

Bank Asia Ltd



For a better tomorrow



Internship Report

On

“Sustainable Banking: A Conscious Thought for Making Differences”

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Subject: Submission of Internship Report

Dear Madam,

I am here by submitting my Internship Report, which is a part of the BBA program curriculum. It is a great achievement to work under your active and co-operative supervision. This report titled, “Sustainable Banking, A Conscious Thought for Making Differences” is based on the sustainable banking activity of Bank Asia Ltd. I have got the opportunity to work in the General Banking, Customer service, Remittance and Credit Department of Bank Asia Ltd for 12 weeks, under the supervision of Nehal Hossain, Manager of Bank Asia Ltd Shantinagar Branch.

This project gave me the opportunity to have practical experience of banking operation, helped to learn about the culture and internal operations of a bank. The projects also helped me to develop about the banks contribution for the sustainable development of the society.

I shall be highly obliged if you are kind enough to receive this report and provide your valuable judgment about it. It would be my immense pleasure if you find this report useful and informative to have an apparent perspective on the issue.

Sincerely Yours

Nazneen Islam

ID: 12104174

BRAC Business School.

Acknowledgement

First and foremost of all, I would like to convey my heartiest gratitude and total devotion to almighty Allah for blessing me with the ability, strength and patience as well as keeping me active in performing my internship task successfully. It gives me immense pleasure to thank my Faculty Advisor Sayla Sowat Siddiqui miss, Senior Lecturer, BRAC Business School, BRAC University for her whole-hearted supervision during my organizational attachment period. I am also grateful to Mr. Nehal Hossain, as my organizational supervisor. It would have been very difficult to prepare this report up to this mark without their guidance.

My gratitude goes to entire Department of OCSAR of BRAC University for arranging Internship Program that facilitates integration of theoretical knowledge with real life situation.

Last but not the least; I would like to convey my special gratitude to Salman Tareq Ali, Sub Manager, Mr. Rajib Kumar Dey, Senior Officer Foreign Exchange Dept, Mr. Mynul Islam, Senior officer Credit Dept, Mitu Das, Officer Credit Dept, Mr. Mokhlesur Rahman, officer, Credit Dept, Farzana Sulatana, GB in-Charge, Mithy Paul Chowdhury, Junior Officer, Customer Service, Poly Akther, MTO for helping me throughout the time I worked in the Bank for my internship.

Moreover, I would like to express my gratitude to Bank Asia Ltd for the opportunity it gave to me for working over there. I must mention the wonderful working environment and group commitment o this organization that has enables me to deal with a lot of things related to banking operations.

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Executive Summary

The report titled, “Sustainable Banking, A conscious thought for Making Differences”, has been made on the experiences gathered by working on Bank Asia Ltd, Shantinagar Branch. Bank Asia Ltd has been launched by a group of successful entrepreneurs with recognized standing in the society. The management of the Bank consists of a team led by senior bankers with decades of experience in national and international markets. The senior management team is ably supported by a group of professionals many of whom have exposure in the international market. One of the prime objectives of the bank is poverty alleviation from the country which has been described in the report.

This report talks about how financial intermediary can come forward to mitigate the burning issues of present time like poverty, unemployment problem, environmental degradation etc. Beside, in this report I tried to highlight some of the activities Bank Asia is doing for sustainable development of the society. I got to know about those activities through the three Sustainability Reports issued by the Banks.

The report highlight the amount of activities regarding financial inclusion, green investment and corporate social responsibility the bank has done in the past few years and the progress it has made to make sustainable differences in the society. Beside in the report I compared the sustainable activities of the bank with Dutch Bangla Bank Ltd to understand the lacking or progress well. I chose DBBL because it is also a modern and digitalized bank of present time in Bangladesh and also took great initiatives for sustainable development.

Chapter: 1

The Organization Overview.

1.1 Introduction

Banks are one of the most important parts of any country. In this modern time money and its necessity is very important. A developed financial system of the country ensures to attain development. A modern bank provides valuable services to a country. To attain development there should be a good developed financial system to support not only the economic but also the society. So, a modern bank plays a vital role in the socio economic matters of the country. Banks are an important intermediary that links the surplus section of the country with the deficit section. They have the access of knowing the both section well. In the current time when poverty and environmental degradation are two important issue Banks can come forward to mitigate these issues with Sustainability Banking.

Sustainability Banking is the role banks can play to ensure sustainable development. It is the pursuit of environmental and social responsibility in a banks operation through environmental initiatives. It integrates sustainability into a bank's core business through the integration of environmental and social considerations into product design, mission policy, and strategies. Such a bank is Bank Asia Ltd. From the beginning of its journey Bank Asia is always concerned with the poverty alleviation and environmental protection.

Bank Asia always believes the mantra of “Zero” for this purpose. The concept of Zero was very much spiritually connected with Indian philosophy and religion such as Nirvana, the transcendent state of ‘nothingness’, when all desires are nullified. Nirvana is attained when somebody can deliberately make his/her mind Zero or Shunya to be liberated from all kind of desires and self-sense. This mantra can be true for a commercial company too. If they can nullify so called corporate goals (desires) obsessed with profit and continuous growth and start from ‘Zero to Infinity’ giving cautious considerations to economic, environmental & social impacts and prioritize corporate social responsibilities with good governance it will usher in a state of sustainability.

Bank Asia is striving for such spiritual salvation chanting the mantra of Zero. They are trying to ensure financial inclusion, Green financing and CSR activities every years to bring more sustained growth in the society.

1.2 History of Bank Asia Ltd:

Industrial and agricultural development, international trade, inflow of expatriate Bangladeshi workers' remittance, local and foreign investments in construction, Communication, power, food processing and service enterprise ushered in an era of economic activities. Urbanization and lifestyle changes concurrent with the economic development created a demand for banking products and services to support the new initiatives. A group of highly acclaimed businessmen of the country grouped together to respond to this need and established Bank Asia Limited in the year 1999.

The Bank Asia Limited incorporated as a public limited company under the Companies Act. 1994. The bank started its commercial operation on November 27, 1999 with an authorized capital of Tk.800 million and paid up capital of Tk.218 million. The paid up capital of the bank stood at Tk. 6,305 million as on 31st December 2012.

Bank Asia has been launched by a group of successful entrepreneurs with recognized standing in the society with an aim to be fully customer focused through rendering technology driven innovative products and services. The Bank obtained Certificate of Incorporation and Certificate of Commencement of Business on September 28, 1999 and banking license on October 06, 1999. In the year 2003, the Bank came to the limelight with oversubscription of the Initial Public Offering of the shares of the Bank, which was a record (55 times) in our capital market's history and its shares commands respectable premium. Subsequently the Bank was listed with Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) on January 06, 2004.

It set milestone by acquiring the business operations of the Bank of Nova Scotia in Dhaka, first in the banking history of Bangladesh. It again repeated the performance by acquiring the Bangladesh operations of Muslim Commercial Bank Ltd. (MCB), a Pakistani bank.

Since inception Bank Asia is working efficiently and achieving a strong prominent position in banking sector. By this time Bank Asia has consolidated its strength manifold through extending

its business rapidly while ensuring sustainable growth. Bank Asia started its most cherished Islamic banking operation in 2008 for providing strict Shariah based products. It established its 1st subsidiary company named “Bank Asia Securities Limited” on March 16, 2011 and another subsidiary company “BA Exchange Company (UK) Limited” in United Kingdom in the same year. Now the Bank is rendering services through its 86 Branches, 5 Islamic Windows, 6 SME Service Centers, 1 Off-shore Banking Unit, and 2 Subsidiary companies.

The management of the Bank consists of a team led by senior bankers with decades of experience in national and international markets. The senior management team is ably supported by a group of professionals many of whom have exposure in the international market. The asset and liability growth has been remarkable. Bank Asia has been actively participating in the local money market as well as foreign currency market without exposing the Bank to vulnerable positions. The Bank's investment in Treasury Bills and other securities went up noticeably opening up opportunities for enhancing income in the context of a regime of gradual interest rate decline. Bank Asia Limited started its service with a vision to serve people with modern and innovative banking products and services at affordable charge. Being parallel to the cutting edge technology the Bank is offering online banking with added delivery channels like ATM, Tele-banking, SMS and Net Banking. And as part of the bank's commitment to provide all modern and value added banking service in keeping with the very best standard in a globalize world

1.3 Company Profile:

Name of the company: Bank Asia Ltd.

Bangladesh Head Office: Rangs Tower (2nd to 6th Floor) 68,Purana Paltan Dhaka-1000.

Year of Establishment: November 27, 1999

Industry: Banking industry.

Shareholder's Information: 14,402 total shareholders. Of which 25 Sponsors and Directors, 13,857 General Public, 2 Foreign Investors, 119 Investment Companies, 277 Institution and 122 non-resident Bangladeshis.

Branches: 102 branches.

Subsidiary companies: 2 in abroad which are 'BA Exchange Company (UK) Limited' in London, United Kingdom established on May, 2011 and 'BA Express USA Inc.' in Jamaica, New York, USA established on June 01, 2014 and 1 in Bangladesh 'Bank Asia Securities Limited' established on March 16, 2011.

Foreign Correspondents: it has 657 foreign correspondents in 165 countries.

Exchange Houses: 45 exchange House in 9 countries as foreign remittance channeling partner.

Bank Ranking: World Rank 2,504, Country Rank 17(*Rated by Bankers Almanac*)

Revenue: Profit after tax 2573.92 (in Millions)

Slogan: For a Better Tomorrow.

Corporate Website: <http://www.bankasia-bd.com>

Logo:



1.4 Vision of the Bank Asia Ltd

Bank Asia's vision is to have a poverty free Bangladesh in course of a generation in the new millennium, reflecting the national dream. Our vision is to build a society where human dignity and human rights receive the highest consideration along with reduction of poverty.

1.5 Mission of Bank Asia Limited

- ✚ To assist in bringing high quality of service to customers and to participate in the growth and expansion of our national economy.
- ✚ To set high standards of integrity and bring total satisfaction to clients, shareholders and employees.
- ✚ To become the most sought after bank in the country by rendering technology driven innovative services by dedicated team of professionals.

1.6 Goal of Bank Asia Limited

- ✚ **Sustainable growth: Synergies** between new knowledge and human capital for sustainable economic growth.
- ✚ **Capital stewardship:** Preservation and enlargement of multiple forms of capital, like intellectual, natural, financial, organizational, social; all of which contribute to long term value creation.
- ✚ **Accelerating financial inclusion:** Accelerate progress towards financial inclusion with technology like ATM, mobile phone, smart card based banking services and renewable energy generation projects especially in rural areas.

 **Differentiating Value Added Services:** Strong focus on extremely cost-efficient and green services through Internet Banking, electronic fund transfer, automated cheques clearing, e-bank statement, SMS alert etc.

 **Going Green:** Quantification of in-house facilities and energy consumption to promote paperless office and enhance energy efficiency. Greater emphasis on green banking projects.

1.7 Strategic Plan of Bank Asia Limited

- To manage and operate the bank in the most efficient manner to enhance financial performance and to control cost of fund.
- To strive for customer satisfaction through quality and control and delivery of timely services.
- To identify customers credits and other banking needs and monitor their perceptions towards our performance in meeting these requirements.
- To review and update policies, procedure and practices to enhance the ability to expand better services to customers.
- To train and develop all employees and provide them adequate resources so that customers' need can be responsibly addressed.
- To promote organizational effectiveness by openly communicating company plans, policies, practices and procedures to all employees in a timely fashion.
- To cultivate a working environment that fosters motivation for improved performance.
- To increase direct contact with customers in order to cultivate a close relation between the bank and its customers.

1.8 Core Values of Bank Asia Limited

-  Place customer interest and satisfaction as first priority and provide customized banking products and services
-  Value addition to the stakeholders through attaining excellence in banking operations

-  Maintain high ethical standard and transparency in dealings
-  Be a compliant institution through adhering to all regulatory requirements
-  Contribute significantly for the betterment of the society
-  Ensure higher degree of motivation and dignified working environment for our human capital and respect optimal work-life balance
-  Committed to protect the environment and go green

1.9 Corporate Governance & Regulatory Compliance

Bank Asia Limited practiced the principles of good corporate governance over the years that covered compliance of regulatory requirements, responsive to various stakeholders. Spirit of corporate governance also included practicing of the corporate culture within the organization and shared this by the employees.

Bank Asia Limited complied with all the regulatory guidelines prescribed by the Banking Companies Act, Bangladesh Bank, National Board of Revenue and Securities & Exchange Commission, International Accounting Standards, etc.

1.10 Features of Bank Asia Limited

- Bank Asia Limited is engaged in conventional commercial banking. It is also introducing banking functions on Islamic Banking Principles.
- It is the pioneer in introducing and launching different customer friendly deposit schemes to tap the savings of the people for channeling the same to the productive sectors of the economy.
- For uplifting the standard of living of the limited income group of the population, the Bank has introduced Consumer Credit Schemes by providing financial assistance in the form of loan to the consumers for procuring household durables, which have had encouraging responses.

- The Bank is committed to continuous research and development so as to keep pace with modern banking.
- The operations of the Bank are computer oriented to ensure prompt and efficient services to the customer.
- The Bank has introduced camera surveillance system (CCTV) to strengthen the security services inside the Bank premises.
- The Bank has introduced customer relations management system to assess the needs of various customers and resolve any problem on the spot.

1.11 Corporate Culture of Bank Asia Limited

Environment

While conducting due diligence on requests for credit facilities, Bank Asia Limited will strive to ensure that environmental impacts are appraised with the same care as any other business factors. To the extent deemed practical, Bank Asia Limited will raise and recommend compliance with local environmental laws to all its borrowing relationships. They firmly believe in long-term sustainable development, and investment decisions will only be supported when the bank is convinced, taking into account all relevant feedback, that any adverse environmental impact will be minimal or will be avoided altogether.

Teamwork

Teamwork and co-operation is an important aspect of the work ethics in Bank Asia Limited. They leverage on the dynamics of their collective skills, knowledge and experience to achieve the best for their customers. Bank Asia Limited views its employees as its greatest asset and recognizes the pivotal role that meritocracy plays in setting rewards and penalties for.

Work Place Ethics

- Fortified Service Rule

- Fortified Code of Conduct
- Fortified Policies

Diversity

Bank Asia Ltd. respects all employees as unique individuals with fundamental human rights and supports the cultural and ethnic diversity of its workforce. It is their belief that creating a work environment that enables them to attract, retain and fully engage diverse talents leads to enhanced innovation and creativity in their services. Bank Asia Ltd takes all allegations of harassment seriously, including sexual, communal etc and prohibits all forms of discrimination.

1.12 Principal Activities of Bank Asia Limited

The principle activity of the bank is banking. The banking business includes obtain deposits through account opening, offer credit to corporate organizations, as well as retail and small & medium enterprise, trade financing, project financing, lease and hire purchase financing. The modes of banking include conventional banking and Islamic banking. It also performs merchant banking function under the license by Securities and Exchange Commission, Dhaka, Bangladesh.

1.13 Product & Services of Bank Asia Limited

Bank Asia Limited offers a wide range of product and services to their customer. They offer following products and Services:

Business Banking

- ✓ Overdraft
- ✓ Secured Overdraft
- ✓ Secured OD (Earnest Money)
- ✓ Working capital finance

- ✓ Loan against Trust Receipt
- ✓ Loan against Cash Incentives
- ✓ Bill discounting
- ✓ Loan syndication and structured finance
- ✓ Packing credit
- ✓ Demand loan
- ✓ Demand loan (Work order)
- ✓ Time loan
- ✓ Transport loan
- ✓ House building loan
- ✓ Term loan
- ✓ Lease finance
- ✓ Letter of Guarantee
- ✓ Letter of Credit
- ✓ Back to back Letter of Credit
- ✓ Small and Medium Enterprise (SME)

Term Loan

- ✓ Subidha - Unsecured Trading
- ✓ Sondhi - Secured Trading
- ✓ Sristi - Unsecured Manufacturing
- ✓ Shombridhi - Secured Manufacturing
- ✓ Shofol - Unsecured Service
- ✓ Sheba - Secured Service
- ✓ Over Draft
- ✓ Somadhan - Secured Special Products
- ✓ Utshob - Seasonal Business
- ✓ Subarno - Women Entrepreneur

Consumer Finance

- ✓ Auto Loan
- ✓ Consumer Durable Loan
- ✓ Unsecured Personal Loan
- ✓ House Finance
- ✓ Loan for Professionals
- ✓ Senior Citizen Support Credit Card
- ✓ MasterCard Local Credit Card
- ✓ VISA Dual Currency Credit Card
- ✓ VISA Local Credit Card
- ✓ VISA Butterfly Credit Card
- ✓ VISA Mini Credit Card
- ✓ VISA International Card Against RFCD, RQ A/C
- ✓ Virtual Card
- ✓ SME Credit Card
- ✓ NBFIs Card Cheque
- ✓ International Prepaid Hajj Card Treasury
- ✓ Money Market
- ✓ Overnight Call
- ✓ Repo and Reserves Repo
- ✓ Swap
- ✓ Sale and Purchase of Treasury Bill & Bond
- ✓ Term Placement
- ✓ Term Borrowing Foreign Exchange Market
- ✓ Spot
- ✓ Forward
- ✓ Interbank Buy/Sale Deposit Accounts
- ✓ Saving Account
- ✓ Current Account
- ✓ Short Notice Deposit

- ✓ Fixed Term Deposit
- ✓ Foreign Currency Account
- ✓ Deposit Pension Scheme
- ✓ Monthly Benefit Scheme
- ✓ Double Benefit Scheme
- ✓ Triple Benefit Scheme
- ✓ Bank Asia Sanchoy Plus Islamic Banking

Deposit Products

- ✓ Al-Wadiah Current Account (AWCA)
- ✓ Mudarba Savings Account (MSA)
- ✓ Mudarba Special Notice Deposit Account (MSNDA)
- ✓ Mudarba Term Deposit Account (MTDA) of different Tenure
- ✓ Mudarba hajj Savings Scheme (MHSS)
- ✓ Mudarba Deposit Pension Scheme (MDPS)
- ✓ Mudarba Monthly Profit Paying Deposit Scheme (MMPPDS)
- ✓ Smart Junior Saver (SJS) Investment Products
- ✓ Bai Mudarba Muajjal
- ✓ Hire Purchase Shirkatul Melk (HPSM)
- ✓ Musharaka
- ✓ Guard against Accepted Bills Service Products
- ✓ ATM Services
- ✓ Remittance Service
- ✓ Locker Service
- ✓ Online Banking
- ✓ Internet Banking
- ✓ Phone Banking
- ✓ Mobile Banking
- ✓ Remote Banking (EBEK)
- ✓ SWIFT

- ✓ Centralized Trade Services
- ✓ Student File
- ✓ Traveler's Cheque Off-shore Banking Unit (OBU) Products
- ✓ On-shore Bill Discounting through OBU
- ✓ Bill Discounting
- ✓ Capital Finance
- ✓ Working Capital Finance
- ✓ Trade Finance
- ✓ On-shore Export Bill Discounting Capital Market Operation
- ✓ Brokerage Operation
- ✓ Margin Loan

1.14 Departments & General activities of Bank Asia Ltd.

Banking services of Bank Asia Limited are operated through three main divisions. These are as follows:

- General Banking
- Credit/ advances
- Foreign Exchange

General Banking: It includes-

- customer services
- cash
- accounts
- remittance and
- clearing

Credit Department: Lending money to the potential and genuine borrower is another classic function of Bank Asia limited and it has a number of schemes of lending.

Functions of credit department

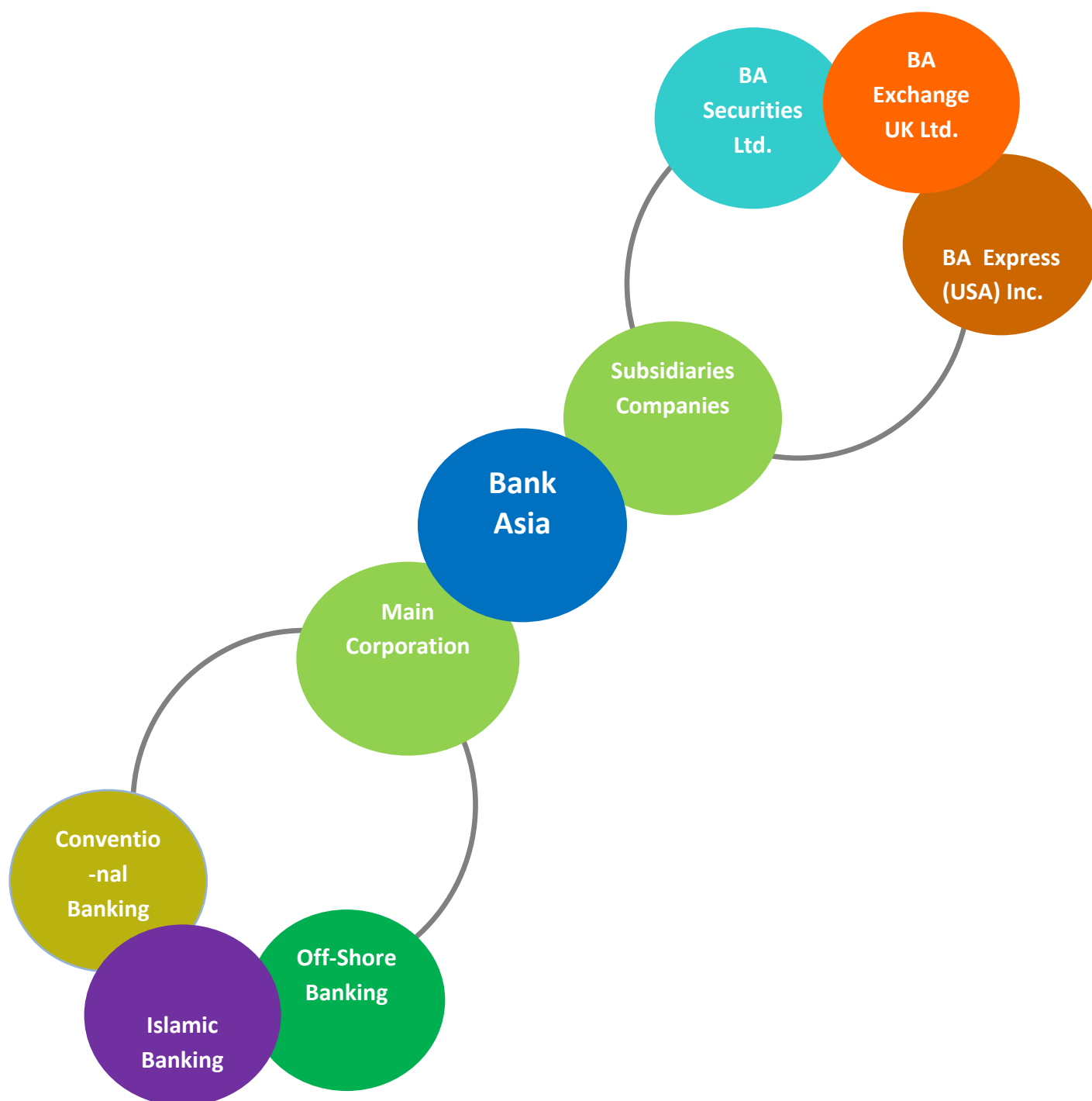
- Loans and Advances
- Locker Service

Foreign Exchange: Foreign exchange division is the most lucrative in the banking arena. By the term foreign exchange it is meant that the conversion of one currency into another, whatever the procedure the ultimate goal is that.

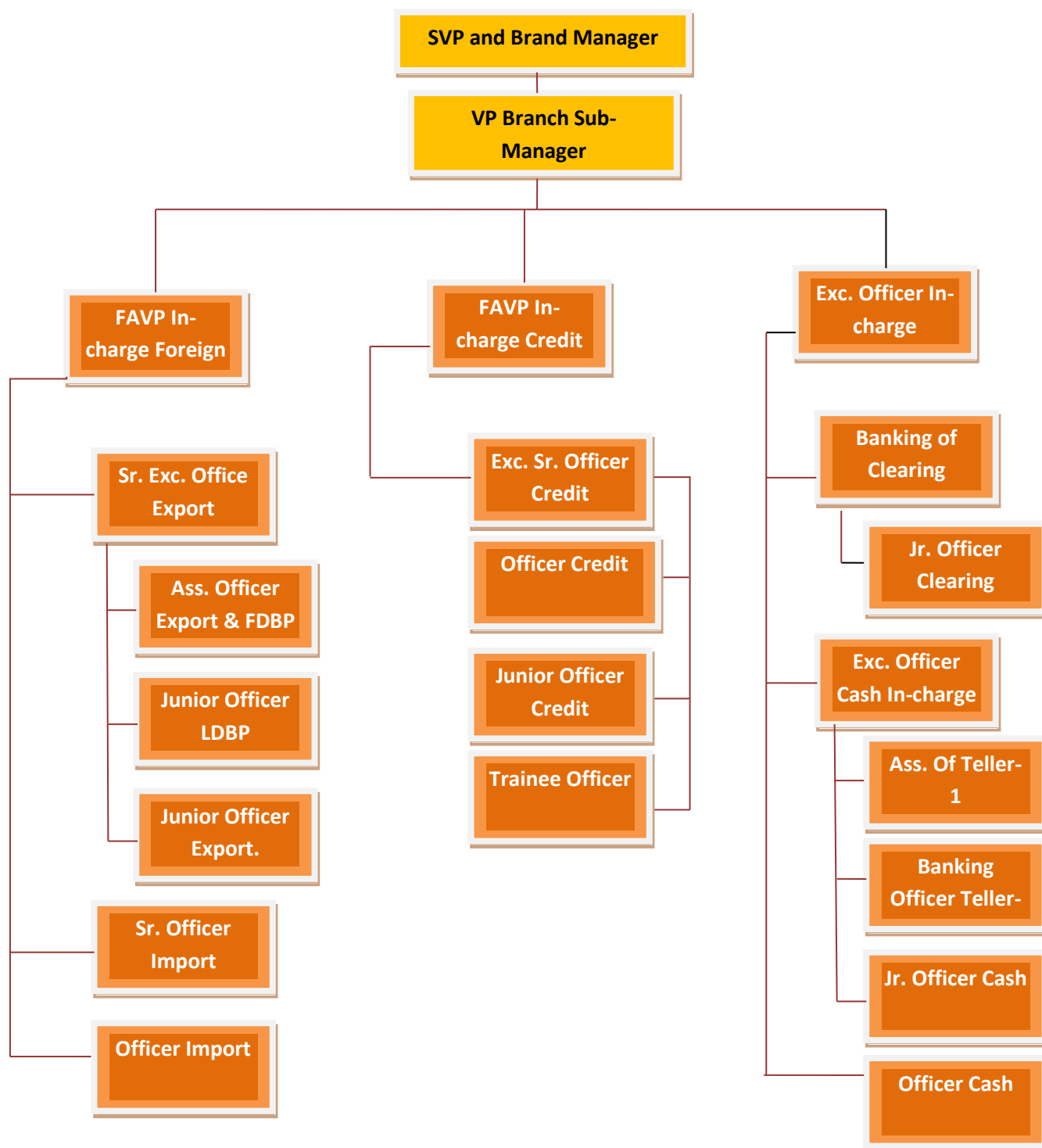
Four basic issues are interlinked with foreign exchange; these are

1. **Import,**
2. **Export**
3. **Remittance.**

1.15 Corporate Structure:



1.16 Operational Network Organogram:



Chapter: 2

JOB Responsibilities

2.1 Job Description

As an intern I had started my internship program at Bank Asia Ltd, Shantinagar Branch from 24th January to 24th April 2016. I had worked in four departments of the Bank. My supervisor at the Office was Mr. Nehal Hosain, Manager of the Branch. My supervisor has divided my time for different departments. First I was assigned to Customer Service department where I worked for one month, then I was assigned to Remittance Departments for one month. And at the last month I was assigned to the Credit Department.

2.2. Specific Responsibilities

The descriptions of my duties are given below:

Customer Service Department:

1. First I was introduced with the account opening form of different accounts and was taught to fill them up properly.
2. I learnt about the documents that are needed to open individual accounts and institutional accounts.
3. I got to learn about how to close an account and what are the procedures of payment to an individual.
4. I received the cheque books for new accounts and sorted them accordingly.
5. I called every individual whose cheque books, ATM and credit card were arrived at the bank to remind them about it.
6. I used to receive all the inward documents at the bank and noted them in the specific registered book. I also noted the outward documents in the outward register book.
7. I learned how to check account balance and helped the customers who used to call or come at the bank to know the balance of their account.
8. I gave account statement to the customers.
9. I got the opportunity to learn about the software that is used inside the bank for internal work purpose. The software is called ISteller.

10. I used to call those customers who has not paid the monthly deposit at their DPS account and those customers whose locker charge was not paid timely for reminder purpose.
11. I prepared the thanks letters which are given to the new customers for verifying the present address of the customers.

Remittance Department:

1. I was introduced to many Exchange Houses with which Bank Asia Ltd is connected to pay the inward remittance to the customers.
2. I learned about the documents that are needed to get the inward remittance paid and learned how to fill up different exchange house forms.
3. I gave remittance to many customers through the website of the exchange houses such as Western Union, BA Exchange, Plaid NK Corporation, TNS Money Service Ltd, Xpress Money Service Ltd. Choice Money Transfer,
4. I prepared the papers that are going to be given to the customer, cash and the paper which the bank requires to keep the record related to Remittance.

Credit Department.

1. First I was introduced to the different investment products the Bank has and the documents and eligibility requires for getting those services.
2. I filed the credit forms and check the information and documents needed to provide the credit facility.
3. I created proposal on the software they had which is called OCAS. The software is linked to the main branch Credit approval department.
4. I prepared the Sanction letter which is given to the customer when their credit proposal is approved.
5. I called those customers who didn't pay the installment in time, for reminder purpose.
6. I prepared the documents needed to prepare regarding issuance of "Shonchoypotro."

2.3 Critical Observation and Recommendation.

During my internship period in the Bank Asia Limited, I have got the opportunity to work with Different Banking Departments and I observed many things. With those observations, description as well as some recommendations is given below;

1. Bank Asia has an operating software “iSTELLER” as their core banking software. The same software is used by BRAC Bank in Bangladesh. But I have found that this software has got problems and hampers working attention and also delayed time.
2. I felt employee shortage there. Most of the time one employee has to do more work which has created dissatisfaction inside the employees.
3. I felt the work distribution is not proper there sometimes.
4. The bank gives very light focus on the marketing of its products and services.
5. I always found the internet connection very slow there which creates great dissatisfaction in the customers while they come in the bank for getting the remittance.
6. They should hire more technology oriented employee or they can arrange training on technology for the betterment of the employee.
7. I found that banking operation is not that friendly to changes or innovation which has made many works time consuming.
8. There are works that they always keep for interns like account opening form updating, calling the customers and reminding them about things etc and they don't do this work timely and keep it for interns. Which gave me a lot of trouble in fact any intern would face trouble because the time we reach there, we find heavy load of the consolidated

works. This is really dissatisfactory because the intern cannot learn anything new but stuck with the given loaded work of months.

I really feel that the Bank should take steps regarding the above mentioned points to make the employees more potential and to ensure overall improvement of the bank performance.

Chapter 3

Project Analysis

**“Sustainable Banking of Bank Asia Ltd, A conscious
though for making Differences”**



3.1 Summary of the Project

The report titled “Sustainable Banking a conscious thought to make difference: A case of Bank Asia Ltd.” is prepared as an integral part of the internship program of the undergraduate degree in BRAC Business School, BRAC University. Sustainability is now increasingly recognized as central to the growth of emerging market economies. For the private sector, this represents both a demand for greater social and environmental responsibility as well as new landscape of business opportunity. Banks play the role of an intermediary in the economy and it holds a unique position with regard to sustainable development. Considering this fact I have prepared this report on the sustainable banking activities of Bank Asia Ltd. one of the modern commercial banks of Bangladesh. There are a huge number of commercial banks operating at present in Bangladesh and their banking operation processes are different from each other and changing continuously with times but whatever the process is, as an intermediary in the economy how much they are adding values to the society is what interested me more. Besides consumers choose those products and services which has more value adding properties than knowing about the operational processes. My report is based on such activities, products and services of Bank Asia Ltd which has not only generated revenue for the banks but has brought sustainable development to the society while meeting the need of people

3.2 Description of the Project

1. Objectives of the Study

The objective of the study may be viewed as:

- General objective
- Specific objective

General Objectives

This internship report is primarily prepared as a requirement of the completion of Bachelor of Business Administration (B.B.A) degree under the Faculty of BRAC Business School, BRAC University.

Specific Objectives

More specifically, this study entails the following aspects:

- To analyze the sustainable activities of Bank Asia Limited.
- To identify the reasons for sustainable activities.
- To identify the activities towards sustainability in details.
- To explore the importance of suitable activities.

2. Methodology:

Framework of the report:

Project Analysis chapter is the third chapter of the whole report. This part is divided into Four parts. First part includes Summary objectives, methodology of the report. Second part includes all the activities related to Bank Asia Ltd and analysis of them within different financial years. Third part is about comparison within the sustainable activities Bank Asia Ltd and Dutch Bangla

Bank for the year 2015 and the final part is about results and discussion based on the analysis of the second and third part.

Data Source:

I collected for the report from two sources

- **Primary Sources**
- **Secondary Sources**

To know about the services and products of bank Asia Ltd I have to talk to the employees of the company. Besides for this report study has been done on the annual reports of last five years and Sustainability report of 2011,2012,2013 of Bank Asia Ltd. Moreover, the annual report of last year of Dutch Bangla Bank has also been made for this purpose.

3. Limitations:

I have faced a lot of challenges and limitations while working in the project such as

1. It was tough to do work on the report while doing internship at the same time. So I have to work in the report after my internship within a short time constraint.
2. While working on the report I faced the need of some information which I could not get due to shortage of time and as I already was done with my internship I could not get the opportunity to ask some important information from the former employees of the bank.
3. While studying the annual report of Dutch Bangla Bank I found it difficult to understand some information of the bank as I am not the specialist.

3.3.3 What is Sustainable Banking?

Sustainable banking is using money with conscious thought about its environmental, cultural, and social impacts with support of savers and investors who want to make a difference, by meeting present day needs without compromising those of the future.

It creates sustainable economic, social and environmental values having a green responsible and inclusive strategy through efficient utilization of resources. This approach is based on principle that not only considers profit but also economic and social benefits.

The main objectivity of it is to maintain financial and social stability. Bangladesh Bank has been pursuing policy and instructions in all possible areas of sustainable banking for last half of a decade. The sustainable banking initiatives of Bangladesh Bank during financial year 2014 have been undertaken under three broad categories named Green Banking, Corporate Social Responsibility and Financial inclusion.

Figure 1: Sustainable Banking Categories according to Bangladesh Bank



3.3.2. Financial Inclusion:

One of the main objectives of Sustainable Banking is to bring never ending benefits in people life, to eradicate poverty along with meeting the need of people. This is impossible without ensuring “Financial Inclusion”.

An inclusive financial system provides a number of benefits to the economy. It makes available more resources for investment especially for the promotion of small and medium enterprises (SMEs). It creates employment opportunities, ensures economic and financial stability and contributes to poverty reduction.

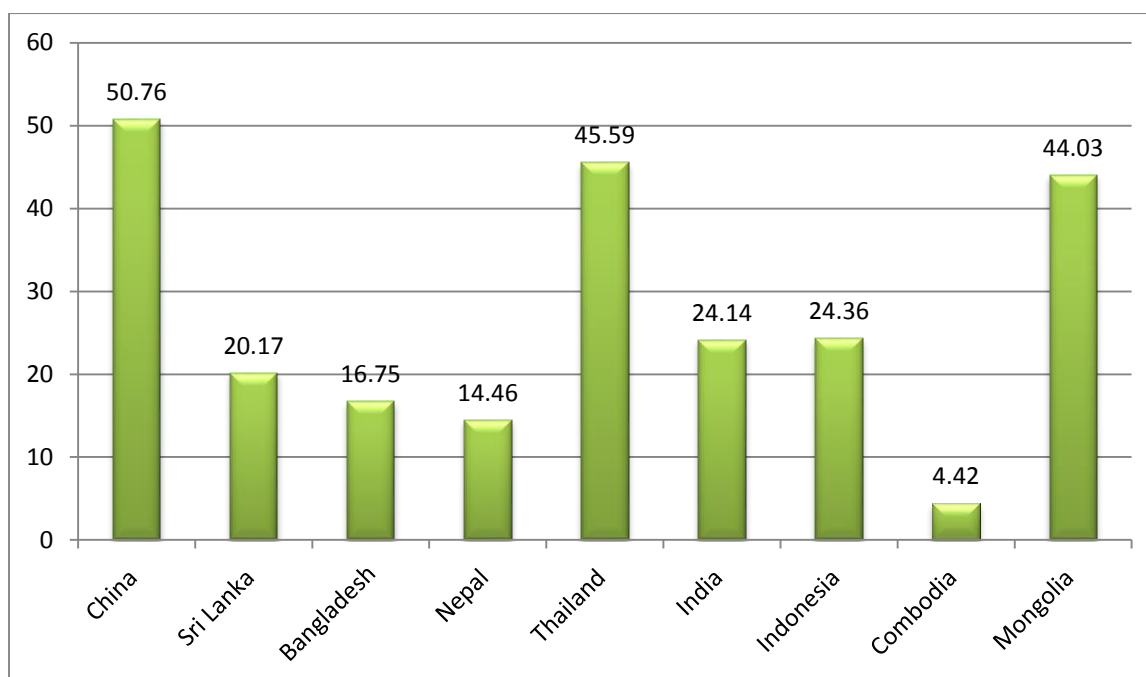
It can economically and socially empower individuals, in particular the poor people, allowing them to better integrate into the economy and actively contribute to development. In particular, expansion of financial services targeted to the poor and low-income population can play a vital role in enhancing financial access. In an inclusive financial system, no segment of the population remains excluded from accessing financial services.

Figure 2: Financial Inclusion and Inclusive growth.



Figure 2 shows the process of sustained growth through Financial Inclusion. Financial Development brings economic growth of a country. Current development theories suggest that greater financial inclusion can have a positive impact on the lives of the poor.

Diagram 1: Financial Inclusion Index of some selected countries of Asia.



Source: The World Bank

Diagram1 show that the developed countries like China, Thailand have more financial inclusion. The fast developing country like Mongolia has the second highest and the more developing countries like India, Indonesia has third position in case of financial inclusion. On the other hand developing countries like Bangladesh, Sri-Lanka, Nepal and least developed country like Cambodia are having comparatively less financial inclusion than the other countries.

It shows that the developed countries give more importance to the financial inclusion of people. So it is a necessary step for the developing countries too for attaining fast development.

3.3.3 Relationship of Financially Exclusion with Poverty Alleviation.

Bangladesh Bank has categorized financial inclusion for Sustainable Banking because it is an important way to alleviate poverty and to create more employment. In the following table nine countries are showed with the financial inclusion composite index compared to the percentage of unemployment rate and poverty rate to understand the relationship of these three better.

Table 1: Financial inclusion and development indicators.

Country	Composite Index of Financial Inclusion	Poverty Rate (%)	Unemployment Rate (%)
Bangladesh	32	31.5	3.3
India	48	28.6	4.3
Brazil	43	22.0	9.7
China	42	4.6	4.0
Indonesia	40	27.1	9.9
South Korea	63	0.00	3.5
Malaysia	60	15.5	3.5
Thailand	50	13.1	1.5
Sri-Lanka	26	25.0	9.0

Source: World Bank 2011

The table show data which is quite self explanatory but to understand the relationship better diagrams are presented below made on the above data.

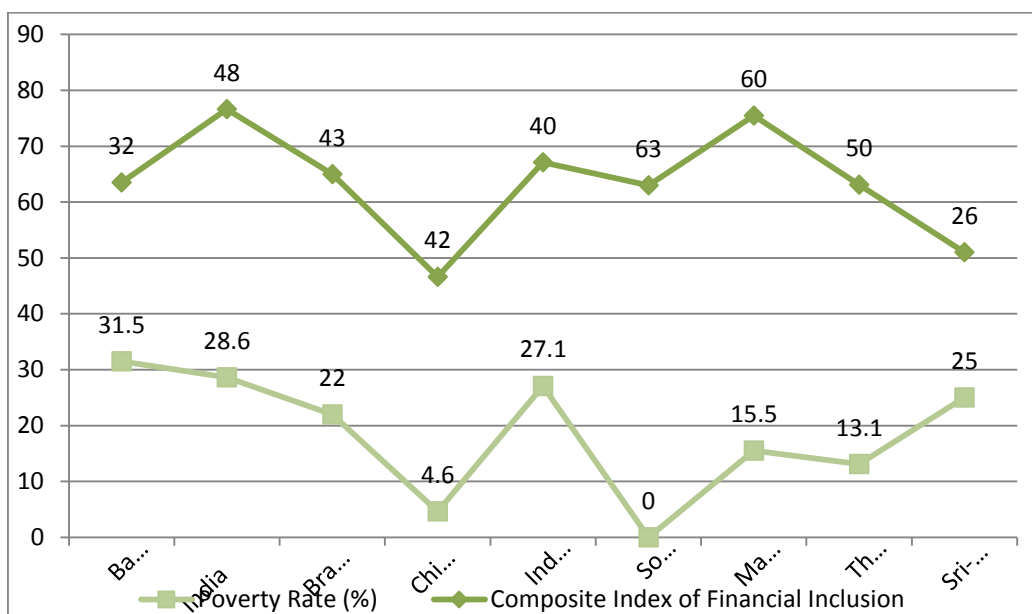
Diagram 2: Relationship between Financial Inclusion and Poverty Rate.

Diagram 2 shows that the countries having high financial inclusion have less poverty rate against the countries having lower financial inclusion with high poverty rate. So there is a negative relationship between these two factors.

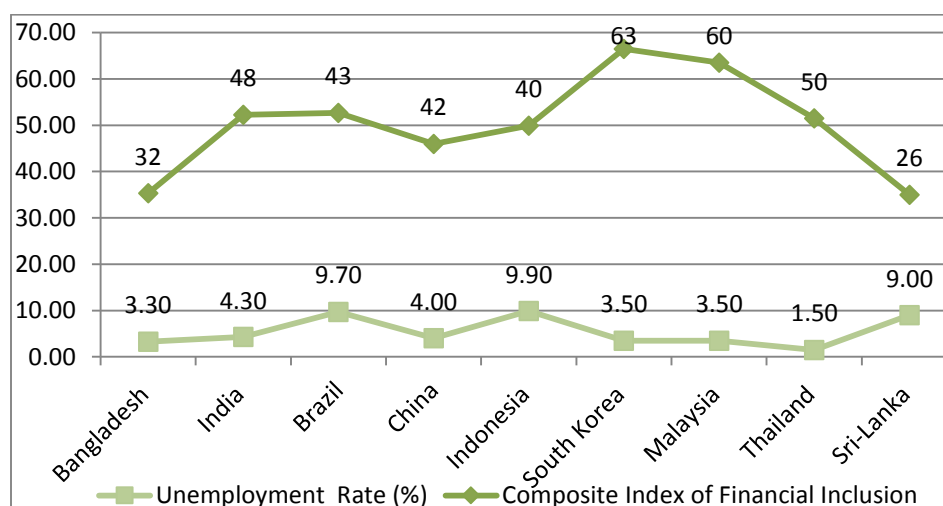
Diagram 3: Relationship between Financial Inclusion and Unemployment Rate.

Diagram 3 shows the association between financial inclusion and unemployment rate. The least unemployment rate within these countries are 1.5%, 3.5% with the highest financial inclusion

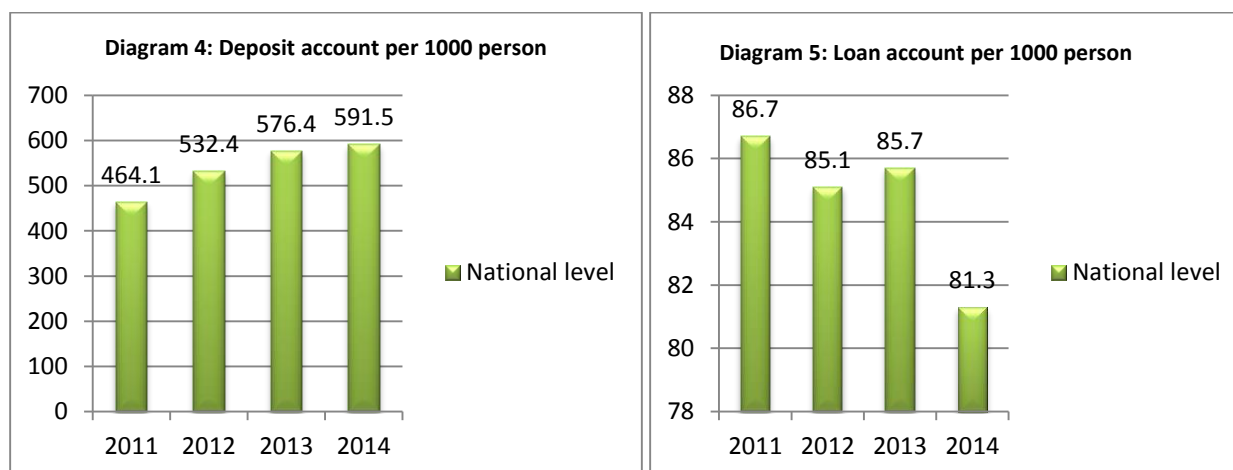
index of 50, 60 and 63. It is clear that financial inclusion eradicates the unemployment rate and takes a country toward sustainable growth.

3.3.4 Who are financially excluded people:

Financial exclusion limits opportunities for employment and enterprise development. Financial exclusion makes it difficult to reduce inequalities and alleviate poverty. Financially excluded populations according to Bangladesh Bank include marginal farmers, landless labors, unorganized enterprises, urban slum dwellers, migrants, senior citizens and women. Financial inclusion is a high priority policy goal for developing and developed countries in order to ensure stable and equitable economic growth.

3.3.5 The Role of Banks for Sustainable Development

Banks have an important role in the economy. They are intermediaries between people with shortages and surpluses of capital. The traditional intermediary roles of bank have bridged the savings and investment sides of a country. People of different demographic factors are engaged with banking services for different purpose which gives great opportunity for the banks to know all classes of people and to make decision that will shift the traditional banking services a step ahead towards the social development.



Source: The World Bank

The above diagrams show that in every 1000 person of our country more than 50% have bank deposit accounts and more than 80 people have loan accounts. It shows that commercial banks are linked with such a huge numbers of people of different demographic sector. For this huge connectivity it is considered to play an important role for financial inclusion and sustain growth.

3.3.6 Financial Inclusion by Bank Asia Ltd.

Bank Asia Ltd is one of the leading commercial banks in Bangladesh which has taken sustainability development as a corporate responsibility. They are continuously thinking for products and marketing strategies that will make it possible. Besides they are always looking forward to contributing the opportunities where immense development of the society can be happened.

Bank Asia ltd has come forward with several primary brand products and services for more Financial Inclusion to eradicate poverty. They have tried to reach new customer segments through this. The products are described below.

3.3.6 (1). "PROBAHO"- SME LOAN PRODUCT

Bank Asia has launched "Probaho" the SME loan product to help those young entrepreneurs who remain out of banking services due to lack of capacity, experience, documentation, collaterals. This is a product which has showed many unemployed people the way to establish them and to become self-employed.

This product was launched during the year 2014 when Bank Asia signed an agreement with SME foundation with a total amount of 0.30 million for financing in Micro, Small & medium enterprises of Electric & Electronic products manufacturing cluster of Dhaka city and adjacent vicinity at 9% interest rate under this product.

"Probaho" is a collateral free loan given to the targeted entrepreneurs of Electrical Product Manufacturing Cluster located at Jurain, Shampur of Dhaka.

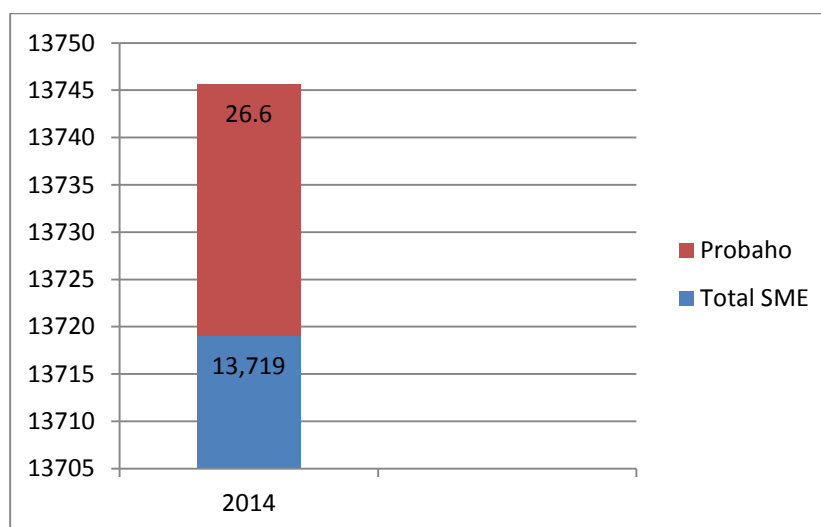
This is a great opportunity for this group of people as they can get the loan without any collateral and with single digit interest rate. During the launching year 2014, Bank Asia disbursed Tk. 26.50 million under this product with 9% interest. After realizing the demand and to help more, it has extended the total amount to 0.80 million with same amount of interest rate.

Through this initiative Bank Asia has targeted and included a new segment to banking and discovered great investment opportunities for itself along with opening ways to self employment for many deprived entrepreneurs.

Findings and Analysis:

- ◆ Bank Asia Ltd has started this service in 2014. They had total disbursement of 13,719 million SME loan in 2014. From this total they had disbursed 26.50 million to a new customer segment under the product PROBAHO which ensured financial inclusion of 19.32% of the total amount. The data is presented in Diagram 6 below.

Diagram 6: Financial inclusion by SME product PROBAHO.



3.3.6 (2) Online Gateway Service- “PAYONNER”

The development of the society cannot be fastening without the development of E-commerce. The Government of Bangladesh has always put emphasis on this. Thinking about the far reaching positive impact of it Bank Asia brought ways for the development of E-commerce of our country.

To make the service export related payments easier and cheaper for the beneficiaries in Bangladesh and to take banking services further ahead towards aligning with “Digital Bangladesh”. Bank Asia has come forward by making Strategic Alliance with Online Payment Gateway Services or OPGSPs. It has set up strategic alliance with one of the world largest OPGSP “Payoneer” in October 27, 2014. Mentionable that Bank Asia is the first and only Bank to set-up arrangement with OPGSPs in Bangladesh.

Payoneer is an online payment solution that allows users to transfer money and receive payments through the Internet. Since 2005, Payoneer has provided thousands of companies and millions of payees with multiple ways of payouts. Payoneer helps to empower global commerce by connecting businesses, professionals, countries, and currencies with its innovative cross-border payments platform. In today’s borderless digital world, Payoneer enables millions of business and professionals from more than 200 countries to reach new audiences by facilitating seamless, cross-border payments. Through its service, freelancers can receive their earnings very quickly & easily.

Finding & Analysis

- ◆ The following table shows the new customer segment added through the service Payoneer. Financial inclusion means putting all people under one umbrella by ensuring more financial services for all in equal manner. Bank Asia through this service has brought that opportunity and made more financial inclusion.

Table 2: New customer segment inclusion through OPGSPs, “PAYONEER”

Year	Amount of Transaction	Total amount paid
Oct, 2014- Dec, 2015	7112	438.43 million

3.3.6 (3) SCHOOL BANKING “SMART JUNIOR SAVER”

School banking is a step towards financial inclusion and financial literacy goals taken by Bangladesh Bank, as it helps children learn about the banking system. Besides, it encourages children to develop the habit of saving. To explore the theme Bangladesh Bank initiated to organize



School Banking Conferences at Divisional City and Greater District levels. In the year 2014, Bank Asia participated in the School Banking Conferences under guidance of Bangladesh Bank in Chittagong, Rajshahi, Khulna and Sylhet. This is a great initiative to include the school students and children in the economy. Bank Asia has expanded their services through this product with the next generation.

"School Banking Smart Junior Saver" is a product of the Islamic Bank Unit of Bank Asia. It was launched in November 2011 on the eve of the 12th anniversary of the Bank. The product is designed especially for the children and students under 18 with a bundle of benefits

✚ **Benefits include-** Charge free account maintenance, free debit card for students, gift for intelligent/meritorious students & financial aid in case of earning guardian's death.

✚ **The accumulation process of the Expenditure of the product-** To maintain the expenditure of scholarship, prize, financial assistance given under this product is accumulated from the operational profit of Islamic Banking unit in a half yearly basis.

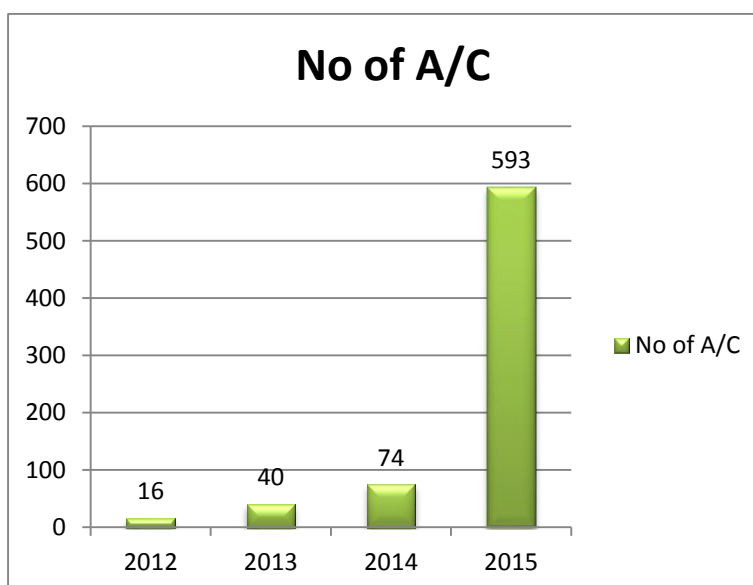
They set aside a fund from the operational profit which is 0.25% p.a on average daily balance of total deposit under the Smart Junior Saver.

This is great initiative to familiarize young generations with banking transactions and to create social awareness and to make them know the importance of savings habit. Bank Asia has conducted different campaigns in different educational institutions to popularize their products into the target market segment.

Findings and Analysis.

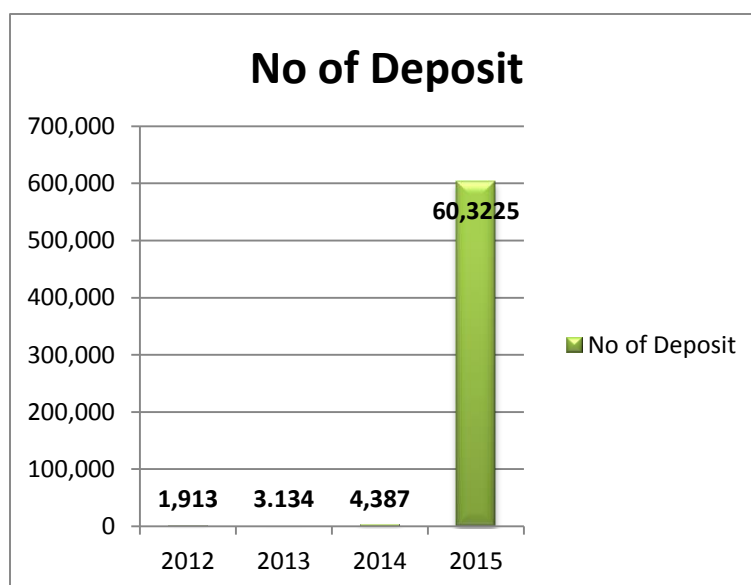
- ◆ 1. The diagram 7 shows the increasing number of accounts throughout 2012, 2013, 2014 and 2015. The amount has increased significantly in the last year which clearly shows the progress in financial inclusion.

Diagram 7: Progress of Smart Junior Service



- ❖ 2. Diagram 8 shows the progress of the service in terms of deposit the bank accumulated throughout the year. The amount progressed due to the increased number of account or customer segment in 2015.

Diagram 8: Progress of Smart Junior Service.



3.3.7 Financial inclusion by the “Alternative Delivery Channel”

Alternative delivery channel or ADC is another department of Bank Asia Ltd providing the services of Tele Banking, Online banking, Mobile Banking, and Agent Banking etc. This department is always trying to bring product and services according to the changing needs of customers. The services like Agent banking and Mobile banking was brought by this department which is analyzed below.

3.3.7 (1) Agent Banking

The whole country cannot be developed if the underserved people remain outside of the development process. for this reason Bank Asia has provide banking and financial s services to the underserved population through engaged agents under a valid agency agreement, rather than a teller/ cashier. Agent banking is quickly becoming recognized as a viable strategy in many countries for extending formal financial services into poor and rural areas.

Bank Asia Ltd has also started Agent banking for including more people in the economy in December 4, 2013 with an objective of reaching 5 million more people and 68000 villages within 2015.

Findings and Analysis

◆ 1. Service Distribution:

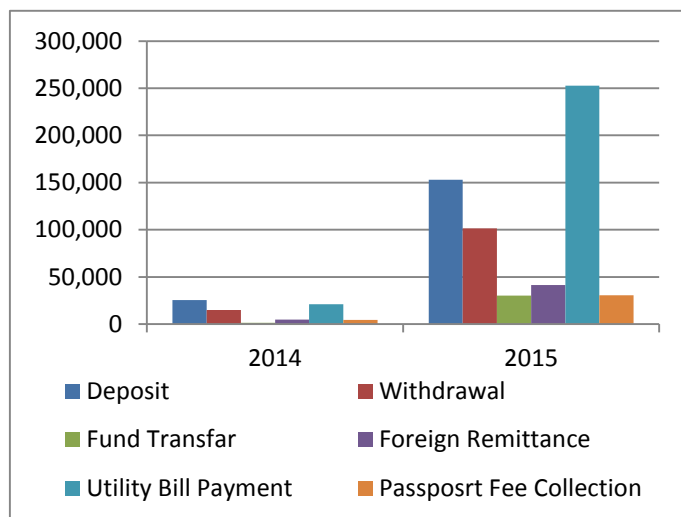
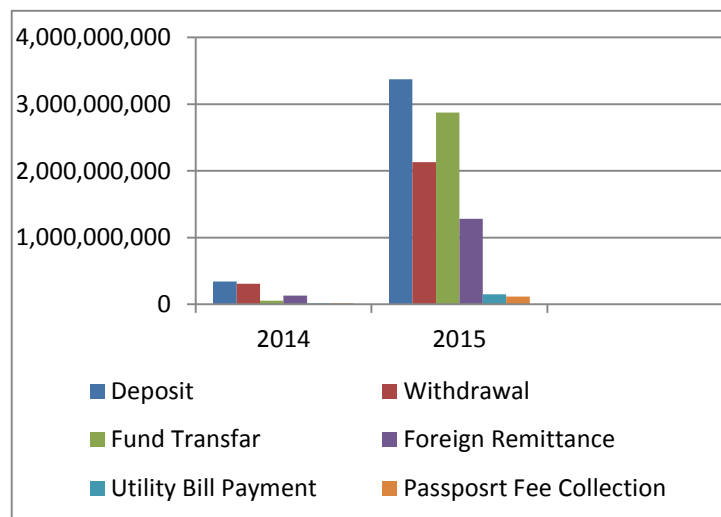
Bank Asia has started the service of Agent Banking in December 4, 2013. For this reason the data of 2014 and 2015 has been showed in the following table for analysis.

The following table shows that Bank Asia ltd has increased the number of agent outlet by 46 from 2014 to 2015 within more 16 districts which ensure more financial inclusion within the un-banked people in the rural area. Though it could not reach its objective of connecting to 64 districts and of 5000 agent points still it made good progress in 2015 in this service.

Table 3: Agent Banking service distribution of Bank Asia Ltd.

Years	Agent Outlet	District
2014	49	17
2015	95	33

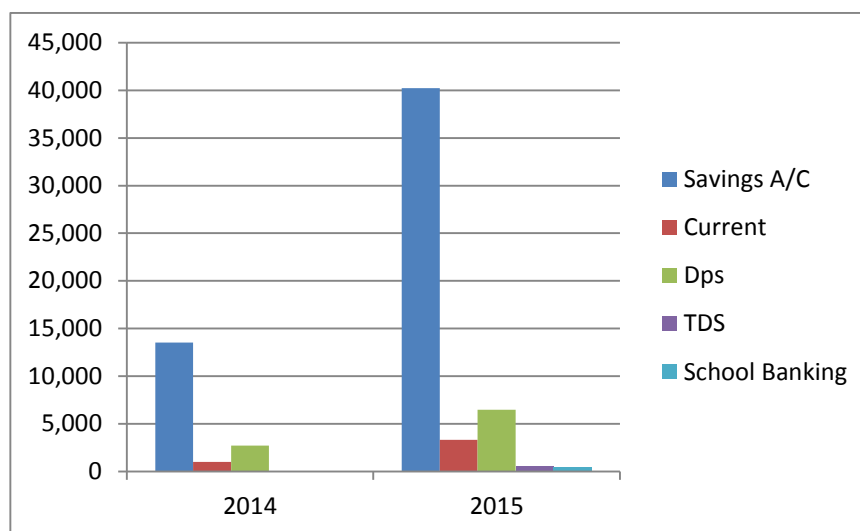
◆ 2. Number and Amount of transactions: The following diagrams show that in 2015 the number of transaction of the services by agent banking has increased greatly comparative to 2014. Establishment of more agent outlets is clearly the reason of it.

Diagram 9: Number of Transaction.**Diagram 10: Total Transaction Amount**

The diagram 9 is showing the number of transaction increased through the service within one year interval. In diagram 10 the amount of transactions is showed where in 2015 the amount has increased due to the number of transaction increased showed in diagram 9. The positive difference indicates the banks performance to reach more people of different districts with this service.

◆ 3 Performance Analysis:

The performance of Agent Banking has been showed in the following diagram where it is clearly visible that it has performed really well In 2015 than the previous year.

Diagram 11: Agent Banking Performance comparison

3.3.7 (2) Mobile Banking Service, “HELLO”:

“HELLO” is a product of Bank Asia Ltd. launched at May 17, 2014. It is a mobile financial solution that offers range of new and unique services. HELLO can be accessed by everyone having a mobile phone or computer using IVR, APP, SMS and USSD. This product has showed a new way of digitalization and upgraded banking services and the life of people in a great extent.

◆ Services of “HELLO”

Hello started with offering basic features: Cash In, Cash Out, Fund Transfer, and Mobile Top up along with innovative ones as well like payment of micro life insurance premium, micro saving products interest, and foreign remittance disbursement, utility bills payment, corporate salary payment, passport fees collection, and others.

Findings and Analysis:

◆ 1. Number of Customer reached.

The following table shows the number of customer that was reached through the mobile banking service. Within the one year it is indeed a good performance.

Table 4: Numbers of customers reached with “Hello” mobile banking service.

Year	Customer Served	Agent	Distributors
May 2014- Dec 2015	1,87,621	12,677	80

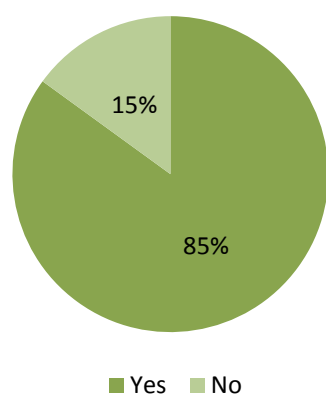
Besides, in 2015 they have modified this service and take it to another step by bringing “SMART App” for the smart phone user to make it easier for them to have access to the banking service.

◆ 2. Lack of customer awareness:

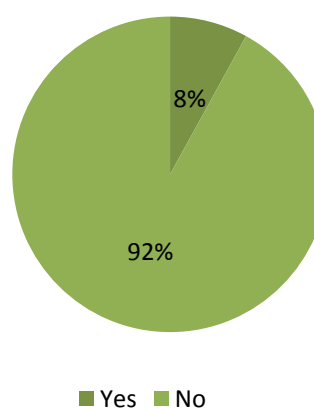
Though this is an indeed an innovative service of Bank Asia Ltd but it has very poor reorganization among people. In the annual report 2015 of Bank Asia a survey has been showed about the awareness of the new product which is presented below.

Diagram 12 & 13: the percentage of Recommendation and Awareness

Respondents recommendation



Awareness



The above pie charts show that the marketing done is not at all enough by the bank. Only 92% people are aware about it as a result the higher recommendation percentage of 85% is not being effective much. More awareness should be created by the bank for more financial inclusion.

3.3.7(3) Financial Inclusion in economically disadvantaged areas- EBEK (Ekti Bari Ekti Khamar):



EBEK is a government project for the ultra-poor people of Bangladesh focusing poverty eradication and reducing poverty level upto 10% within 2021. The goal is poverty alleviation through e-financial inclusion followed by family farming livelihood and income generation of the under privileged and smallholders of the country. Government wants to help the poor people by encouraging saving, providing grants, engaging & monitoring their economic activities as a group in each village of Bangladesh. At present three commercial banks are engaged with it. Bank Asia is one of them.

🚦 EBEK of Bank Asia Limited

Bank Asia Limited started its service with a vision to serve with modern & innovative banking. And as part of the bank's commitment to provide all modern and value added banking service in keeping with the very best standard, bank is offering online banking with added delivery channels like ATM, Tele-banking, SMS banking, net banking, mobile banking and so on.

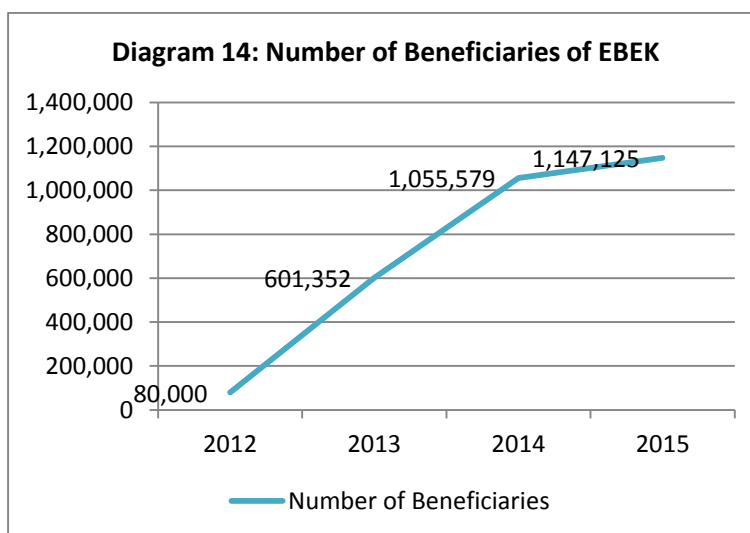
Alternative Delivery Channel currently working EBEK Mobile Banking system of Bank Asia Limited with technological support of its sister concern Era InfoTech Limited. Bank Asia Limited has been working in the project in two ways providing project management solution through ERA InfoTech and offering Banking services to the Project up to individual beneficiary of villages nominated by the EBEK project office

Target Beneficiaries

In the project areas, the heads of the following categories of households will be considered as target population to be determined based on the following criteria:

1. Poor women-headed households in the village;
2. Households having only homestead;
3. Landless people and those who own land up to 0.50 acre of land including homestead and who earn their livelihood by selling manual labor and have no regular sources of income.
4. Small and marginal farmers having up to 2.50 acres of land including homestead

Findings & Analysis:



◆ The upward slope of diagram 14 shows the increase amount of beneficiary reached by Bank Asia Ltd of the project EBEK. It has started this service from June 2012 and reached a total of 1,147,125 people of 35 district and 252 upazillas within the last four years.

3.3.8 “Green Financing”- an initiative by Bank Asia Ltd for Sustained Growth

Banking business was only considered to be related with savings and lending credit before. But now there is a shift happened to this thought. In case of investment Bank Asia tries to ensure the fact that the financing brings never ending benefits for the borrower and society. For this purpose it is engaged in green financing.

Green financing is a way by which the bank tries to ensure that the investment not only adds value to the life of the borrower but also more life to the environment.

3.3.8 (1) Agriculture:

Bank Asia always thrives for financial inclusion through banking the un-banked. As a part of this they always try to be a companion of those who have the potentiality but no opportunity. It is encouraging lots of farmer by disbursing very low interest agri/rural credit by its own network and NGO network to the low income groups like share croppers or marginal farmers etc.

Finding & Analysis

Table 4: Amount of Agriculture and Rural credit and total beneficiary number.

Year	Agricultural/rural credit	Number of beneficiaries
2011	1,227.96	60,000
2012	1,520	100,872
2013	1,586.25	80,876
2014	2,416.69	85,317
2015	2,158.60	92,760

The above table shows the financing of the bank in agricultural sector. Every year it has financed more amounts ensuring more farmers employment. If the number of beneficiaries are summed up then the bank has given employment opportunity to 4,19,825 farmers in the last five years.

3.3.8 (2) Financing “Solar Home System”

Bank Asia is committed to enlighten every rural home with green electricity. At present only about 40% of the rural households in Bangladesh have access to grid electricity. For the rest of the areas are not connected to the national grid, life becomes standstill there after sun-set. Giving priority in this sector Bank Asia has been supporting to import and install solar home systems in the off grid area.

Finding & Analysis:

Table 5: Amount of Investment in Solar System and number of total beneficiary number.

Year	Investment for Solar system (in Million)	Number of beneficiaries
2011	54.00	1600
2012	10.0	650
2013	30.0	2500
2014	0.04	200
2015	0.03	550

- ◆ The above table shows the investment done in the last few years. It has helped 2900 people to get green electricity. Besides, a total of 6500 people till 2015 have been helped by Bank Asia Ltd as a green investment.

3.3.8 (3) Investment in “ETP” and “HHK” technology and other Eco-friendly businesses:

Strong preferences are given in financing eco-friendly business activities and energy efficient industries. The Bank encourage investment in establishing environmental infrastructure such as renewable energy project, clean water supply project, wastewater treatment plant, solid & hazardous waste disposal plant, bio-gas plant, effluent treatment plant (ETP), hybrid Hoffman kiln (HHK), Tunnel Kiln Technology (TKT).

✚ **ETP or Effluent Treatment Plant:** It is a process to convert wastewater into an effluent that can be either returned to the water cycle with minimal environmental issues or reused. It disbursed an amount of 35 million in 2013 and 0.50 million in 2014. So in total the bank has disbursed 40 million for ETP.

✚ **HHK or Hybrid Hoffman kiln:** It is a name of a technology that combines use of green bricks produced by mixing powdered fuel with clay; and utilization of waste heat by transferring the heat to an adjacent tunnel dryer to dry green bricks. In 2011 the bank has disbursed an amount of 346.81 million and amount 180.12 in 2012. So it has in total disbursed an amount of 526.93 for this purpose.

✚ **TKT or Tunnel Kiln Technology** is a modern environment friendly & energy efficient bricks manufacturing technology. In 2014 it has disbursed an amount of 138.33 million and 467.25 million in 2015. So it has in total disbursed an amount of 605.58 million.

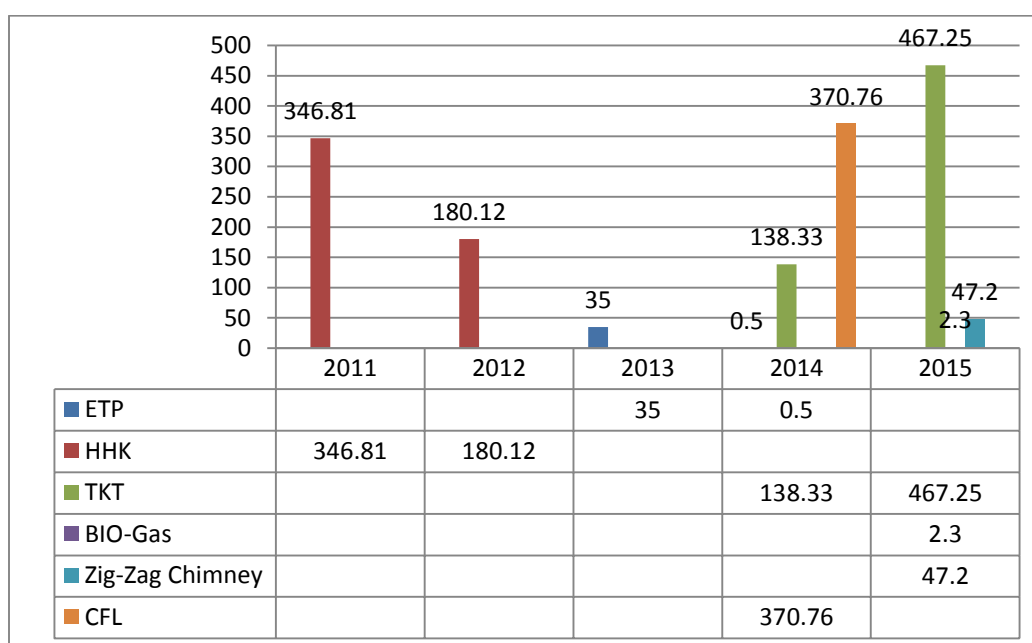
✚ **Bio-gas:** It has disbursed an amount of 2.3 million to a client for bio-gas purpose.

✚ **Zig-Zag Chimney:** Bank Asia also financed Tk. 47.20 million in 8 projects to set up Zigzag chimney for better energy efficiency and lower emissions.

✚ **Energy efficient “Compact Fluorescent Lamp (CFL):** As a part of green banking activity, Bank Asia financed Energy Saving Lamp Industry. Energy saving lamp saves energy 4 to 5 times than the incandescent light which will reduce emission of CO₂ each energy saving lamp

prevents production of 100kg of CO₂, a relief of global warming and air pollution. Bank Asia financed Tk. 75 million to BD Thai Cosmo Ltd. which intends to manufacture and assemble different types of power saving electrical lights popularly known as Compact Fluorescent Lamp (CFL) and disbursed Tk. 295.76 million to Nasir Energy Savings Lamp Ind. Ltd.

Diagram 15: Green Financing within the five years at a glance



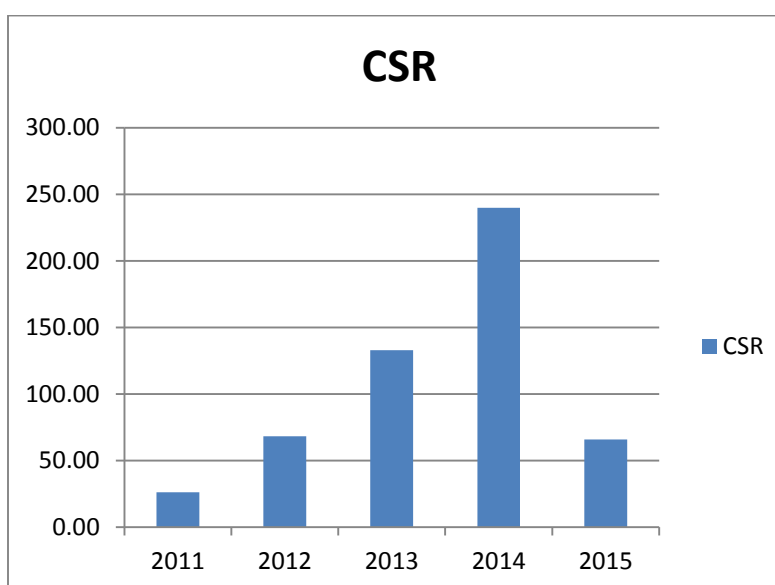
The above diagram shows the overall disbursement by the bank for green financing. The bank has disbursed in different sectors such as ETP, HHK, CFL, TKT, Bio-gas, Zig-zag chimney etc because these will ensure less carbon is emitted by the production activity happening by different business institution. This can be classified as indirect financing by the bank for the safety of environment.

3.3.9 Building the Community”- Analysis of CSR activities of Bank Asia Ltd.

The President and Managing Director of Bank Asia Ltd said- “Sustainability to us is not a generosity but an accountability to develop our communities.”

Bank Asia is always aware of its Corporate Social Responsibility (CSR) with an aim to ensure the Bank as a socially responsible corporate entity contributing towards quality of life of the society at large without compromising an ecological condition.

Diagram 16: Total Expenditure for CSR activities.



- ❖ 1. From the above diagram it is clearly seen that in 2014 it has done the highest CSR activities but in 2015 it has decreased significantly. It should increase the amount of CSR activities for more sustained growth of the society.
- ❖ 2. In 2015 it has less expenditure in health, disaster management, environment, sport art and other sectors. In only education sector it has done comparatively more expenditure in the year 2015. For this reason the total expenditure amount has decreased in 2015 which is presented listing in the following table.

◆ 3. In the following table 6 the CSR activities of Bank Asia are compared by the sectors of the last five years. It has a fluctuating trend of contribution in Education, Health, and Disaster management sector throughout the last five years. There is also fluctuation in the Sport, Art and other activities of the bank. In the Year 2015 it has the highest contribution in Education sector and Health sector.

Table 6 : CSR expenditure comparison of Last five years.

Year	Education	Health	Disaster Management	Environment	Sport	Art	Other	Total
2011	15.95	1.43	0.69	1.06	0.05	0.51	6.41	26.10
2012	18.44	5.74	21.55	0.00	1.23	0.47	20.79	68.22
2013	30.74	72.58	21.15	0.74	3.61	1.58	2.58	132.98
2014	13.44	90.28	11.14	0.12	5.20	16.12	103.54	239.84
2015	17.37	18.25	9.78	0.05	4.50	2.12	13.85	65.92

**Sustainable Banking Activities Compared
to
DBBL-“Dutch Bangla Bank”**



ডাচ-বাংলা ব্যাংক লিমিটেড
আপনার বিশ্বস্ত সহযোগী

3.3.10 Sustainable Banking Activities Comparing to “Dutch Bangla Bank”

Dutch-Bangla Bank is Bangladesh's most innovative and technologically advanced bank. Dutch Bangla Bank Ltd stands to give the most innovative and affordable banking products to Bangladesh. Dutch-Bangla Bank started operation is Bangladesh's first joint venture bank. The bank was an effort by local shareholders spearheaded by M Sahabuddin Ahmed (founder chairman) and the Dutch company FMO.

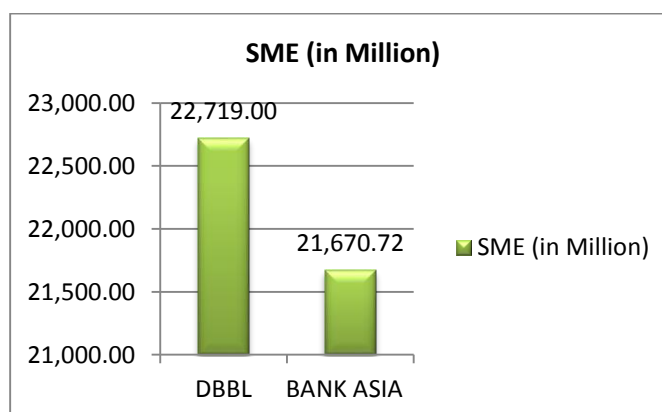
I have chosen this bank because amongst private banks, Dutch Bangla Bank is the largest donor in to social causes in Bangladesh. It stands as one of the largest private donors involved in improving the country. I have compared Bank Asia Ltd sustainable activities along with DBBL activities which are described below.

3.3.10 (1) SME loan:

In our country unemployment is a big problem which is a barrier to be a developed country. In this situation self employment can be count as an important solution because it not only makes a person employed but also create employment opportunities for others. Small & medium enterprise loan or SME is a great initiative by banks to provide opportunities to those people who have potentiality but no financial support.

The amount of SME disbursement by two banks is showed below in diagrams.

Diagram 17: SME loan disbursement during 2015



Findings & analysis:

- ◆ 1. The amount disbursed by DBBL bank is slightly higher than Bank Asia Ltd. the reason would be the strong and distributed mobile banking network of DBBL in every district of the country.
- ◆ 2. Both the bank has SME help desk. But DBBL has also created “women entrepreneur dedicated desk” for extending support to SME entrepreneurs.

3.3.10 (2) Cluster Financing

Bank Asia ltd has launched a separate collateral free product name “PROBAHO” for cluster financing which is a great initiative for financial inclusion. it has disbursed Tk. 26.50 million to Electrical Product Manufacturing Cluster located at Jurain, Shampur of Dhaka. On the other hand DBBL has no separate product or service to do cluster financing.

3.3.10.(3) Agent banking

Agent banking means providing Banking services to the Bank customers through engagement of agents under valid agency agreements, rather than Bank’s own Tellers/Cashiers. Agent is the owner of an outlet who conducts Banking Transactions on behalf of the Bank.

Table 7: Agent banking distribution till 2015

Bank Name	Launching date	Agent	Sub-agent or Agent points	District covered
DBBL	January, 2015	255	152	53
Bank Asia	December, 2013	12,677	200	33

Findings & Analysis:

- ◆ 1. Though Bank Asia Ltd has more agent than DBBL still it could not reach as many districts as DBBL due to having no Sub-agent. Agent point is the place where customer can get agent banking services.

❖ 2. DBBL has made their service authentic by introducing Biometric Agent Banking. The specialty of the service is that all the customers of agent banking will be authenticated using biometric finger prints. It is a 100% secured new banking system where every transaction is completed by verification of customers' Finger-Print through a Biometric Machine.

3.3.10. (4) School Banking:

Both the bank is providing the service of school banking for ensuring saving habit in the new generation. Both the bank is doing well by engaging the young generation to the banking services.

Table 8: Total Number of School banking accounts.

Name of Banks	Number of total account
DBBL	98,328
Bank Asia Ltd	573

Findings & Analysis:

❖ 1. DBBL has got more school banking account than Bank Asia Ltd till 2015 due to its high and campaigns, done in different school and colleges in different districts. The bank has ensured more awareness within students through good level of regular marketing activities of it.

3.3.10. (5) EBEK (Ekti Bari Ekti Khamar):

EBEK is a government initiative for alleviating poverty. The goal is poverty alleviation through e-financial inclusion followed by family farming livelihood and income generation of the under privileged and smallholders of the country. At present three commercial banks are engaged with it. Bank Asia is one of them.

Findings & Analysis:

- ◆ 1. DBBL has not yet started these initiatives. As it have strong mobile banking network in almost 64 districts it could have started this initiative for more poverty alleviation and financial inclusion.
- ◆ 2. Bank Asia Ltd has already made an inclusion of total 1,147,125 people within the last four years. DBBL still have not taken any step for this.

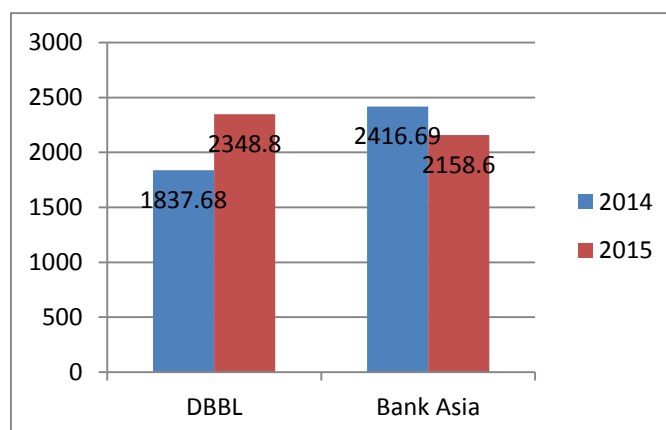
3.3.10.(6) Agricultural /Rural Credit:

Both the banks are playing major role to serve the people who are engaged in the most important sector of our economy Agriculture. Both the banks are providing agricultural and rural credit in different districts of the country and encouraging employment.

Table 9: Number of total SME/Agriculture Branches.

Name of the Banks	Total SME/Agriculture Branches
DBBL	7
Bank Asia Ltd.	4

Diagram 18: Total Agricultural/Rural credit amount in the year 2014 and 2015.



- ◆ 1. DBBL has slightly more investment in Agricultural sector. The reason is visibly the higher amount of branches it have. They have identified those branches in different division which are identified and playing important role as agricultural hub in different division of the country.
- ◆ 2. In 2014 DBBL has less disbursement in this sector comparative to Bank Asia Ltd but in 2015 it has increased from the previous year and also from Bank Asia Ltd.

3.3.10.(7) OPGSPs service “PAYONEER” and E-Payment Gateway Service

- ◆ 1. Bank Asia Ltd is the only bank which currently providing the service of online payment gateway service “PAYONEER”. This has encouraged the exporters of our country for more export business and also contributing to the inward remittance. DBBL has not yet giving any service like this.
- ◆ 2. First time in the country E-Payment gateway service is provided by DBBL that has made it easier to purchase online, pay utility bills, tuition fees etc without having an account and paper notes. Bank Asia also is providing this online facility through a product named “HELLO” but due to lack of marketing of the product the product has not got much attention.

3.3.11 CSR activities of the banks during 2015

Corporate social responsibility is very important for a developing country like Bangladesh. All the private and public banks are engaged in different types of CSR activities which are playing important role for changing many people’s life. Both DBBL and Bank Asia Ltd is doing several CSR activities from the time they have started their journey in the country. Those activities are separately showed listing below for the year 2015.

3.3.11. (1)DBBL CSR activities

DBBL has done several CSR activities in different sectors which are separately listed below.

Table 10: Contribution to Educational sector in year 2015.

EDUCATION	
Activities	Tk. (in Millions)
1. SSC Scholarship (4025 students)	0.03
2. DBBL – Prothom Alo Ganit Utshob.	7.503
3. Donation for Bangladesh Physics Olympiad	3.13
4. Donation to Narayanganj Bar Academy at Khanpur for Constructing School Building	13.00
5. Donation to Uddayan Biddaloy (Committed)	5.00
6. Donation to EKMATRO an academy for for underprivileged students.	5.00
7. Donation to Shahid Sriti College, Mohongonj, Netrokona for infrastructure development	2.50
8. Donation to CIVIC Bangladesh for re-constructing school building (Committed)	3.50
9. Donation to Dept of Development Studies for Dhaka University for refurnishing meeting room	2.5
10. Grameen Bohumukhi Unnayan Sangstha for providing Solar Lantern among 300 Families and 15000	0.525

students.	
11. Donation to Uttara Development Program Society	0.60
12. Others	0.025
Total	34.2855 (Except the Committed amount)

The total amount contributed for the development of educational sector Tk. 34.2855 million in the year 2015.

Table 11: Contribution to the Health sector in year 2015.

HEALTH	
Activities	Tk. (in Million)
1. Donation to Diabetic Association	35.00
2. Donation to National Institute of Burn & Plastic Surgery. (Committed)	20
3. Donation to Anjuman Mofidul Islam for construction of Health Complex (Committed)	60.0
4. Donation to Military Hospital	130.00
5. Donation to Bangladesh Ship Breaker Association	0.10
6. Donation to SHEBA Health Center	1.20
7. Donation for Blind People	3.84
8. Donation for Medical Treatment	2.26
TOTAL	172.40 (Except the Committed amount)

Total amount of Tk. 172.40 million was contributed to the health sector.

Table 12: Contribution for Disaster Management in year 2015.

DISASTER MANAGEMENT	
Activities	Tk. (in Million)
1. Donation to People affected by Kalboishakhi,	6.30
2. Donation for Social development	0.30
3. Donation for constructing a bridge over Bizna Gang River on Kashbakuti road, Brahmanbariya	25.00
4. Five storied Mosque Complex at Mirpur DOHS, Dhaka (Committed)	20.00
5. Donation to Legal Assistance to helpless prisoners	1.50
6. Donation to Kalkini Community Service Provider Foundation	1.00
TOTAL	34.10 (Except the Committed amount)

Total amount of Tk. 34.10 was contributed for the disaster management of the society.

Table 13: Contribution for Sport, Awareness and other activities in year 2015.

SPORT, AWARENESS AND OTHER ACTIVITIES	
Activities	Tk. (in Millions)
1. Sport	4.50
2. Awareness	6.35
3. Others	2.45
TOTAL	13.30

Total amount of contribution to Sport, awareness purpose and other activities is a total amount of Tk. 13.30 million.

3.3.11.(1) CSR activities of Bank Asia Ltd

During the year 2015 Bank Asia Ltd has done several CSR activities which are listed separately below.

Table 14: Contribution to Educational sector during year 2015

EDUCATION	
Activities	Tk. (in Millions)
1. Higher study scholarship program of Public University	17.368
TOTAL	17.368

The total amount contributed to educational sector by Bank Asia Ltd during 2015 is total Tk. 17.368 million.

Table 15: Contribution to Health sector during year 2015

HEALTH	
Activities	Tk. (in Million)
1. Donation for the construction of Nurse Hostel	95.87
2. Donation for the construction of Outdoor Patient Department of Holy Family Red Crescent Medical College	53.59
3. Donation from Bank Asia Donor Group.	18.253
TOTAL	167.713

The total amount contributed to the health sector in 2015 was total Tk. 167.713 million.

Table 16: Contribution for Disaster Management during year 2015

DISASTER MANAGEMENT	
Activities	Tk. (in Million)
1. Distribution of warm cloths	8.28
2. Donation to the earthquake victims of Nepal	1.50
TOTAL	9.78

The total amount contributed for disaster management in 2015 was total Tk. 9.78 million.

Table 17: Contribution for Environmental Awareness during year 2015

ENVIRONMENTAL AWARENESS	
Activities	Tk. (in Million)
1. Awareness activities for environmental issues.	0.052
TOTAL	0.052

The total amount contributed for disaster management in 2015 was total Tk. 0.052 million.

Table 18: Contribution to Sport sector during year 2015

Sport	
Activities	Tk. (in Million)
1. Donation to Bangladesh Football Federation	4.50
TOTAL	4.50

The total amount contributed to Sport sector in 2015 was total Tk. 4.50 million.

Table 19: Contribution to Health sector during year 2015

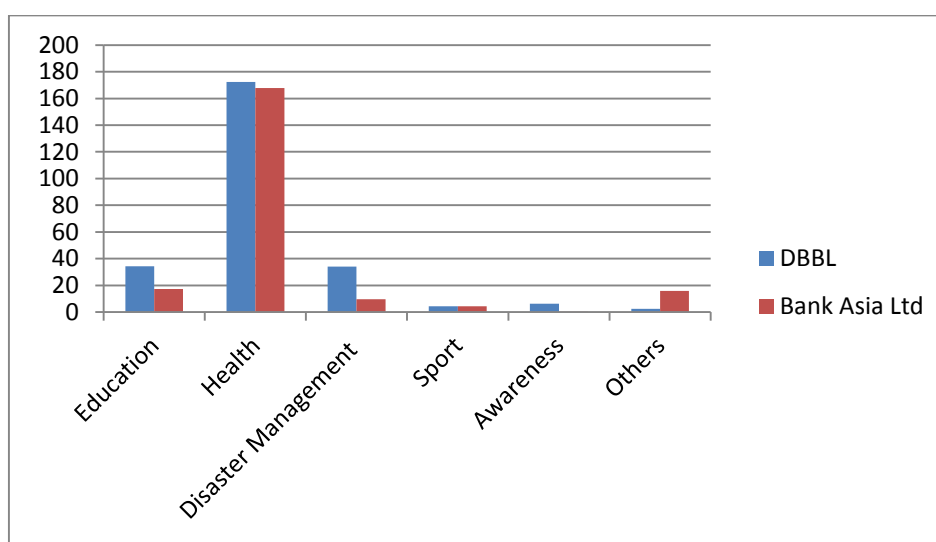
Arts, Culture & Other Social projects.	
Activities	Tk. (in Million)
1. Art & Culture	2.12
2. Others Social Projects.	13.85
TOTAL	15.97

The total amount contributed to health sector in 2015 was total Tk. 15.97 million

3.3.10.(8) Comparison of CSR activities by both the banks in the year 2015

Diagram 19 shows the comparative contribution of both the banks in the year 2015. DBBL has made more contribution to the education, health, disaster management, sport, awareness etc sectors. Bank Asia has more contribution in some other CSR activities.

Though there are differences in total contribution by both the banks but their cumulative actions are playing vital role for the development of the society and for changing life of thousands of people every year.

Diagram 20: Total CSR contribution comparison of the banks.

Chapter 4: Results and Recommendation.

4.1 Results:

After analyzing the concept of Sustainable Banking and the activities of Bank Asia Ltd regarding this, I strongly agree to the fact that there can be no alternative to Sustainable banking for creating never ending development opportunities, essential for any developing or under developed countries.

4.1.1 Results on the concept of Sustainable Banking

1. It can bring a win-win situation for the intermediaries where they can earn profit while ensuring the development of people and being protective to planet.
2. Charity cannot be solution to end poverty; the best solution is to create self employment opportunity which will eventually help self employed people to create further employment opportunity for others.
3. If people become self employed, their standard of living will be updated which will create more customer segment for the bank afterwards. So expenses that the banks are doing to make people self employee is not only bringing sustainable development to the economy but also creating future opportunities for the banks.
4. A country cannot develop with high poverty rate and high level of unemployment rate where Sustainable banking is the door leading to development.
5. Financially excluded people are the barriers to development for our country but they are also the emerging market for the intermediaries.

4.1.2 Results on the discussed activities of Bank Asia Ltd.

1. A cluster financing is very beneficial way to deal with well-defined and recognized group. The initiative of Bank Asia through PROBAHO is an example of this.
2. “Payoneer” is making export related business easy and secured and also encouraging more entrepreneurs for export related business.
3. “Smart Junior Saver” is engaging the juniors to the banking services who can be potential customers or entrepreneurs in the future.

4. Agent banking is very essential to distribute the banking services to every corner. The increasing number of savings and other banking services trend found through diagram 9, 10, 11 is an indication that the more Bank Asia will make it available to the dispersed region the more potential customer it can discover.
5. By reaching more than 0.10 million within one year time is a great success for the product HELLO. Besides an era where mobile is a part of our life, products like this can play a vital role for the bank to reach new customer segment.
6. Though EBK is a government initiative, it can play a marketing role of the bank working in support of the project.
7. Bank itself don't pollute the environment but it can ensure that the money they are lending is not going in the wrong hand which might be used for pollution purpose. Bank Asia Ltd is aware about this and lending more credits for Green Financing purpose.

4.1.3 Results in Comparison with DBBL.

1. DBBL has disbursed more loans for SME during year 2015 because of strong distributed network. It has covered almost 64 districts through its mobile banking and 55 districts specifically is covered by agents for ensuring more people getting their banking services. Beside it has separate women entrepreneur help desk through which they are dedicating a department to deal with the empowerment of women of this country.
2. For cluster financing DBBL has not taken any specific initiative like Bank Asia has brought a product called Probaho.
3. For school banking DBBL is a popular name to the students because of its high marketing and campaign activities in different educational institutions around the country.
4. Bank Asia is having competitive advantage than DBBL for the services like Payoneer and EBK project.
5. DBBL is having competitive advantage by having largest mobile banking network, regular and frequent print media or commercial advertisements and for regular customization of their products and services.

4.2 Recommendation:

Some recommendation for Bank Asia has been mentioned below

1. Bank Asia should have more agent distributed in different districts to know which region, village or union has demand of which types of products and can innovate service according to their demand.
2. The banks should start finding potential customers outside the city and should bring products and services to them which those people may find free of complexity so that more financial inclusion can be done.
3. The bank should give more focus on digitalizing the services and on the mobile banking services to reach more people.
4. The marketing of the products and services should be viewed with more impotence. It should be marketed in a way that people only think of Bank Asia whenever they are faced with any national or international banking service problem.
5. It should do more campaign on the educational institution and can sponsor more competition programs that will help them for raising more awareness about the bank within people.
6. It should make the internal software systems that will tie all the branches and agent points together so that it is easy to know information, and to take necessary steps by sitting on a chair.
7. It should have compared the progress within branch to branch of different districts so that new potential customers can be identified and solution of common problems can be solved.
8. They can make specific departments for solving specific problems especially the problems which can give the bank to connect with a new customer segment for example DBBL has a separate department for women entrepreneurs.
9. Surveys should be done on the existing customers of different services to know what the satisfaction level and how much is the tendency of switching.
10. They can sponsor those programs which can indirectly connect them to large amount of people for bringing more awareness to people.

Bank Asia Ltd is an example of modern bank at present time. The above steps will help it for more financial inclusion and sustainable development. It will help them to create more awareness within people about the product and services along with more competitive advantages.

4.3 Conclusion:

“When we want to help the poor, we usually offer them charity. Most often we use charity to avoid recognizing the problem and finding the solution for it. Charity becomes a way to shrug off our responsibility. But charity is no solution to poverty. Charity only perpetuates poverty by taking the initiative away from the poor. Charity allows us to go ahead with our own lives without worrying about the lives of the poor. Charity appeases our consciences”

- Dr. Muhammad Yunus

Charity can never bring permanent solution to poverty. We should come forward with ways which will support financial stability and “Sustainable banking” indeed can be that way. Financial intermediaries can play great role to increase financial inclusion and green banking investment for sustainable changes to the problems like poverty and environmental degradation. However, Banks has to choose the right kind of financial inclusion and investment sectors. Financial inclusion and green investment if brought to those people who have no financial knowledge then it will be a total loss for the intermediaries. So, smart choices should be made by the intermediaries to ensure sustainable development. The number of private commercial banks is rising every year which proves the demand of banking services within the people of our country. If proper sustainable investment decisions are made and the link that the intermediaries hold within the surplus and shortage section are properly utilized, then great differences are possible to be made in the present time and also for the future generation.

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