, 6 CMS Units, 1 Islamic Branch, 29 sub-branches, 87 ATMs and 20 ADMs & 7 CRMs. To operate the investment banking, DBL has already established "Dhaka Bank Securities Limited". Besides to provide trade operation facilities, Dhaka Bank started "Dhaka Bank Investment Limited" which helps those customers who have international trade. Dhaka Bank recently provides digital banking facilities throughout all the branches. At first, they launched DBLGO which is incorporated with all branches, ATM, ADMs and online payment networks. But there was so technical problem in DBLGO, so the upgraded a new version of the app named DBLGO Plus that will also help the customer to do foreign transections. Having a great return on spending Dhaka Bank has become clients' number one preference because of their global influence on trade and operations, advanced technology, friendly and skilled support to satisfy their customer need.

2.2.1: Mission & Vision

"Excellence In Banking" with this thought Dhaka Bank PLC has set their new values and commitment for their business. Vision of Dhaka Bank is to make such a standard that can make every transection pleasure for their customers. As we all know, Dhaka Bank has always concern about their customers. Client's satisfaction and comfort has been their main focus form the start. They aim to ensure supreme service to their customers with accuracy, reliability, timely delivery, cutting edge technology, global reach, high range of interest on customer's investment. Their product, people are aligned to meet the demand of their customers, their goal is to have a clear foresight, their prime objective is to provide quality that properly demonstrate their vision statement- 'Excellence In Banking".

Dhaka Bank PLC's mission is to become premier financial institution that offers premier quality product and service supported by high quality technology and a group of highly enthusiasm people to provide excellence in banking.

2.2.2: Achievement

Based on Annual Report 2022, Dhaka Bank PLC got an Certificate of Merit by Institution of Chartered Accountant Of Bangladesh under the category of Corporate Governance Disclosure. Dhaka Bank wins Asia Money Award 2023 for being best Corporate Bank of Bangladesh. Dhaka Bank has innovated C-Solution for cash management and a center over the counter platform for real-time reconciliation which has been a revolution to banking industry. Besides they have launched E-Rin tern which is mostly an AI based loan instant loan disbursement platform. Also, they have cooperated with Bkash by introducing Nano Serving scheme which help the customers across the country. Additionally, the bank has achieved "Excellence in Mastercard Business (Innovation) 2022-23 award. Further, in 2020 the Managing Director OF Dhaka Bank PLC, MR. Emranul Haq wins "Best Private Bank OF The Year 2020".

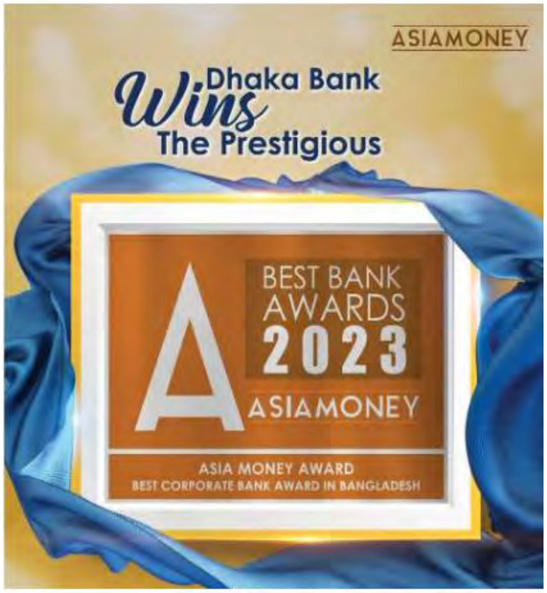

Figure 1: Some achievements of Dhaka Bank PLC

Source: Dhaka Bank Annual Report 2023 (Dhaka Bank, 2024)

2.2.3: Core Values

The bank highly focused on their customers and try to build a reliable, excellent and trustworthy relation with them. They maintain high integrity, ethical standard and transparency while dealing with their customers. They are very much concern about maintaining their service quality in any means. They never compromise with their quality. The bank tries to build a strong bonding with their clients to keep their interest and customer satisfaction so that they can deal with them smoothly. Dhaka Bank really nurture the culture of respecting and valuing their people from top to bottom of the management. Besides their customers, the bank also values their employees. They try to make their working environment as knit as possible so that the employees can work happily and comfortability as they have to spent most of their time here and have to perform tons of duties. They make sure all of their employees take LFA leaves. Besides, they are committed to protect our environment and go as green as possible.

2.3: Management Practice

2.3.1: Leadership Approach

The leadership approach of Dhaka Bank PLC is quite unique. There is highest level of management committee with a group of renowned personalities. They take all the important decisions by consulting with top managements. Like other banks, Managing Director (MD) is the highest position under the supervision of the Board of Directors (BOD). The Managing Director takes all the decision. Then he/she consult with other departmental directors to execute those decisions. Other directors are finance directors, human resource director, marketing directors and so on. Dhaka Bank is very highly confusing on maintaining chain of command. But while taking decision, the bank considers opinion from other departmental directors apart from Top Management. To accomplish any decisions, supervisors always prefer working together with subordinates to solve any corporate problems that indicates teamwork and corporation. The bank encourages participative decision-making strategies, appreciating other viewpoints, to make employs from all level realize that they are also equal contributors of financial development of the bank.

Dhaka Bank PLC always tries to maintain a democratic leadership principal that engages employees from shareholders equally. This leadership maintain a leader and that leader can be replaced by any designated individuals. The leader always ensures that all designated employees get opportunity to participate in any decision making and can share their valuable opinion. This is the key of Dhaka Bank PLC to keep a such a peaceful working environment for a long time.

2.3.2: Organogram of Dhaka Bank PLC

Dhaka Bank PLC maintain an organogram that starts with Board of Directors and Managing Director. They are the top-level managements who possess the control and make major decisions with proper planning. Along with them deputy managing director, senior executive vice president, executive vice president makes the top-level managing team who takes all the top-level managing decisions. Then comes Vice president, First Assistant Vice Principal, Assistant Vice President are the mid-level managers who allocates works among others. And finally, the Senior Principal Officers Principal officer and rest of the others are the first-line managers who are to execute the plan and supervised by the mid-level managers. So, here is the corporate organogram of Dhaka Bank PLC below,

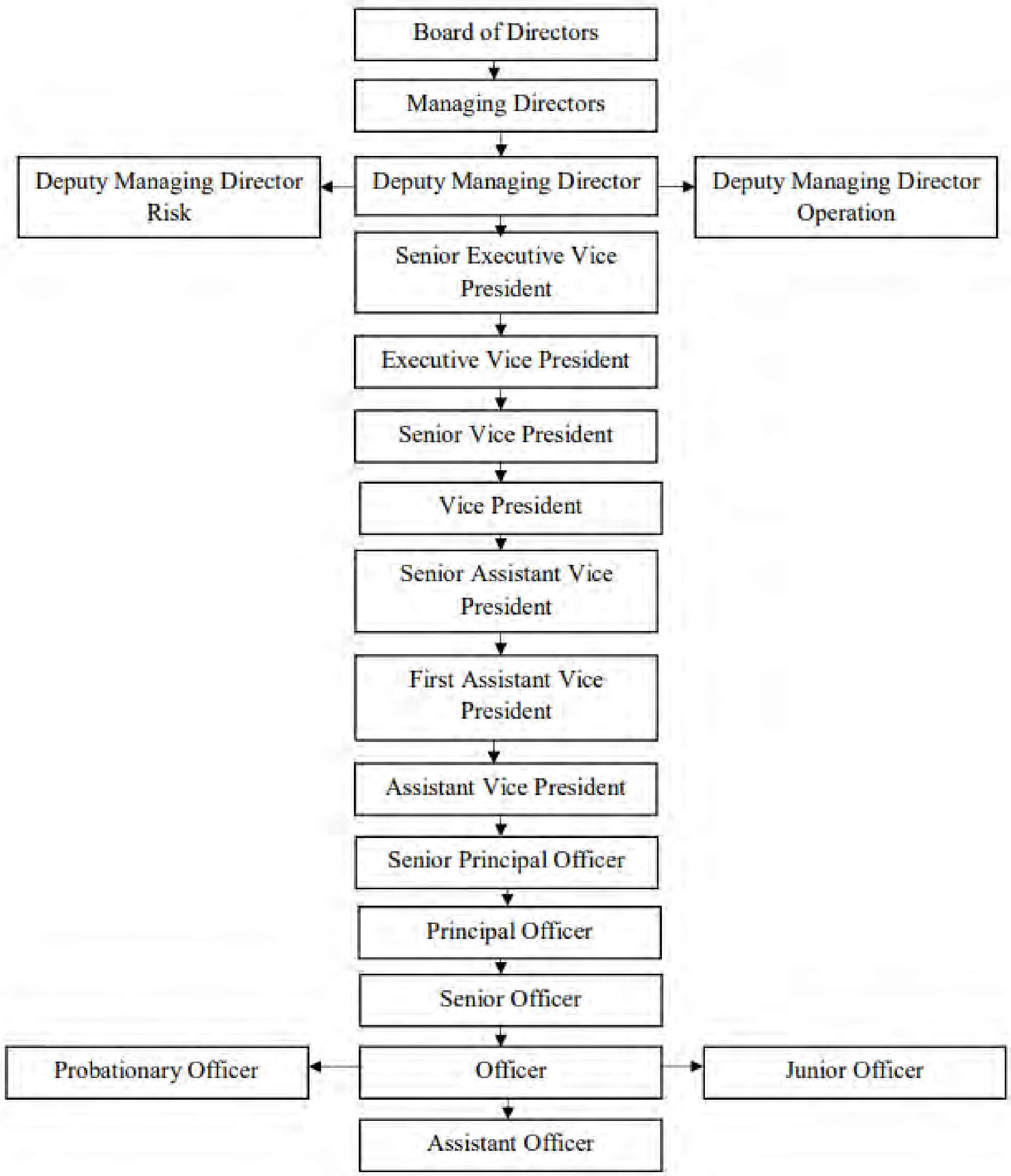

Figure 2: Organogram of Dhaka Bank PLC

Source: (Tanjim, 2024)

2.3.3: Human Resource (HR) Practice of Dhaka Bank

Regarding employ branding and human resource procedure, human resource department plays a vital role for all sort of organizations. Individuals responsible in this work are highly determined to seek out best employees for different departmental roles and responsibilities. They tires their bets to screen out those employees suits best for position and department. Besides, proper training and development have significant importance in designing organization's development. Dhaka Bank PLC has an incredible team to perform this vital responsibility. From the very beginning they always choose those employees who has the best skill matches with their position and those who have the ability to adjust with their working environment, the bank is very much concern about keeping their environment smooth. They are very much concern about their employees' safety and discipline of the working place. However, the bank also offers compensation and benefit to the newly recruited employees. Dhaka Bank is very much concern about the employees need and their well-being. They try to fulfil them as much as possible by providing different types of facilities, mandatory leave is one of them.

Requirement and selection process:

To ensure that they hire qualified candidates who share lender's objectives and values, Dhaka Bank PLC thorough hiring and selection process. To choose employees, HR department of the bank collaborate with other departments and know their requirements of the employees. Before starting the reequipment process they set criteria and requirement. Then following the recite of proposal, a thorough screening procedure is conducted to choose candidates based on their skill and qualification. This process often involves looking at resume or cover letter of the candidates. Those candidates who are chosen might call for interview. Final decision is being taken after evaluating how well they perform in the interview, their compatibility with the bank's culture and tradition. Dhaka Bank adhere all law and rules governing in Bangladesh regarding requiting and hiring decision.

Training and Development:

Dhaka Bank focus on implementing extensive training and development programmed to raise the skill and knowledge of the employees. At first, they observe the employee's skills and try to identify what their lacking are. Then the initiate those training that will help them to overcome their lacking. They mainly incorporated trainings like banking laws, CRM rules, technology, exceptional client service, trade service and so on. These training are conducted through various channels such as, online courses, On-the- job approaches, physical classes, in-person seminars and so on. Mainly they conduct their training on weekend so that it wont hamper their work. Dhaka Bank makes sure that their employees become up-to-date worth the changing modification of the industry. So that they can provide superior serviced to their clients by focusing on continuous growth of the industrial policies. And this method helps Dhaka Bank to ensure their profitability and expansion.

Performance Appraisal:

Dhaka Bank annually evaluate their achievement by analyzing employee's effectiveness and efficiency to a set of standards. This bank uses 360-degree feedback evaluation method that look at the work ethics of an employee by collecting feedback from their colleagues, peer partners, customers, branch managers, supervisor. The employees also attain this evaluation by doing some self-assessments. Customer's feedback is crucial because employees working in head-office don't need to interact with clients directly. Bank's basic banking segment rather interact with clients directly. These feedback helps the employees to achieve their goal, discourage negativity, and promote positive energy to all.

2.4 Marketing Practice

Dhaka Bank PLC makes use of different types promotional strategies to boom up their revenue, attract new clients to its products and services, cultivate existed ones, draw interest of important organizations and firms, establish partnership with renowned companies, create logo, communicate with media channel to make the bank bigger. It is a crucial instrument for bank existing in Bangladesh where there is an intense competition in banking industry. Banks alone with other financial are really concern of how to attract new customer and keep the existing one. Where other financial sectors focusing on enhancing their marketing by communicating with media channel, Dhaka Bank PLC focuses more on community objectives. They are trying to enter set new example of marketing by connecting with virtual world, networking with friends, corporate gathering and so on. This new marketing strategy In this way they able to draw the attention of young generation, as young people always interested about digging into new things. Besides this they also follow some prominent marketing strategies and they are,

- The bank use survey data to analyze and understand market patter to determine changing customer demand.
- Besides Bank try to adapt culture of innovating new schemes and offers to attract the customers and encourage the employees to solve those problems.
- They promotional social media post, distribute flyers, uploading in their official website to attract the customers. Besides, they do one-to-one promotion to encourage their customer to foster their new products and services. For example, Dhaka Bank is currently has a new circular for car loan where they offer 11% interest without any process fee. They have prepared a flayer and distributing them toward their client and also have updated in their website and social media platform.
- Preparing marketing strategies based on evaluating several strategies and choosing the best one and implementing them on their customer to have their opinion.
- Dhaka Bank PLC is always very customer centric. Whenever there is a new scheme or circular, the bank discusses with their faithful clients and ask for their opinion and takes them very seriously. This help them to maintain a good customer relationship.

2.4.1: Marketing Strategy

Dhaka Bank has always focused on 4P strategy to build their marketing strategy. This strategy helps the bank to do proper planning and organizing before marketing new product and service on the market. This strategy is also called “Marketing Mix”. Marketing Mix strategy includes 4Ps and they are, Product, Price, Place and Promotion. By following this strategy, Dhaka Bank PLC grabs their customers’ attention and increase their profitability. Here are the details of all elements of Marketing Mix strategy,

1. **Product:** Dhaka Bank PLC knows very well that what kind of product or service an organization and individual will need. They know that every customer has different needs. So, they try to solve every customer need because they know that their sustainability and profitability depends on solving customers need and requirement. They different types of customers like individuals, large corporation, non-profit organizations and so on. So, based

on their customers needs, Dhaka Bank PLC has introduced a lot of product and services. Here are some of their product and services given below,

- **Project Finance (Long term, Mid-term & Short-term Loans):** For major corporate financing, project financing is a creative and efficient financing method. This method involves funding project, making economic plans, assessing risk designing financial mix and raising fund. Besides, The bank offers products and services to entrepreneurs so that they can implement their plan including structing financial model, decreeing risk and providing advisory services.

  Product offering:

  - Term Loan Machinery

  - Term Loan Construction

  - Lease financing: Machineries.

  - Foreign Currency: Loans.

- **Retail banking product**: Saving account, current account, Joma savings account, fixed deposit, Honorable Seniors, Edusaving Plans, Students' Ledger, Shopno Jatra, Car loan, Home loan, Locker service and so on are some of the examples of retail banking service.
- Digital banking: Dhaka Bank Go Plus, Ezybank, DB Smart, Tuition fee solution and so on.
- Islamic Banking: Mudaraba Platinum fixed deposit, Mudaraba saving account,

- **Working Capital Financing:** Working capital loan is like a vital component for any newly established company. This loan facility of Dhaka bank plc comes in a variety of form according to the demand of various business and organizations. Depending on the nature of the facilities, are segmented in some criteria and they are,

  Non-funded: - Letter of Credit (Cash LC, BTB LC, UPAS LC, EDF etc.),

  \- **Bank Guarantee (BB, PG, APG, Payment Guarantee, FC)**

  Funded facilities:

- Short term loan (3,6,9 months,),
- Overdraft
- Overdraft work order
- Cash Credit (Hypothecation Pledge)
- Loan against Trust Receipt (LTR)
- Time Loan (Dhaka Bank, 2024).

- **Cash Management Solution:** Component of cash management solutions are,
  - Payment & Collection Solution
  - Bulk cheque processing
  - Utility Bill collection
  - Vendor/ salary payment
  - Cash pickup and delivery
  - Hajj remittance processing
  - Managing IPOs as Lead Bank
  - Act as banker on the issue of IPOs (Dhaka Bank, 2024).
- **Trade Financing:** In this modern financing era, foreign trade has become an important phase since business has spreader beyond geographical boundary. To facilitate the customers involving in foreign trade, Dhaka Bank PLC has introduced trade financing that offer broad variety of services to support the clients. The products are,
  - Export LC (advising & Transfer), Export Bill Negotiation/ Collection, Import Finance, Import Bill Handling, Shipping Guarantee, EDF Loan, OBU Financing**.**

2. **Price:** Dhaka Bank PLC charges a specific amount of fees forms their customer in exchange of their service including interest rate, processing fee, transection cost, stamp fees, different types of certificates and so on. They try to charge keep their fees lower than their competitors. They moto is to provide their customers quality service within less service charge. For example, they charge 200-500 taka for any foreign transection (TT request). Besides, they loan products has separate processing charges and debit card, credit card, cheques issuing has separate charges.

3. **Place:** For banking sectors, locating in a correct location is very important. Because if the customers don't feel comfortable they won't come to get their services in bank. For this reason, Dhaka Bank PLC always try to cover every district of Bangladesh. Besides in Dhaka they have around 20 branches which are located in the most important areas. Most of them are located by the side of the roads so that customers can notice them easily and don't find it difficult to find the location. And they feel comfortable while coming to the branches to fulfil their needs.
4. **Promotion:**
    - Dhaka bank uses social media platform and website for promotional purpose. Customers can visit those sites anytime and collect their required information. Social media platform like Facebook, Instagram, LinkedIn people visit frequently. The bank uses this platform to update their campaigns and circulars to maintain customer engagement.
    - Without using traditional media, the bank integrated social network, virtual universe and business together to draw the attention of new generations.
    - The bank is a customer centric bank. They have some loyal customers with whom they maintain a strong relation. These customers will spread positive words about the bank, even they also bring their friend, family and surroundings to open account in this bank. This is a very famous type of promotion.
    - The bank also arranges seminars, fair, road shows, for national and international arrangement they give sponsorship as a promotional activity. Like, they take part in job fairs of different universities and seek candidates for their bank. there they also distribute bank's leaflets.

2.4.2: Segmenting, Target Audience & Positioning Strategy

Dhaka Bank PLC has segmented their clients successfully in some division. They have targeted customers from every sector. As a customer centric bank, they diverse their products and services according to the customer's needs. Their target is to provide service from rural to urban areas. They provide banking services to clients such as individual, organizations, business entities, local and foreign residence and so on. Their retail division mainly focuses on individual customers, Corporate sectors deals with business and SME customers. To the retail customers, bank provides services like saving and loan products, digital banking, consultancy service, wealth management service and so on. Additionally, there are different types of DPS and FRD schemes. Besides, they also provide trade financing service, customer financing support to the corporate clients. The bank Dhaka bank focuses on five different types of prospective clients with their advertisement program. They include valuable asset, medium asset, low price asset, future potential clients and their previous clients. Those clients with lower value are differentiated into two different groups. First group has minimum asset and required modest banking service and other the group likes to invest their money with different organizations. In the medium values group, some of them want to deposit their money into money into different scheme and other party wants to mix up their asset into different investment. Those customers who don't have any account with Dhaka Bank but wants to open and those who already are customers of other banks are the potential customers of the bank. Banks mainly values high price customers as they have massive deposit and current credits.

After segmenting their products perfectly, they focus on placing their position in the mind of their customers. An approach that targets to steer how a target audience perceives the financial institution's products and services. The purpose is to differentiate the bank from its competition and establish a awesome picture inside the market. As soon as they successfully positioned their brand, it can be assumed that the bank will earn the place of trust and comfortless of the customers. After analyzing different technique, Dhaka Bank has come across some significant approach that suit them the best. The banking industry stands on the pillar of trust. The bank provides services and products for extraordinary forms of customers, consisting of retail, company, specialty, or buyers. Banks can role themselves as the first to provide a brand-new product, open a brand-new department, or pioneer a new customer service. Banks can function themselves as honest and truthful.

2.4.3: Developing New Product and Competitive Pricing

To developing new product and service Dhaka Bank goes under several steps like generating new ideas, gathering information, surveying markets, preparing prototypes, launching product and service, testing market, commercialization. Developing ideas meaning including new ideas to enhancing the effective of the product or launching a total new product. At first they brainstorm some ideas and then their selection team choose a which idea has better survival chance than other in the competitive market. After choosing an idea, the group prepare prototype for that product and introduced them to a selective group of customers for tasting. A group of authorized stuff will analyze the test and will give their feedback. After finalizing the prototype, the product will be preparing for mass customer. At first these products will be given to a small range of clients for tasting. If they give a positive feedback, them the product will be provided to the wide range of customers.

2.4.4: Branding Initiatives

The communication and branding team handles all the aspects of marketing and branding plan of Dhaka Bank PLC, both inside and outside of the bank. From advertising on and national and international scale, project that involve entire bank and coordinated marketing campaign that include sponsorship, event, digital advertising. In financial sector of Bangladesh, Dhaka Bank has established itself as an exclusive brand since its birth. The bank has adapted many marketing strategies to increase market's visibility. They had roughly used 5% of their yearly profit for advertising. They had used this amount of money for digital marketing and television ads for brand recognition. Besides they also use social media platform like Facebook, YouTube, LinkedIn for promotion and keep their information and campaign up to date. They are actively attached their clients through these social media platforms. Also increasing their promotional activities on social media by using 30% of their total yearly profit. They highly value the client's opinion on different aspect and represent their dedication through these promotional activities. Additionally, Dhaka Bank PLC focuses on enhancing their brand impression by using endorsement of various occasion and relationship with respectable firms. They also invest in upgrading their design and logo to represent their innovative thoughts and better outlook.

2.4.5: Marketing Gap and Solution

Overall marketing technique of Dhaka Bank PLC is quite impressive. But they need to work more on Digitalizing their marketing activities. Though they try to promote their product by communicating with their customers and by integrating social networks, business and virtual universe, they cannot fully reach towards the mass audience. They only focus on social media like Facebook, LinkedIn pages for promotion which cause them serious damage. Their target group only can use interpersonal network. As they cannot involve various media, they are losing their important target audience by using this promotional method. To solve this problem, they can diversify their marketing resources. By using many methods, they can reach different group of clients and increase their unique selling point. They can increase their social media and other virtual network involvement. They can create separate pages for their separate services. Besides, they come up with more campaign, events, sponsorship to increase their audience reach. Other banks in Bangladesh using different types of promotional activities to increase brand awareness. Comparatively, Dhaka Bank PLC gives less afford to advertisement than other banks. In the long run which may cause a disadvantage to their reputation in this competitive market. Also, they may lose their faithful clients. So, the bank needs to enhance their advertising activity to set themselves apart from their competitors and preserve its profitability in this highly regulated financial service industry of Bangladesh.

2.5 Financial Performance & Accounting Practice

2.5.1 Financial Performance

Banks financial performance can be determined by analyzing their return on asset ratio, return on equity ratio, liquidity ratio, net profit margin and so on (Papon, 2014). These ratios show that how well the bank is using its asset to generate profit. Also, these ratios demonstrate the bank's desire to provide their share shareholders desired value by maintaining a sound earning per ratio by using financial leverage. And banks always want to maximize the wealth of the shareholder and make sustainable development.

Liquidity ratio:

It's a matrix that is used to identify the bank's ability to meet its short-term ratio. Investor, creditor and analysist use this ratio to determine the better option among several banks while investing (Hayes, 2024). It can be calculated by dividing current asset by current liability.

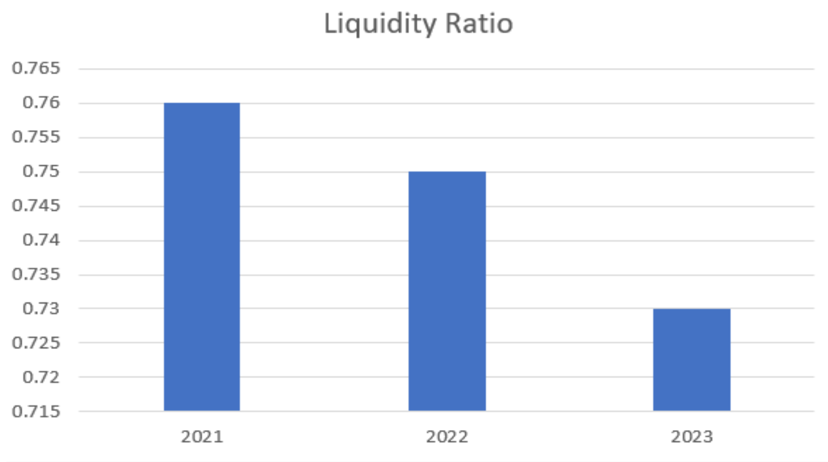

Figure 3: Liquidity Ratio.

From figure 2 it seems that, over the last three years, Dhaka Bank PLC's liquidity was 0.76% in 2021, 0.75% in 2022 and 0.73% in 2023. It shows that the bank's liquidity ratio for these three years are under 1.0 which means that the bank can't properly use their current asset to fund their current liabilities which indicate a comparatively negative financial condition of the bank. However, their overall liquidity ratio is quite stable over the years, so it can be also said that though their ratio is below standard, they have maintained a simultaneous flow.

Net Profit Margin

Net profit margin is procedure that measure how much profit the bank earns as a percentage of its revenue (Hayes, 2024). This measurement helps the investor to determine whether the bank generates enough profit and whether they have a controlled operational cost compering to their revenue. To calculate net profit margin, we need to divide net income of the bank by the revenue.

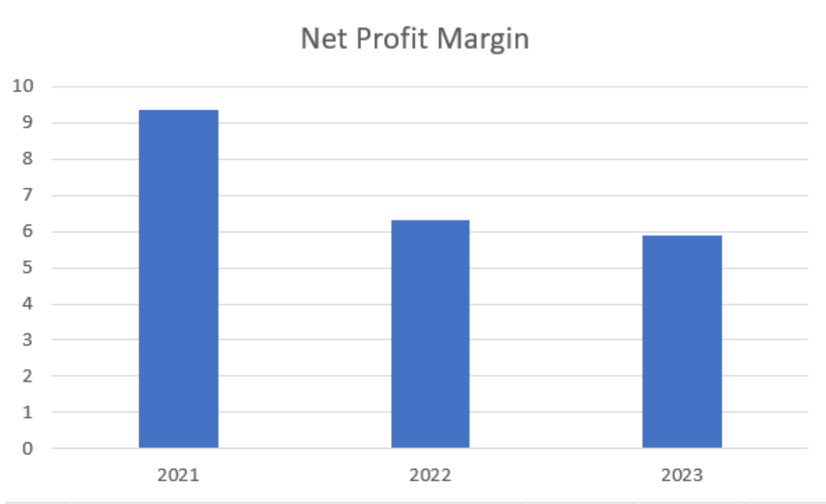

Figure 4: Net Profit Ratio

Here, figure 3 shows that over the last three years, Dhaka bank's net profit margin was 9.365% in 2021, 6.318% in 2022 and 5.90% in 2023. It seems that the bank has a fluctuate net profit margin. It rate of this ratio is declining which indicates that the bank have a comparatively poor profitability pattern.

Return on Asset (ROA)

ROA is used to determine the bank's profitability related to its asset (Hayes, 2024). It helps to the investors, managements and analysists to identify whether Dhaka bank using its asset effectively to generate profit or not. ROA can be calculated by dividing net income by total asset.

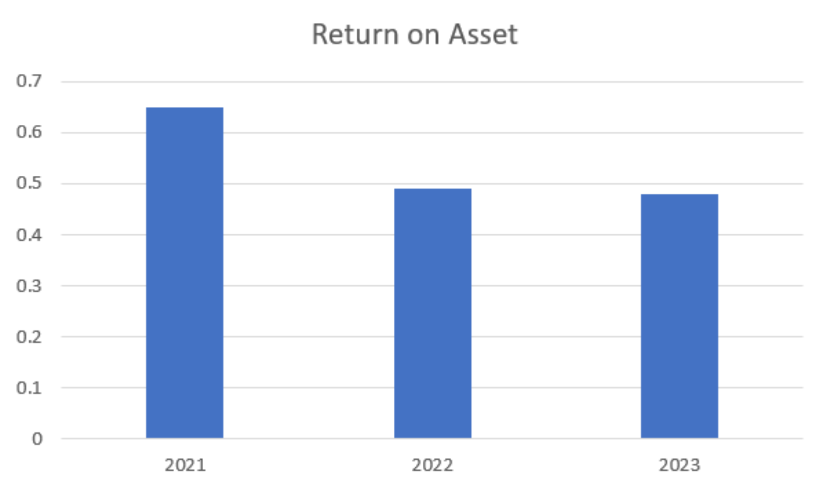

Figure 5: Return on Asset

According to figure 4, for the last three years Dhaka bank's return on asset rate is decline from 0.65% in2021, 0.49% in 2022 and 0.48% in 2023. It shows that the bank maybe not able to convert its asset into revenue in a large scale. To investigate the reason and how it can affect the bank's financial performance, more data is required.

Return on Equity (ROE)

ROE indicates Dhaka bank's profitability and how effective it generate those profit (Hayes, 2024). A higher ROE determines that how effective the bank's management is in generating income by utilizing their equity financing. ROE can be calculated by dividing net income with the bank's shareholder's equity.

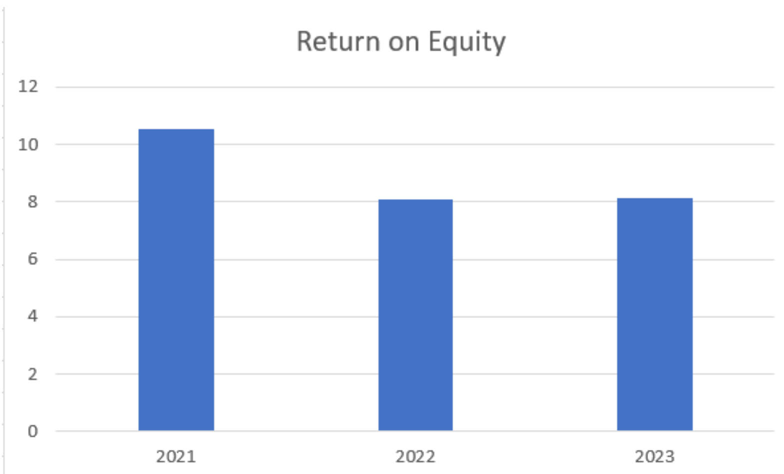

Figure 6: Return on Equity

Figure 5 shows that, in the last years the banks return on equity ratio was 10.53% in 2021, 8.09% in 2023 and 8.14% in 2023. It shows that in there was a slight decline in 2021-2022 but it again increased in 2023. It seems that the bank is regaining its power to generate shareholders value as it knows how reinvest its profit to increase productivity and profits.

Earnings Per Share (EPS):

EPS meaning earning per share which indicates that how much earning Dhaka Bank can make from each share (Hayes, 2024). A higher EPS value determines that if the shareholders thinks that the bank profit related their share price, then they will pay more for each share.

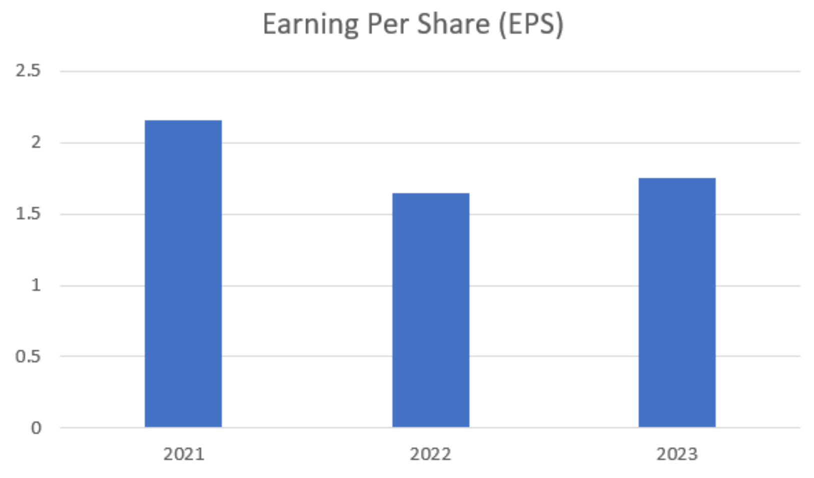

Figure 7: Earning per share

Figure 6 shows that, in the last three years the bank's EPS rate was in 2021 it was 2.16%, in 2022 it was 1.65% and in 2023 the rate is 1.72%. It shows that the rate kept declined in 2021-22 but there is a slight increase in 2023. It means that the bank has difficulties in raising the price over these years. But in 2023 there is a slight possibility of regaining shareholders trust in the bank's financial performance.

2.5.2. Accounting Practice

Like any other banks, Dhaka Bank PLC has to follow the guideline abide by Bangladesh Bank along with International Financial Reporting Standard (IFRS) and International Accounting Standard (IAS). The bank has to share financial data with IFRS and those documents includes Balance Sheet, Income Statement and Cash Flow Statement. The bank uses double entry bookkeeping system and it requires to record each transection twice in the record book, once in debit and once in credit. Besides, the bank use accrual basis accounting which means the bank has to record transections as soon as they occurred regardless when the money is received. The bank's financial report has been audited twice by the internal and external audit. The bank is annually audited externally but internal audit can be occurred almost every month. The audit verifies that the financial report of the bank is accurate by following every accounting term. In term of foreign exchange Dhaka Bank follow's guideline issued by Bangladesh Bank. For currency conversion in the balance, the bank follows these guidelines. Moreover, Dhaka Bank PLC uses straight line method for calculating depreciation. This method equally distributes the product price according their useful life.

2.6: Operations Management & Information System Practice

2.6.1: Operations Management

Operations Management department plays a vital role in managing daily operational activities of any organization. It is a sector that focuses on organizing, controlling and developing the process of producing goods and services. Dhaka Bank PLC's operating management practices are very rich. The operations management team looks after data management behind the office's regular operations. They look after quality management, IT sector, projects, risk management, problem solving and so on. The team also make sure that employees perform their duty effectively and efficiently. Besides, to increase the profitability, the bank has made their daily activities as efficient as possible. Alone with individual managers, the bank has incorporated separate operation managers for every branch and they manage the whole operations of the bank. He ensures that the branch uses its recourses properly and convert it as soon as possible. Now they have upgraded themselves with the innovation of their very own software called Dhaka Bank Corporate Portal. With this software the bank can operate almost every operation from data collection to managing recourses.

2.6.2: Information System

The world going through a revolution of information and technology. Every aspects of people life is getting a touch of the technology so as banks. Dhaka Bank has its own IT department to operate all the IT based works. To provide the best quality service, the department works very hard. The data policies and approaches of Dhaka Bank PLC are chargeable to the authority to share the information with other employees of the bank. They keep their information very transparent that employees frim all level can access through it. Dhaka Bank PLC use 2 software to carry out their operations and to manage their information. And they are, DOCUDEX and Dhaka Bank Corporate Portal. Employees can easily complete their banking operation through it.

Dhaka Bank Corporate Portals

Dhaka Bank incorporated most of their financial products and services through this software. This software is often referred to as a central banking application. This software enables the bank to connect to the other types of software, inter-banking marketing, and another branch activity. This software contains features. And they are,

- Gather and reserves data of the customers and other external and internal factors,
- Regulate all the complex and time-consuming banking operations for the employees.
- Support for several payment methods for remittance service and commodities transection.
- A computerized method for collecting profit and earnings.
- It has the ability to provide comprehensive reports and documentations on the requirement of the organizations and mandatory reporting obligation
- It helps to prepare repayment loans to improve the financial handling responsibilities.
- The ability to automatically allocate payments according to the priority of customer transactions, identify different level users and monitor performance of the branch and bank wide level.
- Maintaining open existing accounts and creating new ones.\
- Providing bank statements through DBCUBES, wh9ch also maintain RGTS and numerous another branch function.

Docudex Software

During financial operation, banks use thousands of papers of different size daily. In one side, it increases the operational cost of the organization, on the other side, it also time consuming. This is lengthy process that required papers to be exchanged, refilled, placing, sorting and so on. To solve this problem Dhaka Bank has created their own software called “Docudex Software”. This software does much more than just reducing the space used for paper work. The employees can instantly access to this data whenever they want. They need to use their individual ID and password to inter into this this software. This software contains all types of data such as process related to obtaining letter, company and managerial related data, legal documents, incoming and outcoming files and so on. This software mainly used for compiling data, organizing, keeping track of the records of customers, shareholders, financial affair, other banks. Additionally, Docudex helps to reduce time spend managing administrative duties which is one of its great advantages. Moreover, it has high security system. To keep the security, all the employees are given separate ID and password while entering into the software. The system will automatically give notification if there is any outer interference. This technology helps to improve task execution and selection process. It promotes flexibility and management process of the speed at which recommendation are implemented.

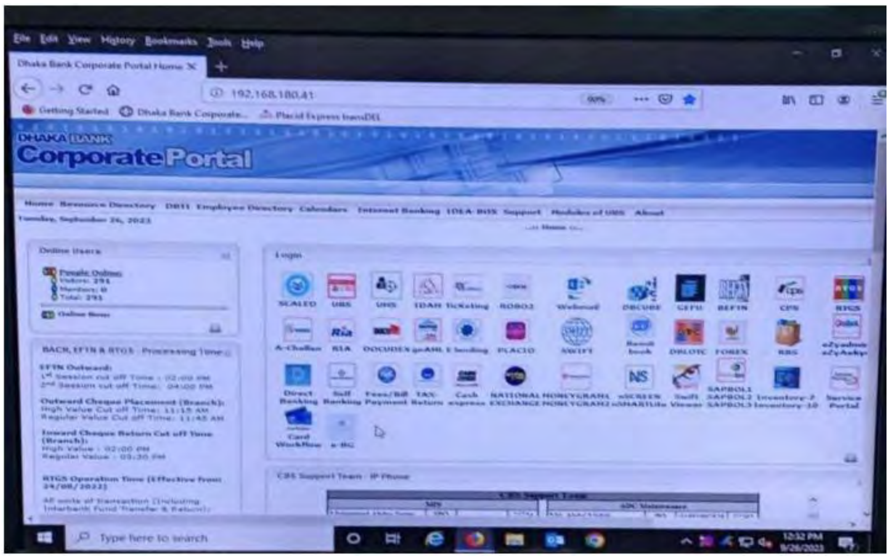

Figure 8: Docudex Software

Source: (Tanjim, 2024)

2.7: Industry and Complicated Analysis

2.7.1: SWOT Analysis

Strength

- Dhaka Bank provides a quality and efficient service with a strong and positive brand value.
- It has automated system that are adapted to the Bank's core banking software are processed in efficiently and smoothly.
- The bank has a strong financial status that offers the resource and stability required to meet all obligations.

- A well-funded reserve to handle the unforeseen situations and grab the opportunities.
- Having a stable credit rating of the bank.
- The Board of Directors (BOD) and the Senior Management Team (SMT) of the bank are experienced and highly prominent.
- The bank has diversified business segments that makes the operating system a robust and flexible framework.
- The bank maintains an adequate payroll system that is one of the reasons of bank's low turnover rate.
- The bank shares an excellent relationship with their clients. They even provide services to their regular customer after casual baking hour.

Weakness

- The bank has a limited product diversification that makes it more vulnerable to change in the market.
- Dhaka bank focuses more on large corporation for delivering credit facilities.
- In some cases, the bank faces challenges to recover loan form their borrowers. It increases the rate of insufficient non-performance loan recovery which is very harmful for a bank's profitability.
- In this modern era a common threat for all banks are cybercrimes and online fraud. As a bank and conducting online services, Dhaka bank has also faced these types of problem several times.
- The bank has a few numbers of ATM network and branches nationwide compared to other banks with larger network.
- Growing deposit fees has an impact on bank's competitiveness and profitability.

Opportunity

- If the bank can transfer to digitalization, it will eventually reduce the operating cost and enhance productivity.
- The bank can develop their customer relationship culture to increase customer satisfaction and loyalty.
- They can include in banked individuals by influencing them to increase geographical reach.

- The bank should shift towards should move towards customer centric perspective. They should more focus on how to improve customer involvement so that they can reach the core of the customer satisfaction.
- The bank should focus more on priced inelasticity that means price and rates will be less sensitive toward market changes.
- The bank should expand product mix and differentiate existing product offering.

Thread

- The bank may face a rise in price sensitivity among their customers as they can compare with other banks'.
- Instability in the capital market makes it very difficult for the bank's management team to function properly. The management face challenges while navigating banking environment.
- Also, the increasing cyber security threat makes it difficult for the bank to maintain their privacy and securing their information.
- Besides, growing fixed expenses have an impact on pricing and profitability initiatives of the bank.
- Exchange rate fluctuation has a massive impact on the bank's profitability. If the fluctuation rate moves faster, the bank may face negative impact on their profitability and efficiency.
- Unexpected regulatory changes have a huge impact on the economy, businesses and industries.
- Increasing competitors' pressure is another threat for Dhaka Bank PLC.

2.7.2: Porter's Five Forces

Porter's Five Forces Model is a framework that identifies shape of the industry from internal competition to negotiating power of the customers and suppliers. This model helps the industry to understand the level of the competition, potential profitability and enable them to better analyze the distribution of power within the industry. Here's how Dhaka Bank PLC might be analyzed using Porter's Five Forces Model,

Threat of new entrance

New entrance is one of the greatest challenges faced by the banking industry in Bangladesh because it can potentially diminish the profitability of existing banks. There are several factors that may affect high threat of new entrance in Bangladesh. Firstly, the government has continuously approved the establish of new banks and financial institutions. Recently, a big number of new financial institution have been launched in the industry which increase the intensity of competition. Secondly, in these few years, various foreign financial institutions offer financial facilities in a lower interest rate to the companies with more convenient terms and conditions. This may attract more to enter inti the industry which will inc4ease the competition in this sector.

Bargaining power of customer

Switching power has an impact on the purchase power of the customers, though individual customers might not be a serious threat to the banking sector. Customers have more negotiating power when it comes to loan, specially when they can find better rates in elsewhere, which is the reason they transfer more likely to transfer banks. There are numerous factors affecting bargaining power of the customers. When there are more banks, customers have more options to switch among the banks as there are lower switching costs. Then, the growth of financial institution offer alternative services which enhance the bargaining power of the customers as they get more options. On the other hand, as the number of non-banking facilities are increasing and they are more assessable then banks, business clients becomes more price sensitive. Due to market swing, funding sources like customer deposited and borrowing from financial institutions have medium to high bargaining power. However, due to liquidity crisis in banking industries, significant bargaining power has shifted to depositors as banks compete over interest rate of deposited.

Bargaining power of supplier

In the banking industry, depositors are counted as the supplier as they are the primary source of capital. The operation of this sector depends on the sum capital obtained from the depositors. Competing with interest rate has become one of the ways to differentiate the strategies the bank takes to attract depositors who usually interest to invest their money where they get bigger benefit. There are factors that affecting bargain power of the suppliers.

Threat of substitutes products

In banking industry, products from various banks doesn't create a significant threat, but it maybe challenges by those products offered by non-banking financial institution (NBFI) those provide the facilities that were provided by the scheduled banks. Though NBFIs are not significant threat in terms of basic services like deposits and withdrawals, there are some areas NBFIs can be a threat for the banks. Non-banking Financial Institutions offers special banking facilities like insurance, mutual fund, fixed income securities that banks don't provide. Moreover, there is possibility in payment method substitution and interest rate on loans are comparatively higher than the banks in this sector. However, banks don't face significant competition from other banks, they should be more careful regarding the developing scenario of NBFIs and their offerings.

Competitive revelry

In Bangladesh, financial institutions face challenges due to highly competitive environment. About 61 banks and 35 NBFIs are there in Bangladesh currently. One of the biggest challenges for the banks to attract customers which lead them to adapt various strategies to overlap their competitors. The ability to deliver excellent and punctual service is the center of banking rivalry. Dhaka Bank had faced several competitive dynamics in the last year. Such as, investing in technology is essential for providing evloved financial services. It includes huge security issue for both customer's data and bank's internal information. Besides, Customers can easily switch between banks as banks provide lower switching cost. It is very difficult for banks to regularly differentiate their service and offer construct value proposition. Moreover, the presence of 61 banks and 35 NBFIs create a highly competitive market which is run by aggressive pricing strategy, makes it difficult for banks to gain customer loyalty. Additionally, due to aggressive price war among the competing banks, Dhaka Bank has faced reduction in customer loyalty, although from the birth they are enjoying loyal customers.

2.8 Summary and Conclusion

In the end, we can say that this chapter has highlighted the key performance of Dhaka Bank PLC regarding managerial practices, financial performance, their strength and weakness and their core opportunities in the banking industry. Since its establishment, Dhaka Bank PLC has evolved and expanded maintaining their promises toward their clients. In this crisis moment, the way they are operating their banking operations is priceworthy. They always have upgraded their strategies according to market. Now they are focusing on providing funds to the businessmen as they believe that if the business gets higher funding to enhance their business it will ultimately be beneficial for the bank. These strategies of the bank make them superior than their competitions. Besides, the bank gives their individual clients the opportunities to utilize higher use of their current facilities that they possess. The bank has gone through technological advancement throughout the years, still evolving. Their online banking service is more accurate and user friendly than the competitors. Though they have enhanced their service and reached to the top level of banking, their need to improve in certain criteria ensuring further neat service. If the bank can keep up with its flow if improvement and enhancing their product, facilities and strong security, they will reach the peak of the fluctuating banking industry of Bangladesh.

2.9 Recommendation

Throughout my internship period, I have enjoyed a lot and learn about their incredible operational skills. But there is some recommendation that they may follow. And they are,

- Though Dhaka Bank PLC has already got enough brand awareness, most of the people don't get the information about their current campaign as they are lack of proper promotion. The bank needs to develop their promotional activities so that the customer get to know whenever they have any campaign ahead as the new era depends on proper marketing strategies. They can use social media channels, catalogues, website, developing marketing channels and so on.
- The bank can provide financial advices by using online platforms by arranging meeting individually. Thus, they already have online platform for financial services. They can also

provide advices through different platform or using the existed platform. In this way they can attracts more clients and can build a strong customer relationship.

- Though DBL already has a sustainable ecological project named environmental stewardship, they can more focus on implementing sustainable strategies to reduce usage of paper and converting to renewable power sources. It will reduce their cost and enhance bank's reputation by attracting eco-awareness clients.

Chapter 3: Report Part:

“Evaluating the effectiveness of Central Bank’s regulation has on Credit Risk Management (CRM) in mitigating default risk: A study on Dhaka Bank Mirpur Branch”

3.1: Introduction

Now-a-days credit risk management has become very important for all the banks after globalization has developed. All the banks put a lot of effort to strict their credit risk management structure. Credit risk or default risk appears when the bank finds that there is a possibility that borrowers will fail to repay their obligation the time frame according to the term and condition of the agreement. Banks always think about non-repayment risk (Credit risk) before disbursing loan to the borrowers. They certainly use some significant risk grading methods that help them to calculating financial risk, industry risk, management risk, security risk and other risk so that they can take attempts to prevent according to the economic situation. If a bank has a huge number of defaulters, it can be assumed that the bank has a lower financial performance and gradually reduce their profitability. If the case becomes worst, banks can even go bankrupt. As credit risk is considered as a critical factor for the bank and financial institutions, it needs to be managed as soon as possible. To manage this problem, every banks and financial institutions possess credit risk management guidelines which has been issued by Bangladesh Bank in 2003 following The Bank Company ACT 1991. Each and every bank follows this guideline and sometimes customized them according to their credit distribution policy. This risk can be managed by both transection level and portfolio level. According to the guideline, credit risk can be mitigated by using various methods such as credit limit, taking colorectal, credit insurance, credit derivatives, securitization and so on. Like other banks and financial institutions, Dhaka Bank PLC also have high exposure to credit risk from the very beginning. To manage their defaulters’ number, the bank has already established their own credit policy. They follow the guideline to achieve their target of maximizing profitability through a effective and efficient credit risk management system.

3.1.2: Project Objectives

This report some specific objectives for collecting further data and findings and they are,

- To understand how Dhaka Bank PLC Mirpur Branch, manage their credit risk and what are the procedure the bank takes to reduce the number of their defaulters.
- This report is justified because of the need to evaluate the effectiveness of Bangladesh Bank's CRM guideline to ensure the sustainability and reducing credit risk rate of Dhaka Bank PLC Mirpur Branch.
- Analyzing the CRM guideline challenges and opportunities faced by Dhaka Bank Mirpur Branch to maintain BBS CRM rules and regulations.
- This report will analyze whether CRM rules are actually applicable and impactful for Dhaka Bank Mirpur or they need to make adjustment according their need to reducing default risk.
- Besides this paper is needed to analyze whether the customers can adapt these rules while perusing loan or they find these rules uncomfortable to follow.

3.1.3: Significance

There are some significant aspects of this report. Firstly, it will be helpful to understand what are the steps Dhaka Bank PLC Mirpur Branch is taking to reduce their defaulters. It will be easy to analyze that whether the bank following the Credit Risk Management guideline while managing and developing their own credit management process. Moreover, it will be significant to know that how much impactful Bangladesh Bank's CRM guideline are for the bank. It will evaluate credit risk rate by analyzing credit risk rate of previous years. Whether these rules actually can reduce credit risk rate or not. Additionally, this paper will analyze the challenges faced by the bank regarding maintaining these regulations. Eventually, it will be very helpful to analyze whether these CRM guidelines affect the relation between the bank and its loyal customers as they have to cooperate with these regulations while pursuing loans.

3.1.4: Scope of the study

The scope of the study is Dhaka Bank PLC Mirpur Branch. This is a descripted study that mainly focuses on practices and policies of credit risk management on the basis of Dhaka Bank PLC

Mirpur Branch. It will analysis all the credit practices inside of the branch. As it is not a comparative analysis, there won't contains any information of other banks. As this study is based on credit risk management, so it will be more focused on the credit policies of the bank rather other sides.

3.2: Methodology

The methodology of the paper will consist of both primary and secondary data. All the information's are based on extensive study of existed Credit Risk Management (CRM) which are issued by Central Bank of Bangladesh and Dhaka Bank PLC's Risk Management Policy. Primary information has been collected from interviewing and questioning officials of the bank's Mirpur branch. And secondary information has been collected from Annual Report of Dhaka Bank PLC, Bangladesh Bank Credit Risk Management Guideline, reviewing previous research paper on Credit Risk Management, online journals. Besides, some information's has been collected from the official website and the social media platforms like Facebook, LinkedIn channel of the bank. Specially for the evaluation part, will be mostly collected from secondary data. Like, for evaluating credit rate of past years of the bank, the paper has been collected from Annual report of 2021-2022 and 2022-2023. In case of financial and other data, most of the information have been collected from Annual Report due to its available accessibility.

3.3: Literature Review

Credit risk is defined as the possibility that borrower party will fail to fulfill the obligation with the bank. (Rahman, 2011). Credit risk is one of the most obvious and largest risk for banks and financial institutions. It increases as the number of nonperforming loan or defaulters. From an analysis it is found that more credit risk account for more than 84.9% of total risk of a bank (Noman, 2015). Most of the cases it is found that the main reason for this extensive credit risk is poor lending quality, increasing number of defaulters, inadequate credit risk management and so on (Das & Ghosh, 2009). This demining loan quality and increasing credit risk affect the profitability of bank adversely in the long run. To prevent this situation only an intensive credit risk management system can play a vital role. Credit Risk Management is a very crucial factor for any financial institutions, including Dhaka Bank PLC. Credit risk management is the one of the significant predictors of bank's financial performance and banks' success depends on the perfect credit risk management capacity (Paudel, 2012). According to a research, credit risk management is contributing up to 22.6% of the bank's total financial performance and it plays a vital role in banks success (Altman, 1998). In recent time banks has become very aware regarding managing their risk of credit related activities. One of the main goals of maintaining credit risk management is to maximize credit-adjusted rate of return by keeping credit risk rate at a tolerable level (Gazi, Ahmed, & Hossain, 2014). Credit risk management process urge the bank to set a transparent process for both approving new credit and extending the existed credit. These processes also include monitoring and taking further appropriate methods to mitigating default rate and control risk of connecting landing (Paudel, 2012). Besides, for the assessment of loan application Credit Granting Procedure and Control System are essential that grantees bank's total loan portfolio and integrity (Lalon & Murshada, 2020). In Bangladesh's banking industry, the use of thorough credit risk assessment and grading methods is growing quickly due to factors like declining customer credit, Basel accords, and devotion to international financial reporting standards (IFRS) and international accounting standards (IAS) (Rahman, 2011). The evaluation of risk factor associated with the issuance of a specific loan and their thorough and systematical analysis allow the banks to consider the factors to manage their credit risk and to avoid negative effect of the bank's future operations (Rodina L.A., 2013). There are thousand of credit risk management methods. According to a research, credit risk assessment based on mathematical term are more accurate and reliable. Credit risk assessment model is one of the best methods among other mathematical risk management models (Konovalova, Kristovska, & Kudinska, 2016).

3.4: Finding & Analysis

3.4.1: Review on Credit Risk Management

What is Credit Risk?

Risk means the uncertainty or possibility of potential loss or damage exist in organizations. Credit risk refers to the risk of borrower's failure to meet the obligation of borrowers to the financial institution that can interrupt regular cash flow and increase collection cost. Credit risk can be calculated by analyzing possible losses from credit portfolio. Credit risk can be affected by adverse economic condition, fluctuating interest and exchange rate and so on. This risk can only be solved by maintaining a high-quality Credit Risk Management model.

What is Credit Risk Management?

Credit risk management is one of the important tasks for financial stability and liquidity of banking industry. It is a process of determining, evaluating, reducing possible difficulties related to giving loans to individuals, companies or organizations (Ravichandran, 2023). Credit risk management includes accessing the probability of borrower's default and helping to choose the appropriate action to minimize the effects of such risk. It increases bank's sensitivity to credit risk and chancing development of price. Credit risk management helps banks to recover and decrease the potential losses caused by borrower's default risk (Konovalova , Kristovska , & Kudinska , 2016). Recent technological advancement, ongoing digitalization, growing application of Artificial Intelligence in banking sector and ongoing global economic crisis have contributed to make credit risk management prominent in the banking sector. And the regulatory authority kept asking for corporate transparency and other enhanced capability. And this is why regulatory of any countries insist all the bank and financial institutions to maintain a robust credit risk management guideline in the workplace. In Bangladesh, the central bank of the country (Bangladesh Bank) has issues "Industry Best Practice" in 2003 to manage the core risk of banking to ensure the risk management policies of the banks (Bangladesh Bank, 2016). Starting from that time, the banks of the country has witnessed transformation in the credit risk rate. Credit risk is a unsystematically risk so financial institution must have a strong CRM Model to shield them from this uncertainties. In this current financial situation, where there is uncertainty everywhere, it is very important to have an effective credit risk management than ever. In banking sector, credit risk management model encloses a number of steps that aim to ensure profitability and sustainability of landing operations. These processes include credit scoring, credit analysis, credit portfolio management and risk mitigation strategy (Ravichandran, 2023). A solid credit risk management procedure enables banks to ensure borrower's creditworthiness, make wise landing decision and handle default. These guidelines help the banks to ensure soundness and flourish their reputation and credibility in the banking sector.

3.4.2: Importance of Credit Risk Management

Credit Risk Management plays a significant role in mitigating potential losses for banks and any other financial institutions. Here are some reasons,

- An effective credit risk management model helps to reduces hazards caused by default risk. This process begins with analyzing borrower's creditworthiness thoroughly by performing qualitative and quantitively research. This process helps to identify high risk borrowers and adjust the credit policy according to it.
- An effective CRM model can preserve the capital of the bank by reducing the probability of default risk which helps them to keep their balance sheet and banking operations stable.
- A bank's overall return can be optimized by a well-executed CRM guideline which will increase the interest rate, pricing structure and loan terms by an accurate creditworthiness assessment which helps the bank to make well informed loan decision and maximize profitability.
- A highly-qualified Credit Risk Management guideline helps the banks proactively review their credit portfolio and take preventive measures by regularly examining their loan outstanding and economic situation of the country which may impact borrower's repayment capacity.
- Identifying, evaluating and reducing default risk are the key parts of a strong and a structured CRM guideline which ensures that a bank can ensure a healthy balance between risk and return.

3.4.3: Bangladesh Bank CRM Guideline

To manage core risk of banking Bangladesh Bank has issued “Industry Best Practice” in 2003. Among them credit risk management is one of the very important aspect for banking industry that help to reduce the potential loss of default risk. Here is the Credit Risk Management Guideline of Bangladesh Bank,

- **Establishing Board**
  Banks must establish a Board for maintaining credit related activities and risk. The Board plays a vital role in granting credit and managing credit risk. The Board ensure that credit risk management policy, plans and procedures are maintaining properly. Also, they ensure that the top management and the employees maintain credit policies properly. The senior management should translate the set of procedure dialect by the Board in the shape of policies. They build the credit policy and credit administration pr4ecedure for board approval. They implement the credit polices to maintain a sound credit risk management policy. They ensure proper reporting system and monitor and controls banks nature of credit portfolio. Banks should also have credit risk management committee depending on their size. The Credit Department head should play the role of secretary of CRMC. The main responsibility of this committee is to implement credit risk management policies in place approved by the board. The committee will monitor credit risk and ensure the compliance of limit approved by the board. Also, they can make recommendation on clearing policies on credit proposal, rating standard and benchmarks.
- **Evaluating borrowers**
  In management stage the first thing to do is to ensure that credit application has been provided to the borrowers or not consisting some basic question like does the credit applicant has the repayment capacity and their credit history by evaluating their CIB form. The banks should form Internal Credit Risk Rating System (ICRRM) under the supervision of regulatory authority considering banks nature, size and complexity. ON the basis of credit quality, the rating system should classify all credit risk into different segments. According to this rating, if the bank finds any deterioration, they will immediately change the facilities. The ICRRM can be used to analyze the adequacy of provision. This rating system also enable the senior management and the board to be acknowledged about the

exposure to borrower, whether credit risk is under acceptable limit or not. Besides, to analyze borrower's creditworthiness, bank can use ECAI rating in their credit risk management process and loan disbursement process. Additionally, banks should evaluate the repayment capacity of the borrowers to make good credit decisions. To determining the creditworthiness of the borrowers, banks should review company's current situation, financial statement, their commercial credit analysis and so on.

- **Risk-based on loan pricing**

  Banks should price their loans according their cost so that it could cover all costs. Some of the costs are,

  - Cost of funds: It the rate at which banks will be able to draw in the fund that that is equivalent tenor to loan in hand.
  - Expected loss: This loss is related to expected loss from any loan. If the credit risk is higher expected loss will be higher, if the risk is lower, loss will be lower.
  - Cost of allocation: Banks always allocate a certain amount of fund as a proxy of expected loss.
  - Loan administration cost: Every loan, whether they are large or small, have their own expenses associated with their disbursement and supervision. They must be stated in terms of their basic expense throughout their life time.

Apart from these expenses, banks have to maintain some other point in their mind while pricing their loans and have to report Bangladesh Bank.

- **Approval Authority**

  Banks must establish a approval or sanction authority associated with the senior credit executives appointed by the board based on their knowledge and experience. These authorities should consist of those individuals who have authority to provide decision and approve the credit and change term and conditions. A acceptable approach is to establish a board where lending power will be regulated by the risk rating obligators. Some obligation is, Credit approval must be written by the CEO/MD and board, acknowledged by the recipient and consisting all records from CRM. Secondly, Credit Approval must be reviewed by the board annually. Thirdly, the credit function must be separated from other marketing or relationship function, also handled by a separately appointed person. Approval must be approved by written or electronic signature and kept in a file along with credit application. Additionally, this whole process must be centralized by CRM function and credit risk must be approved by the executive committee. The aggregate expose of loan should be approved by the authority authority's requirement. Any unusual or complex high-risk loan should be approved by the board. Under certain circumstance, expectation loan can be granted in case basis but there should be a limitation. The compilation should be sent to the Audit Committee of the board.

- **Disbursement**

  The credit application should have proper approval from the board and the committee that should be ensured by the Credit Administration Committee before entering to computer system. Disbursement will only be executed after preparing charge document and creating charge on primary securities and collaterals. Before loan disbursement, it is necessary that borrowers must acknowledge the purpose. And banks must prepare and design purpose checks that involves submission of invoice, loan procedures are implemented for purposed loan and so on.

3.4.4: Dhaka Bank CRM Guideline

Bangladesh Bank has made Credit Risk Management guideline mandatory for all banks to follow. Later all the banks have customized these guidelines according to their policy. Here are the Credit Risk Principals of Dhaka Bank PLC,

- **Creating a credit risk free environment**

  There should be a specialized board for managing credit risk. The board is assigned to reviewing credit risk policy and significant strategy. This strategy will include bank's risk tolerance capacity and level of expected profitability will be achieved by incurring this risk. To implement the credit risk management strategy approved the board, the senior managers are responsible identify, measure, monitor and control risk. The bank should identify and control risk inside of every product and service.

- **Operating under a sound credit granting process**

The bank must operate its banking operation in between of a sound, well structured credit risk granting strategy. This strategy includes understanding the borrowers and evaluating their source of repayment. Besides the bank must establish credit limit for individual level of borrowers and other related parties that collect various styles of exposures in the on or off-balance sheet and banking or trading books. The bank also should have a clearly detailed process for new credit request approval and extending the existed credits as well. The credit application form should consist all information needed and need to be strictly reviewed before permitting credits. In fact, they should have a checklist to ensure that all the required information have been gathered. Before approving the proposal, the bank should check the borrower's ability to meet the all obligations and should check their CIB record. For credit extension, the bank must monitor the companies with proper care to reduce the risk of default.

- **Keeping and appropriate credit administration, measuring and monitoring process**
  The bank must have a structure for credit risk-bearing portfolio in their ongoing administration. They must have a system for their individual credit along with their provision and reserves. Also, the bank must have their own credit rating system to maintain credit risk. This system should be linked with the regulatory authority considering the nature, size and policy of the bank. To measure and analysis the credit risk innate in balance sheet bank must have their information system. It will help them to get all important information of credit portfolio in place and identify any uncertainty. The bank must keep in the economic situation of the country while approving individual risk as it can be change at any time.
- **Ensuring appropriate credit risk control**
  The bank should establish an independent system of reviewing credit risk and the result should be analyzed by the senior management. The bank must make sure that credit granting process is appropriate for handling credit risk and the credit liability should goes according to the internal limit. The bank should set up internal control and procedures to make sure that expectations, guideline and regulations are communicated with the relevant management timely. Besides, the bank must establish some guideline to manage problem loan and other different critical situations (Dhaka Bank, 2024).

3.4.5. Effectiveness of Bangladesh Bank's CRM Guideline

Importance of credit risk management for Dhaka Bank PLC is enormous because they make profit based on their credit disbursement. So, it is necessary to have an effective credit risk management policy in place. Dhaka bank has been following credit risk management policy from the very beginning which is influenced by BB's CRM guideline. Here, Figure 9 represent the 5 years credit quality of Dhaka Bank and Table 1 shows the financial performance of the bank for 5 years.

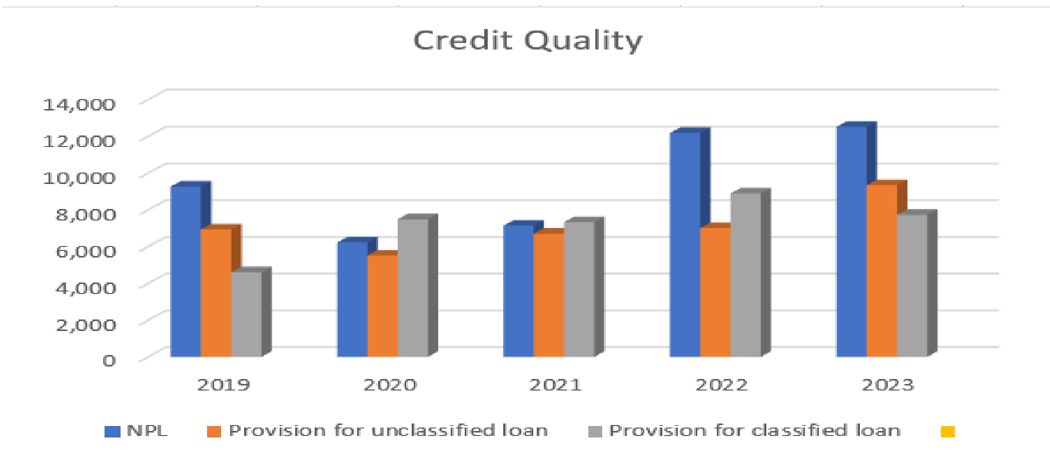

Figure 9: Credit quality

	2019	2020	2021	2022	2023
ROA	0.56	0.7	0.65	0.49	0.48
Gross Profit ratio	39%	42%	53%	51%	50%
Net Profit	1571	2030	2056	1660	1732

Table 1: Financial Performance

From figure 9 it seems that Dhaka Bank's credit quality has a deteriorating rate as they have an increasing NPL that they are trying to decrease with higher provision loan for both unclassified and classified loan. We can see that NPL rate is fluctuate and ends in a higher ration in the last 2 years which is quite concerning as it indicates a declining loan portfolio quality. Besides their prevision for unclassified and classified loan is quite stable in between the years of 2020-2022 but it increases in 2023. It means that they are aware that they have an alarming loan quality which try to balance by increasing their reserve as though the rate is lower than NPL rate. So, it can be said that their overall credit quality was quite stable in the year of 2019-2021 but seems like they made some wrong credit choice during the last 2 years which they control by uprising provision. The bank needs to review their credit risk management policy as they faced some credit risk. This loss has also affected their profitability. From Table 1 below it seems that their gross profit ratio, return on asset ratio and net profit had an uprising rate from 2019-2021 but it started to decrease during last 2 year. Specially ROA had a declining rate since 2023 from 0.7-0.48 which indicated inefficiency in utilization of asset. Their growing NPL rate has affected their whole balance sheet. But before these two year the NPL ratio was stable and even upgrowing that increases their gross profit ratio and net profit. An increasing NPL and a decreasing ROA indicated that there must be potential problem in credit risk management. The must take necessary steps to recover NPL rate for proper utilization of asset and securing a stable profitability for long term. They need to revise their CRM guideline and make essential changes to manage NPL rate. Besides, they had taken some risky credit choose or they didn't follow the BB's CRM guideline properly which ended up with a higher defaulter rate. So, the bank should concentrate more on their credit risk management policy, they need to review BB's guideline more strictly so that can improve their NPL rate and profitability in correct place. In the end we can say that to maintain a high profitability the bank needs to improve their NPL so that they can utilize their asset properly. It also seems that they are already aware of the loan risk and trying to balance by increasing provision amount for both classified and unclassified loans.

3.4.6: Findings

Here are the findings of the paper,

- **Implementation of Bangladesh Bank's CRM guideline on BDL Mirpur Branch's CRM policy**

  Though all the banks are instructed to follow Credit Risk Management Guideline issued by Bangladesh Bank, they have customized their own CRM guideline according to their credit policy. Whether to follow the BB guideline or not varies from bank to bank. Some of the banks strictly follow BB's CRM guideline, on the other hand some of them hardly follow the guideline. From an interviewee from DBL Mirpur Branch, it has been confirmed that Dhaka Bank PLC's has their own CRM guideline which is made according to BB's guideline. But they have customized their own provision policy, credit policy and guideline. Also, he added that sometimes the authority has to negotiate with their old creditworthy customer to adjust their Debt Burden Ratio. In this type of cases they have to customized BB's CRM guideline.

- **Impact of BB's CRM Guideline on decision making process**

  Bangladesh Bank's CRM guideline plays a vital role in decision making process of DBL Mirpur Branch. Bangladesh Bank's CRM guideline has mandatory rules for accessing borrower's creditworthiness, borrower's return capacity, collateral and so on. It helps the branch to take a wide look into borrower's credit profile that will help them to take appropriate decision before providing credits. And it resulted in a credit approach which is more cautious to lending which will the branch to reduce non-performing loan (NPL).
- **Mitigating credit risk**

  Dhaka Bank PLC has created their CRM policy as soon as Bangladesh Bank had issued CRM Guideline in 2003. They are always very concern about their defaulters. According to the interview, they try to maintain their CRM policy according to Bangladesh Bank. BB's guideline has helped them to design their credit application by including every required information about the borrowers. This is one of the reasons of their lower defaulter number for a long period. Besides, they thy to avoid dealing with those companies and financial institution those who have credit default history. In this way they are protecting their position in this financial crisis period of the country. But analyzing recent credit quality, it seems like they need to review their credit policy as there is a decline in credit quality ratio in the balance sheet.
- **Challenges faces by DBL Mirpur Branch**

  Most of the time the branch doesn't have to face such difficulties to maintain credit risk management guideline. Hence sometimes the customers ask for enhancing their credit limit, they even try to use external forces to fulfill their demands. At that time, the branch has no other option without approving their limits. In some cases, there are some mismatch in the policy that can be occurred by the internal parties. Besides, for special case, banks required some extra paper from some categorized business for verification and the customers makes delay or decline to provide those documents. In some cases, borrowers with the help of internal parties takes loan with false identification. With this false information, the bank can't reach them and the loan becomes unrecoverable. However, bank find it very difficult to trace those borrowers who take loan and flew to abroad. Though they pay their instalment on time, it takes an extra afford to trace their footprints. According to an interviewee, the credit officers finds it very difficult to collect specific documents from the gold traders for their loan approval.

- **Employee training**

  It is necessary to give the employees proper training regarding credit risk management practices. Dhaka Bank PLC always trains their employees before assigning them to any department. From an interview with an employee of Dhaka bank it has been confirmed that the employees of SME loan section have to go through different types of workshops and training regarding credit risk and their management policy before joining to the credit department. The bank makes sure that all the employees are well aware of CRM guideline of BB and the bank.

- **Recourse adequacy**

  The bank always makes sure that they have adequate number of human resources in their every branch. They have established credit management board with efficient number of members to monitor their credit risk management process.

3.5: Summary & Conclusion

In the end we can say that Dhaka Bank PLC Mirpur branch has maintained a quite good and acceptable credit risk management by keeping in mind Bangladesh Bank’s CRM guideline. Their credit approval and monitoring procedure is highly appraisable, besides their profitability is also praise worthy. Though there are still many spaces for improvement. Though they have a highly skilled employees, still their loan sanction procedure is quite lengthy and in some cases they can’t relict external pressure regarding loan disbursement. SO, by implementing some extra precaution they can overcome these difficulties and become one of the leading private banks in Bangladesh.

In this competitive business world, it is very essential to maintain a high qualified credit risk management practice. IN the context of Bangladesh, it is more required. IN this recent years, different types of credit risk measurement tools have been advanced to improve the risk management practice. As a responsible bank, Dhaka Bank PLC Mirpur Branch always have their own credit risk practices. From this report it is very clear that that branch is very sincere regarding managing and improving their CRM policies. They try to maintain the same credit policy for all size of the clients. But as they are very customer oriented, for some large companies they have linear to their policy. But the bank needs to be very cautious regarding their recovery sector and to the large companies. While providing loans they use credit grading techniques which make their path smoother regarding any settlement. From this above discussion it has quite clear that credit risk management is a complex and essential procedure. As it is an ongoing process, financial institutions should take it very seriously while designing their CRM policies. They need to keep their credit policies up to date to deal with the complex economic situation. However, they should give the most importance to the improvement of their networking system to the world which so that they could connect with the modern banking system and can improve their credit risk management system.

3.6: Recommendation

Here are some recommendations for Dhaka Bank PLC Mirpur Branch,

- The bank should focus on fasting their credit approval/sanction procedure. In this competitive world it is very important to people don't want to want to wait for more two or three weeks for loan disbursement.
- They should strict their credit application procedure so that large companies can't use their external forces to enhance credit limit. The employees need to be trained to handle this type of complex situation.
- Moreover, they should focus more on their recovery procedure and monitoring process so that they can reduce their upcoming risk of defaulter. Besides, they should be stricter while providing loans to their defaulters. They should pressurize him to repay their loans and should be more careful regarding providing him further loans.
- The bank can reduce their interest rate on different loan such as SME loans, small business loans to attract more individuals who want to open up business but face financial barrier. Besides, it will increase their profitability.
- Additionally, they bank can increase their loan installment period so that borrower can properly utilize their fund and repay as soon as possible.

- The Credit Risk Management department should provide their employees more training and workshop regarding the different loan sanctions in a structural manner. They should be given more training on how to choose creditworthy applicants so that they will be less amount of default risk.

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