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**SME Banking
of
“Standard Chartered Bank”**

SME Banking of “Standard Chartered Bank”



INTERNSHIP REPORT

Prepared For:

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LETTER OF TRANSMITTAL

October 22, 2007

Mr. Suntu Kumar Ghosh
Senior Lecturer
BRAC Business School (BBS)
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Dear Sir,

It was my great pleasure that I have the opportunity to work on the project, which is SME banking of "Standard Chartered Bank". I have completed my internship program as a part of B.B.A curriculum to observe closely and studied different practical aspects of Standard Chartered Bank.

Internship works as a bridge between the Academic and the Practical knowledge. Practical exposure is very much necessary to adopt with the environment where we have to work. I am very much fortunate that I got the opportunity to work with some experienced and devoted professionals to get acquainted about the Banking environment by their helping hand.

I tried my best to put meticulous effort for the preparation of this Report. Any shortcomings or flaw may arise. However, I will wholeheartedly welcome any clarification and suggestion about any view and conception disseminated in my Report.

Thanking you.
Sincerely Yours,

R. Sayeed.

Rakhshinda Sayeed
I.D no. 03104047
BRAC Business School
BRAC University.

ACKNOWLEDGEMENT

I would like to take this opportunity to thank those people who have given me constant support while pursuing my internship program. First of all I thank Almighty Allah for helping me to complete this report.

At the outset I sincerely thank Mr. Suntu Kumar Ghosh, my faculty supervisor of BRAC Business School, BRAC University, for his cooperation and advice, which was an inevitable demand for me and his sincere patience made me feel privileged.

I would also thank Md. Adel Islam, Sales Team Manager and Mariam Jamila, Branch Risk Officer, Standard Chartered Bank, Banani Branch for their kind cooperation in explaining the functions of the bank and also for helping me to complete the report in a shorter form.

I would also take this opportunity to thank all other staff members of Standard Chartered Bank, Banani Branch for their constant support and sharing of their advice.

Last but not the least, I would like to thank all others, I am not mentioning here, who also helped me for successful completion of this report.

I am indebted to you all and sincerely thank you for all your efforts and advice rendered.

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Executive Summary

The internship report is on the Standard Chartered Bank one of the country's leading multinational banks operating now for the past 100 years. The report has been organized in three major sections.

The organizational section "the banking sector of Bangladesh" has been discussed. Topics in this part also detail the functional effectiveness of Standard Chartered both in Bangladesh and abroad along with a brief discussion on the services it offers.

In the second section, Business Installment Loan process has been discussed. This process starts with sourcing, then submission to credit. After that how a BIL application is initially assessed, decision like deferred or declined or verification taken is also discussed in this section. Finally, after verification how a BIL is approved is discussed in this section.

In the final section, Comparison of BIL process between SCB and BRAC Bank, is presented. Some important recommendations on the basis of findings has also been discussed.

INTRODUCTION

1. INTRODUCTION

1.1 Origin of the Report

This report has been prepared as a requirement of the internship program, after the completion of the BBA program of School of Business, BRAC University. The main objective of the internship program is to initialize the students with the actual working experience and an exposure to the world outside the theoretical explanation.

This report is based upon the Standard Chartered Bank where, I, Rakhshinda Sayeed was placed for the internship program under the guidance of my faculty advisor Mr.Sontu Kumar Ghosh and organization supervisors Md.Adel Islam, Sales Team Manager and Mariam Jamila, Branch Risk Officer, Consumer Banking Division.

1.2 Objective of the Report

The report will describe -

- A small brief of the banking sector of Bangladesh
- History of Standard Chartered Bank
- General banking and SME banking procedure of SCB in the branch
- The comprehensive process of Business Installment Loan (BIL) and how it reaches to the customer
- A short comparison of BIL with BRAC bank as one of the leading bank
- Lastly recommendation that will improve the whole process.

1.3 Methodology of the Report

All the information incorporated in this report has been collected both from the primary sources and as well as from the secondary sources.

Primary sources included direct observation and interview of bank staffs. The secondary data has been collected from the MIS of Standard Chartered Bank. To clarify different conceptual matters, Internet and different articles published in the journals and magazines have been used.

1.4 Limitations

The limitations that have been confronted by me while preparing the report are -

- I can't disclose confidential information due to bank policy.
- Though I was mainly working under the branch risk officer but I was not allowed to prepare my report of that. So, it was very difficult for me to get the information and obtain some practical ideas regarding loan department and their expectation and opportunities regarding my topic.
- Mostly all the analysis executed in the report are based upon my sole interpretation. This in result might bring some biases, as lack of knowledge and depth of understanding might hinder me to produce an absolute authentic and meaningful report.
- Available published data was very limited.

**BANK
OF
BANGLADESH**

2. Bank of Bangladesh

2.1 BANKING SECTOR OF BANGLADESH

Achievement of high economic growth is the basic objective of present economic policy of Bangladesh government. In achieving this objective, the banking sector plays an important role. All types of financial transactions are mainly done through bank. Any institution that accepts money for the purpose of lending or investment deposits from public, repayable on demand or otherwise, and with transferable by checks can be termed as bank.

The intention of banking is to ensure transfer of money from surplus unit to deficit units. There exist two types of customers in the bank. One who deposits money in the bank for safety and earn interest, while the other borrows that money from the bank to invest in a business as entrepreneurs. Therefore, banks just play the middle man and sincere associate for both the customer.

The Banking Industry in Bangladesh is one characterized by strict regulations and monitoring from the central governing body, the Bangladesh Bank. Since the country's independence Bangladesh Bank (BB) has been working as the central bank. Its prime jobs include issuing of currency, maintaining foreign exchange reserve and providing transaction facilities of all public monetary matters. BB is also responsible for planning the government's monetary policy and implementing it thereby.

The Bangladesh Bank has a governing body comprising of nine members with the Governor as its chief. Apart from the head office in Dhaka, it has nine more branches, of which two in Dhaka and one each in Chittagong, Rajshahi, Khulna, Bogra, Sylhet, Rangpur and Barisal. The chief concern is that currently there are far too many banks for the market to sustain. As a result, the market will only accommodate only those banks that can transpire as the most competitive and profitable ones in the future. Currently, the major financial institutions under the

banking system includes: Bangladesh bank, Commercial Banks, Islamic Banks, Leasing Companies, Finance Companies

Moreover the banking sector of Bangladesh mainly comprises of

- Nationalized Commercial Banks (NCBs),
- Private banks established in early 1980s,(the first generation banks)
- Private Banks established in 1999, (the second generation banks)
- New Private Sector Banks, (the third generation banks)

Nationalized commercial Banks (NCBs)

Basically, NCBs are government owned banks; as a result they have branches all over the country. Unfortunately they are operationally inefficient, and technically insolvent. They are used by the government as a means of directed lending. These banks enjoy an enormous and stable customer deposit base providing cheap source of funds. In addition, most large government related dealings are routed through these banks.

Private Sector Banks – The First Generation Banks

These were established to service the sectors not being addressed by the larger NCBs. They are not subject to state directed lending but have generally suffered from related lending to directors and their extended families.

Private Sector Banks – The Second Generation Banks

In 1995, six new licenses were granted, that resulted into much improved regulatory system as there was the emergence of better-managed banks with strong capital bases and good asset quality. All the banks gathered in this group and have successfully raised capital from the Secondary Market, with all their shares being traded in the Stock Exchange at premium.

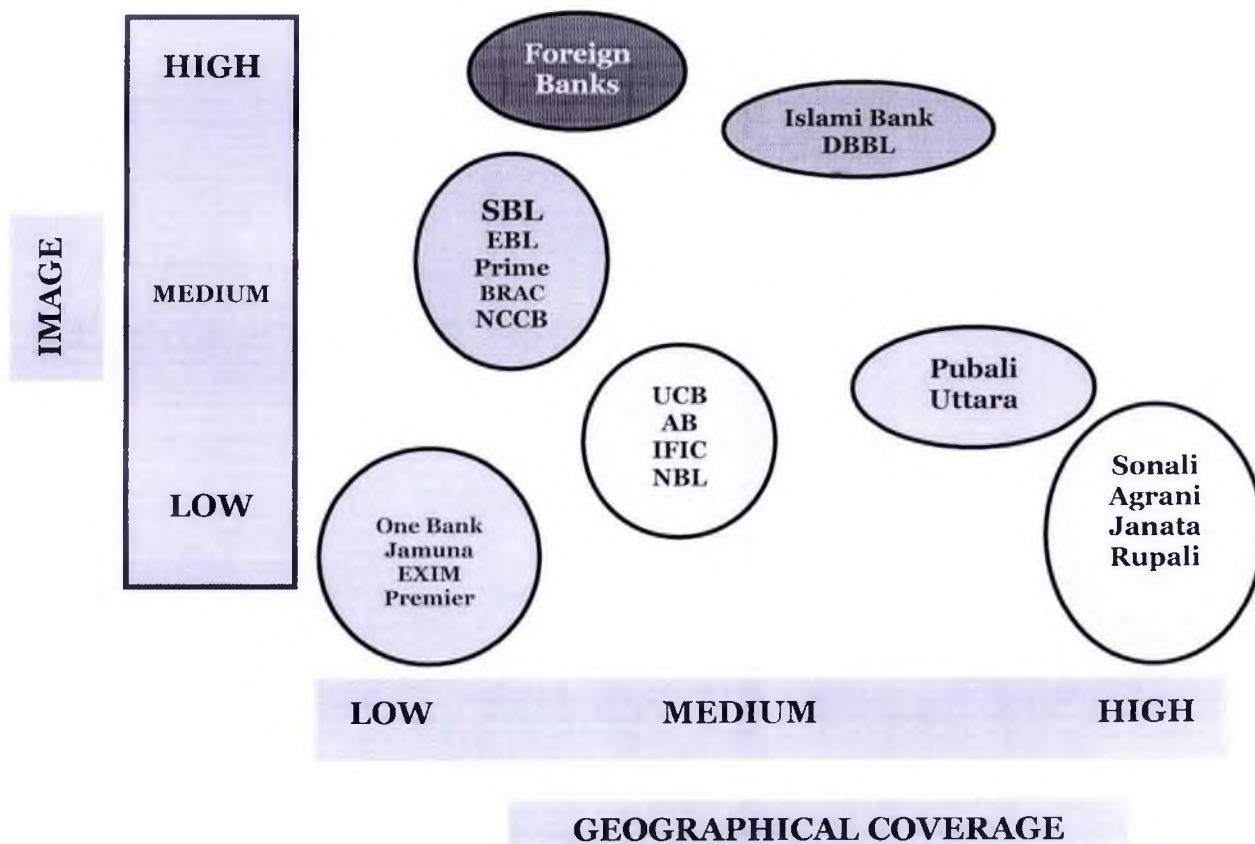
New Private Sector Banks – The Third Generation Banks

In 1999, again ten new banks were granted licenses to start operations. In this regard there were few who tried to oppose this new proposition saying that the country is being filled with banks. The majority however including World Bank itself identified that there were adequate scope for these banks to survive given the currently gaps in the market, existing interest margins and efficiency/ service level disparities. It is estimated that up to 75% of the Bangladesh economy remains unbanked. While this appears to imply that the newer banks may move downstream in terms of asset quality. In reality the last two sets of new banks are competing successfully with the NCBs and foreign banks are on the top of the market segment.

2.2 Strategic Group Map of Competitors in the Banking Industry

The nationalized commercial banks have wider market coverage but due to low quality of services provided by them their image is quite low. On the other hand we see that foreign banks have quite low to medium market share and limited geographic coverage, yet they are highly known for their high quality service. Private commercial banks fall between these groups. Among the private banks, Islami Bank is comparatively in good position because they portray themselves as a follower of the Islami Sharia of Banking, also known as Mudaraba.

Third generation banks such as EXIM Bank, Jamuna Bank etc are yet to exploit opportunities that are present in this market. Therefore their image and geographic coverage are still low. Second-generation banks such as Standard Bank Ltd, Dhaka Bank, and NCCB have been exploiting the opportunities in the market. Thus they have a medium standing in the strategic group map.



Strategic Group Map

OVERVIEW AND HISTORY OF

“Standard Chartered Bank”

3. OVERVIEW AND HISTORY OF "STANDARD CHARTERED BANK"

Standard chartered bank is world's one of the fastest growing financial institution, it has also a history of over 150years. Including all subsidiaries, associates and joint ventures SCB has stretched its 1,200 branches in over 56 countries at the Asia Pacific Region, South Asia, the Middle East, Africa, the United Kingdom and the United States of America. Standard Chartered Bank is Asia's top syndication bank and is also strong in debt financing. As one of the world's most international banks, Standard Chartered Bank employs over 44,000 people representing 89 nationalities, worldwide.

The Standard Chartered Group is remarkable banking business. Though its root is from authentic British, its operational division, its set of connections or network and indeed its profit stream are overwhelmingly international. The name Standard Chartered comes from two original banks from which it was founded. One of the banks is the Chartered Bank of India, Australia and China and the other bank is the Standard Bank of British South Africa.

The Chartered Bank was founded by James Wilson following the grant of a Royal Charter by Queen Victoria in 1853 while the Standard Bank was founded by John Paterson in the Cape Province of South Africa in 1862.

In 1969, the decision was made by Chartered and by Standard to undergo a friendly merger. On January 30, 1970 the new shares of the Standard and Chartered Banking Group Limited were listed in the London Stock Exchange. Queen Elizabeth II opened headquarters of the Standard Chartered Bank PLC in March 20, 1986. Becoming stronger after merger, Standard Chartered Bank embarked upon serious expansion in Europe and United States, The Standard Chartered Merchant Bank was built up from a number of acquisitions made during the 1990s. In the

thirty years, Standard Chartered Bank has experienced continuous growth, which led to its becoming one of the top 100 listed banks in the world. It was also judge the best bank in the Asia-Pacific region in 1993 and 1994 for its rate and excellent service.

3.1 Acquisition action taken by Standard Chartered Bank

The main initiative behind acquisition and merger is mainly for making an investment and usually involves more than simple cash. The decision of acquisition is taken for variety of reasons but the ultimate intend is to add up to shareholder's wealth. Earning of the banks operating in the consumer and wholesale banking sector, depends largely on the interest margin as well as the service charges. For this, increasing number of customer is a major concern. Increasing customer base is not easy for banks operating in foreign countries since they have to compete with local banks which in many cases are backed by government. This actuality is especially factual in Southeast Asia, where governments have quite a strict control on the financial market and the institutions.

The government and autonomous banks largely dominate our country's banking sector. The only way to attract customer is through providing high quality service. Besides they also have to be very innovative in financial products as they have to compete next to the government again in highly profitable saving instrument and low-interest loans.

Standard Chartered Bank, the largest and one of the oldest foreign banks in the country has been successfully doing business in corporate and consumer banking sector for years. It has introduced many new financial consumer and corporate products like money builder in the market.

3.2 Acquisition of ANZ-Grindlays by Standard Chartered bank

In 1928 Grindlays and Company was established by Captain Grindlays with partner. The name was changed to Grindlays Christian and Mathew's in 1839, which again changed to Grindlays and company in 1853. The first branch was opened in India at Church Lane, Kolkata in 1854 and other Indian branches autonomous from London in 1864. They were acquired by National Provincial bank Limited in 1924. National bank of India acquired Grindlays and company in 1858 and begun to operate as National and Grindlays Limited.

In August 2000, the US\$1.34 billion acquisition of Grindlays Bank was completed. This made the Standard Chartered Bank the leading international bank in India and the other countries of South Asia. The acquisition strengthened the Group's competitive position in Middle East and brought to the group a respected private banking business.

Standard chartered Bank has taken the advantage of the expansion opportunities. Buying Grindlays from ANZ now boosts it up from number five to number one among international banks in India, with some choice extra footholds in the Middle East. At 1.34 billion US dollars, it is hard to complain that Standard Chartered Bank has overpaid. The financial ease is less compelling for ANZ shareholders, as there are advantages of getting out of a strategically peripheral business. This acquisition of Grindlays Bank has added 6000 employees and 4 countries to Standard Chartered Bank's existing network of 7000 employees and 570 offices in 50 countries. The end result is that Standard Chartered Bank, which went into the 1997 Asian crisis with strong business in Hong Kong, Singapore and Malaysia, emerges with additional core markets in India and Thailand.

The deal has made Standard Chartered Bank the largest foreign bank by assets in India, Pakistan and Bangladesh and the second largest in Sri Lanka and the United Arab Emirates. The bank has been seeking to expand in the region since the end of

the Asian economic crisis, and has finally become successful in its expansion. The primary goal of the integration is to combine the best of both the banks, and put right people in right jobs on the basis of fairness and equitability.

In September 2000, the group agreed to acquire Chase's Hong Kong consumer banking business for US\$1.32 billion, which makes Standard Chartered Bank the leader in Hong Kong cards. At that time it was also announced that the chartered Trust had been sold to Lloyds TSB for 627 million pounds.

Until September 2002, both Standard Chartered and Standard Chartered Grindlays operated under the same management but as separate entities. With effect from September 2002, there was not any Grindlays - only Standard Chartered Bank.

3.3 Acquisition of American Express Bank

On June 2005, SCB formally announced that it has signed an agreement to acquire the commercial banking business of American Express Bank Limited in South Asia namely in India, Pakistan and Bangladesh. Senior officials of respective organizations signed the documents for the completion of the purchase process following relevant statutory approvals.

It is expected that after the end of the transition period all the assets liabilities of the commercial banking division of American Express will transferred to SCB. American Express will cease to operate somewhere in November and all the commercial banking division of AMEX including the branches will cease to operate as the same will be converted under SCB brand and operating platform. The acquisition consolidates SCB's position as one of the oldest serving banks offering wide range of products and services.

3.4 Global presence of Standard Chartered Bank

Standard Chartered Bank has its prominence presence in total of 56 countries all around the world. They mainly have captured the Asian region countries. Now let see the countries where Standard Chartered Bank has their offices or branches: -

Country	Year Established	Country	Year Established
United Kingdom	1853	Australia	1964
China, India, Sri Lanka	1858	Mexico, Oman	1968
Hong Kong, Singapore	1859	Peru	1973
Indonesia, Pakistan	1863	Jersey	1978
Philippines	1872	Brazil	1979
Malaysia	1875	Venezuela	1980
Japan	1880	Falkland Islands, Macau	1983
Zimbabwe	1892	Taiwan	1985
Gambia, Sierra Leone, Thailand	1894	Cameroon	1986
Ghana	1896	Nepal	1987
Botswana	1897	Vietnam	1990
USA	1902	Cambodia, South Africa	1992
Bangladesh	1905	Iran	1993
Zambia	1906	Colombia	1995
Kenya	1911	Laos, Argentina	1996
Uganda	1912	Nigeria	1999
Tanzania	1917	Lebanon	2000
Bahrain	1920	Cote d'Ivoire	2001
Jordan	1925	Mauritius	2002
Korea	1929	Turkey	2003
Qatar	1950	Afghanistan	2004
Brunei, UAE	1958		

TABLE: 1 The Worldwide Branch of Standard Chartered Bank.

Standard Chartered
in
BANGLADESH

4. STANDARD CHARTERED BANK BANGLADESH

The Chartered Bank started operating in Bangladesh in 1948, opening a branch in Chittagong. The branch was opened mainly to facilitate the post-war reestablishment and expansion of South and Southeast Asia. The Chartered Bank opened another branch in Dhaka in 1966, where it is still headquartered.

After the merger of the Chartered Bank with the Standard Bank in 1969, the Standard Chartered Bank took up a program of expansion. It increasingly invested in people; technology and premises as its business grew in relation to the country's economy. In 1993, there was an organizational re-structuring, which led to a substantial expansion of the Bank's business.

Bangladesh is under the Middle East and South Asia (MESA) region, with the controlling office in Dubai. Its correspondent relationship with Sonali Bank, the largest bank in Bangladesh, gives its customers access to all major centers in the country. Standard Chartered Bank's worldwide network facilitates convenient connections with foreign trade and remittance business. Standard Chartered Bank's branch banking license in Bangladesh allows it to offer a full range of banking services.

At present the Bank has 18 branches in Dhaka, it also have one offshore banking unit inside the Dhaka Export Processing Zone at Savar, one branch in Narayanganj, three branches in Chittagong, one branch in Khulna, one branch in Sylhet, one branch in Bogra.

In the year 1999, Standard Chartered has acquired the operation of Grindlays Bank in the Middle East and South East Asian countries. Former Grindlays Bank started its journey in Bangladesh in 1905 under the name of Grindlays Bank. Standard

Chartered Bank took-over the operation of ANZ Grindlays Bank in Bangladesh as a part of acquisition of the South East Asian and Middle East operation of the Australia and New Zealand Banking Group. SCB with its 18 branches and booths across Bangladesh has employed more than 600 people. The acquisition of ANZ has enabled Standard Chartered Bank (SCB) to access 500,000 new customers and 40 branches in India, and this made them one of the biggest banks in this region and in Bangladesh it is the largest foreign bank.

The Bank presently has 26 outlets in 5 cities in the country. The network of SCB Bank in Bangladesh includes:

- 18 Branches in Dhaka city
- 1 Branch in Savar EPZ (recently started with full banking operations)
- 1 Branch in Narayanganj
- 3 Branches in Chittagong
- 1 Branch in Khulna
- 1 Branch in Sylhet
- 1 Branch in Bogra

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

4.1 SCB Bangladesh At A Glance

Year of Establishment	1948
Head office	SCB House,67 Gulshan Avenue, Dhaka
Service Coverage & Customers	Business or Corporate Financial Services Retail or Consumer Financial Services
Products	Savings & Deposit services Loan products Corporate & Institutional Services
Number of Offices (18)	18 Branches in Dhaka 1 Off Shore banking unit at EPZ in Savar 3 branches in Chittagong 1 branch in Sylhet 1 branch in Bogura 1 branch in Khulna 1 branch in Narayangonj
Number of ATM's	35 ATM booths
Number of Bills Pay Centers	4 (Dilkusha, Gulshan, Dhanmondi 2,Banani)

Source: Internet and Internal document

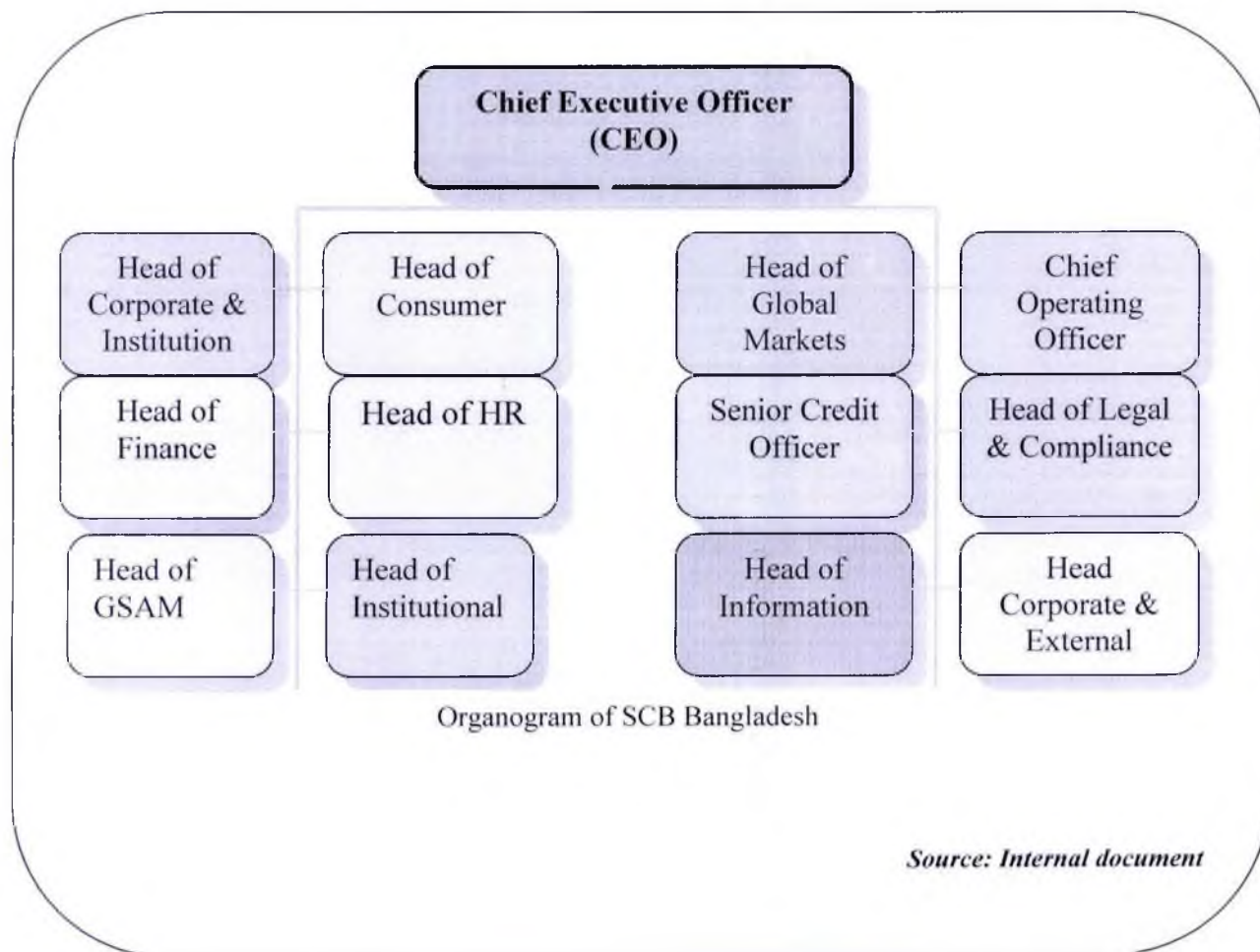
TABLE: 2 SCB Bangladesh at a glance

4.2 Chain of Command

Standard Chartered Bank in every country follows a hierarchy pattern of command. The chief Executive Officer (CEO) for the country reports to the respective regional Manager. All other departmental Heads at the headquarters report to the country CEO. Managers or Senior Managers reports to the divisional heads. The respective Branch Managers or BSSM are responsible for the performance of their unit. Each

branch is organized functionally along line divisions with some support facilities and the manager assigns tasks to his / her subordinate personnel and supervises their performance.

Organogram of SCB Bangladesh is shown below.



FUNCTIONAL
STRUCTURE
of
Standard Chartered

5. The Functional Structure of Standard Chartered Bank

5.1 FUNCTIONAL STRUCTURE

SCB Bangladesh operates with a functional structure with sufficient flexibility to obtain the benefit of matrix system of organizational structure. The functional structure that relies on grouping of people on the basis of common expertise and experience allows sufficient opportunity to become more specialized and productive by doing the same work repeatedly and over long exposure to the work.

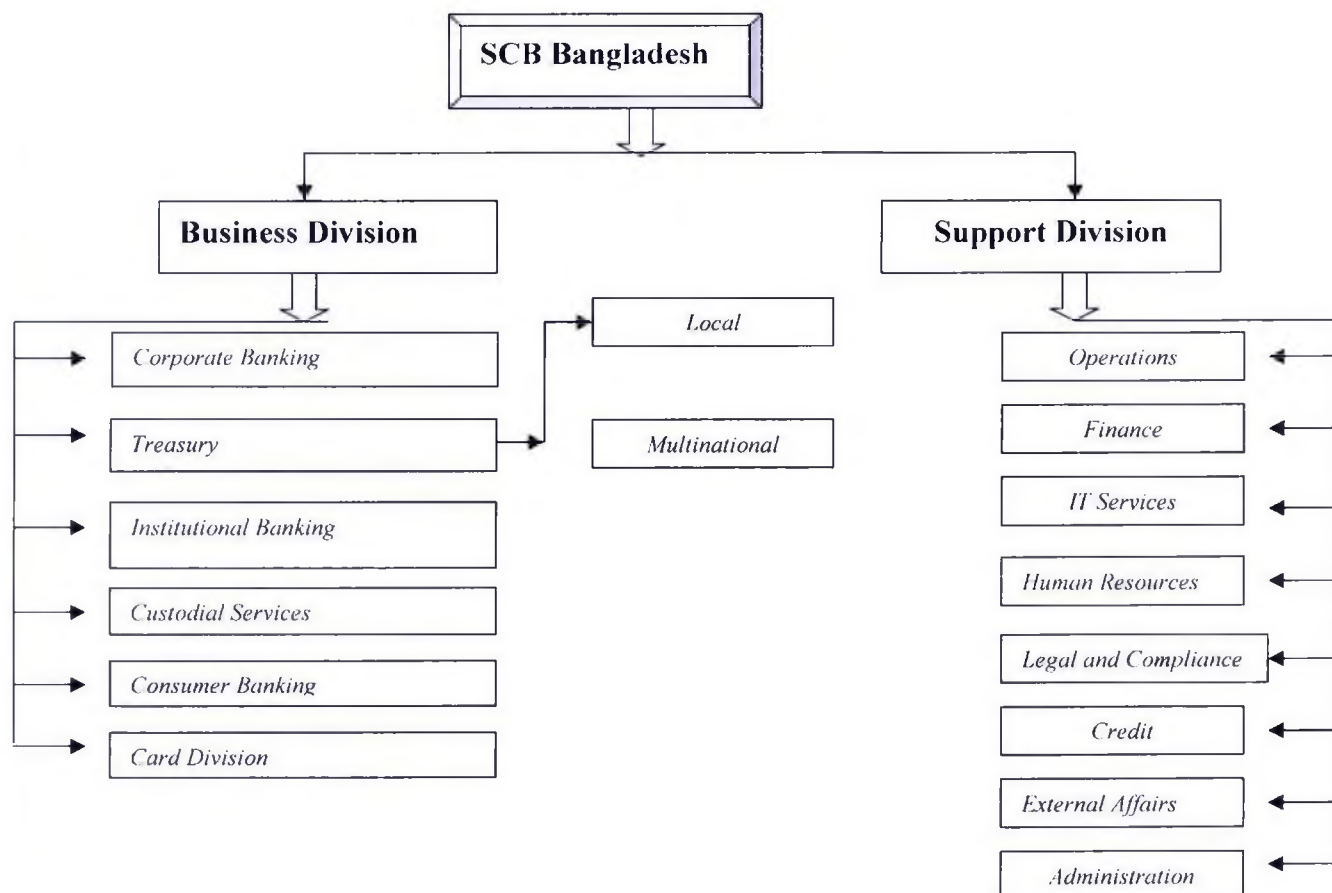
Such a structure provides greater control over quality control and effective allocation of fund and task to the employees. The structure is also conducive for the employees to enjoy greater autonomy and span of control.

At SCB, the functional structure is applied with a great deal of flexibility. That is, the bank intends to shrug off the demerits of the functional structures by implementing certain flexibility and allocation of authority that enables it to reap the benefits of matrix structure. This process at SCB is achieved by greater automation of the process by using of computer technology and forming of cross-functional teams to develop new products and improve the quality of the services or address specific operational problems. SCB is known for revolutionizing the banking industry of Bangladesh through the adoption of newer technology such as ATM machines, Tele banking, credit card operations etc.

SCB in Bangladesh can be broadly divided into two functional areas;

- Business & Support Division of SCB
- Product Division of SCB-consumer, corporate and institutional banking

5.2 Business & Support Division of SCB



Source: Internal document and Internet

FIGURE:1 Functional areas of SCB Bangladesh

Business division:

- Corporate Banking:

The Corporate Banking Group in Bangladesh has displayed a spirit of community involvement by working with NGOs to underwrite soft loans. Standard Chartered Bank offers corporate financial services to the local organizations. Corporate clients

of Standard Chartered comprises of top local and multinational companies operating in Bangladesh and all the accounts are supervised by a Relationship manager who maintains bond and provides all the necessary financial assistance. They aim to maintain detail knowledge of the client's business and to provide time worthy business solution to enhance client's development. The expertise of the Institutional Banking and Treasury groups is also support corporate client in providing financial solutions. The Offshore Banking Unit (OBU) in Savar offers full range of facilities to overseas investors. Standard Chartered Bank offers its corporate customers:

- The wide varieties of lending needs with skilled and responsive attention
- Project finance and investment consultancy
- Syndicated loans
- Bonds and Guarantees
- Local and International Treasury products

Trade finance facilities includes counselling, confirming export L/Cs and issuing of import L/Cs, backed by its international branch and correspondent loan network Bond and Guarantees Project finance opportunities for import substitution and export oriented project.

- Treasury:

Through out the world the foreign exchange and money market operation of the Standard Chartered Bank is extensive. Foreign currencies happen to be one of its special areas of strength. A 24 hour-service is provided to customers in Bangladesh through the Bank's network of dealing centers placed in the principal of the world. The Bank's treasury specializes in offering solutions to those who wish to manage interest rate and currency exposures that result from trade, investment and financing activities of other dynamic economies of the region. Treasury operations are developed in line with changing market conditions to provide the best services

to its customers. According to BAFEDA (Bangladesh Foreign Exchange Dealers Association), Standard Chartered Bank presently controls 42% of the local foreign exchange market's traded volume.

- Financial Institution:

Financial Institution Department (former Institutional Banking) is a specialized banking unit of Standard Chartered, providing products and services to the specific needs of other banks and financial institutions. It offers various services like L/C Confirmation, Negotiation, Inter and Intra Bank Guarantee, Local Bill Discounting, L/C Advising, L/C Transfer, L/C amendment advising, Reimbursement Undertaking and Authorities, Fund Transfers, Export proceeds, BDT Draft Drawing, International Payments (TT's) etc. The bank offers foreign missions, voluntary organizations, consultants, airlines, shipping lines, and their personnel the following financial services:

- Current accounts in both Taka and other major foreign currencies
- Convertible Taka accounts (these funds are freely convertible to major international currencies).

- Custodial and Clearing Services:

Headquartered in Singapore, Standard Chartered Equator fulfils the group's strategic commitment to the provision of custodial service in Asia. Equator's customers are primarily foreign global custodians and broker/dealers requiring cross border information as well as sub-custodian services. Standard Chartered Bank, Bangladesh is responsible for the planning in Bangladesh, but the overall management of the custody business is based on Equator's international business strategy.

- Consumer Banking:

Superior retail banking services comprising a wide range of deposit and loan products are offered by the Standard Chartered Bank to its individual customers. The Consumer Banking division constantly faces challenges and meets them by developing new products and services to fulfill the specific requirements of local and foreign customers. Bank offers a 24-hour service in Bangladesh through its Money link ATM network and Phone-link Phone Banking services.

- Card Division:

Card is the latest area that has been identified for rapid development. The bank is the one of the acquirers of three major cards in Bangladesh. Two of the credit cards are VISA and MASTER CARD and the one is the charge card known as Japan Credit Bureau (JCB). Standard Chartered Bank is the subsidiary or secondary agent of the credit cards and a primary agent of JCB.

SCB started its cards operation in 1989 as a part of retail banking. Initially, SCB's card market was very small, with only 30 merchants. But seeing the economies and the consumers' attitude towards the credit card, it has given the opportunity to expand their market base by acquiring high quality merchants in the chosen segment. The bank is the first to introduce the TAKA CREDIT CARD. The card is issued basically to a person's name and the specific person can use the card in anywhere in Bangladesh.

Supporting division

- Operation:

Operation is part of the support division, which helps to run the businesses of the bank in a smooth and controlled manner. Since it helps mainly in processing the works of the business units, any mistakes made can be easily detected and on time. Following are the main functions of the operations department:

- Central operations deals with the closing and opening of accounts and other payment and account related processing of the Personal Banking division.
- Treasury operations help to deal with the processing works of the treasury division. Loan Administration Unit (LAU) deals with the processing of the Corporate Banking division.
- Operations also have a department that deals with internal projects that arises from the need to deal with certain problems or to make certain changes.

- *Finance, administration and risk management:*

This department deals with the financials of the organization and reporting. It looks after administration, audit and back office operation, take care of taxation and financial control of the bank, and keeps track of overall credit operation.

- *Information and Technology Department:*

This department is instrumental in the running of all the computerized operations of the bank. They help in the implementation and generation of computerized reports. Another major duty of the department is to maintain communication with the rest of the world.

- *Human Resources:*

This department deals with the people of the organization. It manages recruitment, training and career progression plan. Standard Chartered Bank highlights the importance of developing its people to create a culture of customer service, innovation, teamwork and professional excellence.

- *Legal and Compliance:*

This department deals and ensures compliance with the local (country) and group regulations. In the UK, Standard Chartered Bank is regulated by the Bank of England, while in Bangladesh local banking laws regulate it and rules set by the

Ministry of Finance and Bangladesh Bank. It also encourages its staff to conform to an internal culture of ethical behavior and sensitivities to the culture and religion of the country.

Some of the key areas that the Legal & Compliance department has to take care of are: any kind of legal issues, to advise the CEO regarding all matters and the management on legal and regulatory issues, correspond regulatory compliance issues to MESA Regional Head of Compliance, and supervise internal control (e.g. internal audit).

- Credit:

This department is responsible for credit rating and approvals of corporate clients. The approval is mainly based on the risk analysis of the corporate clients done by the Corporate Banking division. To identify the customer and rating them on the risk basis, bank uses different scale as how to know the customer by the nationality, professional and status in the society.

- External Affairs:

The external affairs department deals with issues like social responsibility, sponsorship etc. This department deals with advertising, public relations, promotions, partial marketing which involves disseminating new products and services to customers and above all ensuring service quality.

- Social Welfare Activities:

Standard Chartered Bank believes in the interdependence of world communities and hence the need of investing in community welfare. In Bangladesh, Standard Chartered Bank is a corporate sponsor of the Young Learners' Center in Dhaka and Chittagong, which were started by the British Council. It is also involved in Fresh Water for Slum Area project with a major NGO. Standard Chartered have also funded the project of eye hospital at Dhaka.

5.3 Product Division of SCB – consumer, corporate and institutional banking

Different types of customers are targeted by different divisions. Consumer Banking Division (CB) and Corporate Banking Division namely Corporate and Institutional Banking (C & I) are two main divisions. There are different divisions for targeting different type of customers. Mainly it consists of two divisions, that is Consumer Banking Division (CB) and other is Corporate Banking Division named Corporate and Institutional Banking (C & I).

Consumer Banking

Consumer banking division meets the needs of individual customers with various products like Savings Account, Extra Value Savings Account, VIP Saver's Account, Freedom Account, Access Account, Call Deposit, Graduate Account, FCY Deposit, NFCD Fixed Deposits, RFCD Account, Personal Loans, Auto Loans, Flexi loans, Cash Line, Installment loans, etc. This department also deals with other savings instruments like education savings scheme, rainy day scheme, marriage day scheme, millionaire scheme (some printed brochures are enclosed in the Appendix)

Corporate & Institutional Banking

Corporate and institutional banking meets the needs of companies, banks and other financial institutions. Standard Chartered provides a full range deposit and loan products to its corporate clients. Rapid decision-making is an important feature of SCB's services to international and domestic companies doing business in Bangladesh. All accounts are assigned to a Relationship Manager to look after client needs. Each relationship manager keeps close contact with the client obtaining in-depth knowledge of the client's business and providing timely advice.

This division's also include products such as,

- Network banking and borrowing services like working capital loan, long term loans, short term loans, margin account
- Commercial large loans
- Real estate apartment loans
- Heavy transport buying loans
- Real estate mortgage loans
- Construction loans
- Restaurant loans

It also includes products like international trade related services such as L/C issuing, L/C amendment, L/C Transfer, L/C Confirmation, Negotiation, Bank Guarantees, etc. These products are only served to the corporate clients of the bank, and those are mostly local corporate, large and local corporations, multinational national companies.

Different Departments of SCB and the Relationship between Respective Customers

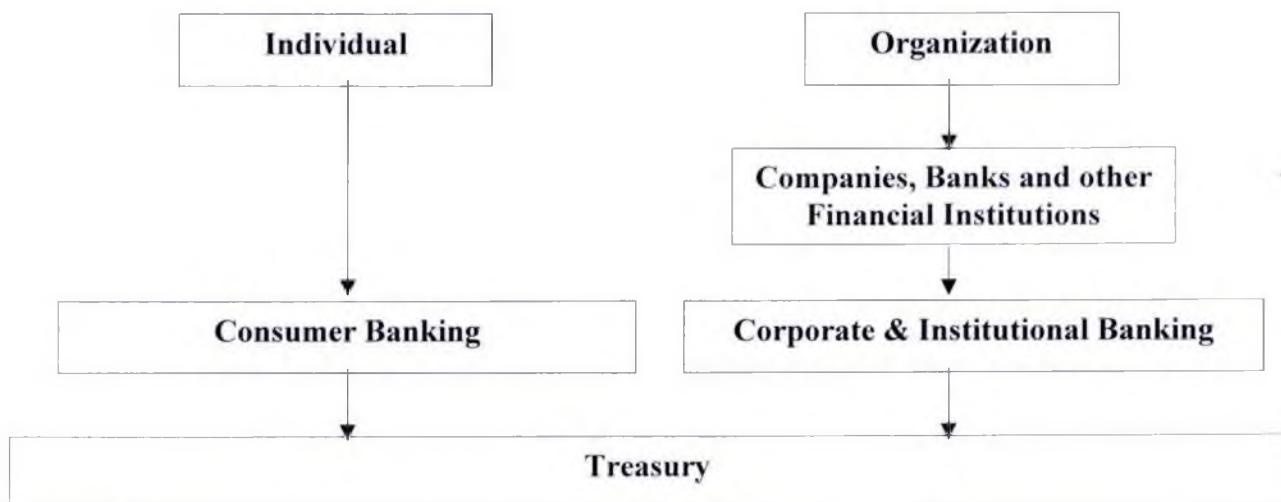


FIGURE: 2 Relationships between respective Customers with Different Depts. of SCB

This focus allows the business to develop an in-depth understanding of the bank's customer's evolving requirements. This in turn enables them to develop the products and services that help SCB stand out from the competition. Treasury

provides support to the customers of both these businesses and develops customers (both individual and institutional) of their own.

*Standard Chartered
Bank*

BANANI Branch

6. STANDARD CHARTERED BANK BANANI BRANCH

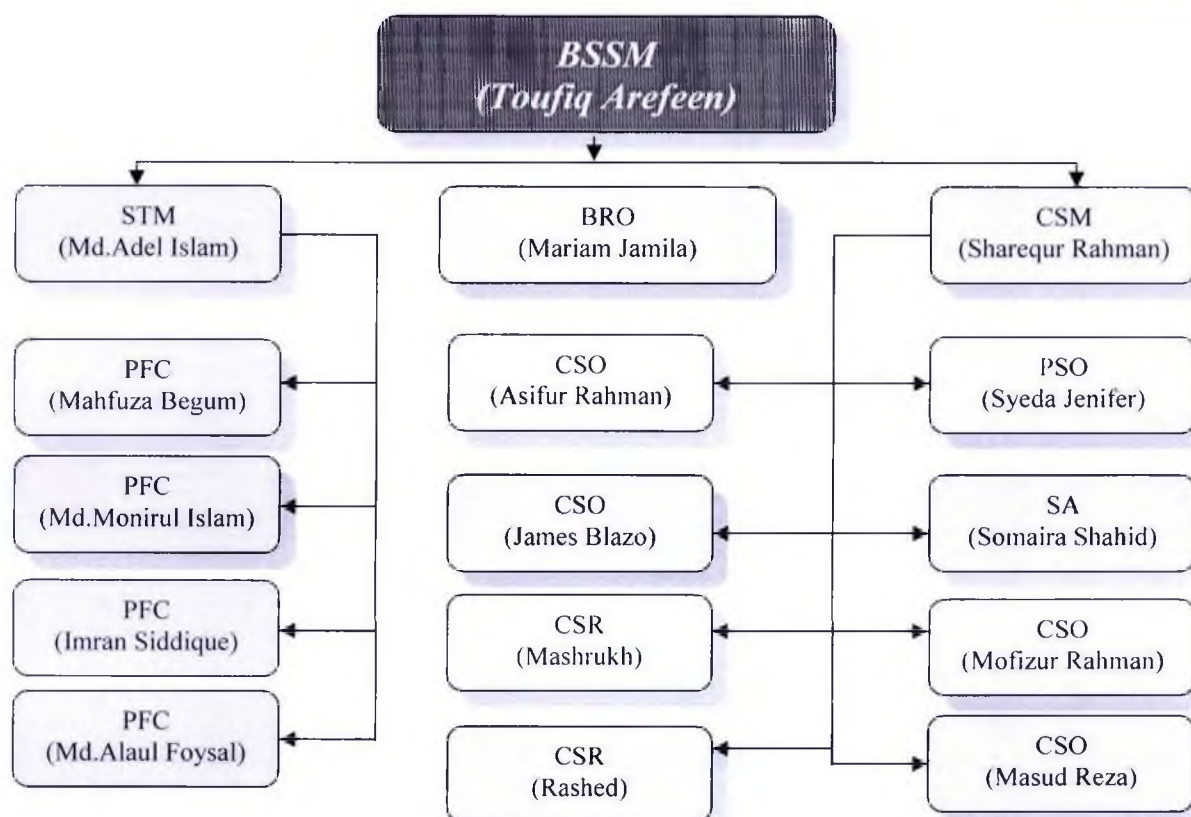
Standard Chartered Bank, Banani Branch is registered as a cash booth. However, although it is registered as a cash booth, it works as a sales and service centre like all the other branches. As this branch gets all the approval of service procedures from the head office-Dhaka Main, it does not face any legal problem.

The Banani Branch of SCB is located at the 14 Kemal Ataturk Avenue, Banani, Dhaka-1213, Bangladesh. The branch opens for business transactions at 9.00 am and continues up to 3.00 pm from Sunday to Thursday. An ATM is situated just beside branch allowing customers to have access to their accounts 24 hours a day.

6.1 BRANCH ORGANOGRAM

At Banani Branch, the Branch Sales & Service Manager (BSSM) Mr. Taufique Arefeen holds the top position in hierarchy. The manager generally monitors smooth functioning of all the departments and ensures that all the departments functions according to rules and regulations.

The Sales Team manager (STM), Branch Risk Officer (BRO) and the Customer Service Manager (CSM) works directly under the supervision of BSSM. STM looks after the Personal Financial Consultants (PFC) and the CSM looks after the Customer Service Officers (CSO) and the Service Ambassador (SA) and the Product Service Officer (PSO), Credit card.



Source: Internal information

FIGURE:3 ORGANIZATION STRUCTURE OF BANANI BRANCH

Other than the above mentioned positions there are also two Branch Sales Executives provided by MHADI Enterprise. They mainly capture clients outside the branch that is they mainly go on calls.

The organization structure of this particular branch is:

The sales executives report to the Sales Team Manager. The Credit Card Officers, Personal Financial Consultants and Front Desk Officers report to the Customer Relations Manager. The Cash Officers report to the Cash Manager. These three managers in turn report to the Branch Sales & Service Manager.

The department of Shared distribution operates with the support of the Human Resource Department, the Legal and Compliance Department and the IT Department.

6.2 CUSTOMERS OF BANANI BRANCH

SCB - Banani branch deals with all kinds of customers; both individual clients and business clients. The main customers of the Banani branch is all the clients of the bank who have their business offices at Banani

6.3 SERVICES PROVIDED AT BANANI BRANCH

As this branch is not that big, this branch cannot provide all the services that are offered by SCB as a whole. But the most important services are provided to the clients with great care. The services that this branch provides to their customers are:

- Account services
- Savings schemes (Mainly Sanchaya Patra)
- Loan products
- Cash transaction
- Credit card service
- Automated Teller Machine (ATM) service etc.
- Bills Pay Machine

Standard Chartered Bank, Banani branch operates under the name of the department of "Shared Distribution". It is called so because all kinds of banking services are provided here in this branch by assigning the right person for each service. The services provided here range from customer service, loans, credit

cards, money link, phone link, accounts opening, cash withdrawal and deposits, remittances to foreign currency deposits, savings certificates encashment as well as different types of savings schemes. This branch serves customers of both consumer banking and corporate and institutional banking.

Products and Services ---ACCOUNT SERVICES

CURRENT ACCOUNT

Current account is an account (a/c) on which cheques are drawn and to which credits are paid. It is a non-interest bearing a/c, which is also called checking a/c. Current account is suitable for both individuals and non-individuals; it can also be operated jointly.

Current Accounts	Minimum a/c opening balance
Current Account	50,000.00
VIP Current Account	2,50,000.00
Business Current Account	5,00,000.00

Source: Internal document

TABLE:3 CURRENT ACCOUNT

SAVINGS ACCOUNT

Saving account is design for the customers who want to save money in order to get interest. This account is for individuals and non-trading entities.

Savings Accounts	Min.Balance to open (BDT)
Savings Account	2,00,000.00
VIP Savers Account	5,00,000.00
Mudaraba Savings Account	1,00,000.00

TABLE:4 SAVINGS ACCOUNT

Monthly Average Balance	Interest Rate
Below BDT 100 K	0.00%
BDT 100 K up to BDT 1M	2.75%
BDT 1M and above	3.00%

TABLE:5 INTEREST RATES OF SAVINGS ACCOUNT

Note: Other conditions apply (e.g. maximum number/amount withdrawal)

VIP Saver's Account:

Benefits of this account are as follows:

- Interest will be accrued on monthly average balance and applied to account every month end.
- No account maintenance fee or ledger fee
- No average balance fee and counter transaction fee if the monthly average balance is BDT 100,000 and above
- Cheque book and debit card facility.
- Daily POS transactions limit BDT 50,000
- Daily withdrawal limit BDT 40,000
- Account opening amount is BDT 5000,000. monthly average balance in the account must stay above the threshold of BDT 5000,000 for earning for that particular month

RESIDENT FOREIGN CURRENCY DEPOSIT (RFCD) ACCOUNT

Resident Bangladesh can open another account called RFCD account. Personal ordinarily resident in Bangladesh may open and maintain RFCD A/C, even foreign nationals who residing in Bangladesh for more than six months. Some of its features are:

- Minimum opening balance required – USD 1,000 or GBP 500 equivalent currency.
- No interest to be accrued if the balance falls below the minimum amount.
- Interest rate is based on international market rates and Bangladesh Bank guidelines.

NON-RESIDENT FOREIGN CURRENCY DEPOSIT (NFCD) ACCOUNT

NFCD account is a short-term foreign currency deposit amount suitable for Bangladeshis living abroad, offering most competitive interest rates available in both local and international markets. Some of its features are:

- Interest paid in Foreign currency
- Can be opened for a term of 1 months, 3 months, 6 months or 12 months
- Interest payable on maturity
- Can be used as security against personal / commercial loan
- Remittance in both local currency (Lcy) and foreign currency (Fcy) to any place in and out of the country.

BUSINESS ACCOUNT

This account is mainly designed for small and medium enterprises businesses and it is called business account, where all the business transaction is expected to be executed. Through this account the account holder can enjoy the facilities of both STD and call account. Business account is a special deposit account where the system named 'automatic transfer' will join the account with the call account. This account can be used as any other current account, but the day end amount will be transferred into call account. On the basis of the call account balance the account holder will earn interest on every day basis. This account can be opened by only BDT 2,50,000 and to earn interest account holder must maintain this minimum balance. The benefits of this account are as follows:

- Free up-gradation or membership
- Free online inter city transaction
- Free over the counter transaction
- Free cheque book facility
- Free pay order and demand draft

ACCESS ACCOUNT

Access account is an account in which only ATM Card is issued and using only ATM card the transaction is continued. Only the individual person can open this account. Some of the features are:

- Interest bearing account only if the balance exceeds BDT. 1,00,000.00.
- Opening balance is BDT. 20,000.00
- No ledger fees.
- Inter city transaction fee up to BDT. 1, 00,000.00 is free.
- No fees on opening balance.
- No prior notices to withdraw money.

Minimum account opening amount	BDT 20,000.00
Closing account	BDT 500

Source: Internal document

TABLE: 6 Access Account

GRADUATE ACCOUNT

Graduate is almost like access account. It is mainly provided to undergraduate students and is given a 2% interest only if the minimum average balance BDT 10,000 is maintained.

Minimum account opening amount	BDT 10,000.00
Closing account	BDT 500

Source: Internal document

TABLE: 7 Graduate Account

Freedom Account

It is one of the recent savings account introduced by SCB. It has been marketed mainly for young professionals within an age limit from 18 to 35. Besides no half yearly charges are deducted if the account holder can maintain minimum of twenty five thousand taka. Moreover interest can be earned for maintaining minimum balance also.

Minimum account opening amount	BDT 25,000.00
Closing account	BDT 500

TABLE: 8 Graduate Account

DEBIT CARD FACILITY

Standard Chartered Bank is well known globally for the value of customer's safety and convenience the most. To add more to it, SCB introduce Debit Card shortly. The amount customers pay while shopping, dining or travelling will be debited from the customer's account. So, don't have to worry about overspending and finance charges. Debit Card can be used at any outlet in Bangladesh with a "Visa" logo. This Debit Card replaces the customer's existing ATM Card and can pay utility bills and withdraw cash from any of the SCB's 24 ATM booths across. Moreover, this debit card also covers accidental death insurance coverage. The yearly charge for this card is BDT 690.

FIXED DEPOSIT

When money deposited by a customer is not repayable on demand and is payable only after the expiry of a specified period from the date of deposit or after a specified period of notice, such deposit is called a Fixed Deposit.

Minimum Amount required: BDT 100,000.

SHORT TERMS DEPOSIT (STD)

- **STD Account – Consumer Banking:**

Minimum Balance: Minimum required amount is BDT. 2,50,000.00.

Caution: If balance falls below BDT. 2,50,000.00, no interest will be accrued.

Interest Rate: The range of interest rate is from 2% to 3.75%.

- **STD Account – Client Relationship:**

Minimum Balance: Minimum required amount is BDT. 2,50,000.00.

Caution: If balance falls below BDT. 2,50,000.00, no interest will be accrued.

Interest Rate: The range of interest rate is from 2.50% to 5.00%.

CASH LINE

Cash line is a secured credit facility against Fixed Deposits, ICB Unit Certificates. The loan taker can borrow up to 90% of his / her / their security value and enjoy the benefits of readily available funds even as their investment continues to earn interest for them. Cash line has the right solution to the customers when they have an urgent need for cash that couldn't be met because their money was all tied up in investment.

6.4 CREDIT CARD SERVICE OF SCB

Credit card as a substitute for cash or cheque is becoming increasingly popular with public since it has been introduced in the market. Global acceptability is a sign of the success of credit card. The popularity of card encouraged the banks to introduce this product to their customers. Bank credit card was first introduced in the USA in 1952 by Franklin National Bank. But the rising curve of the credit card popularity started in the later half of the 60s. The inevitable popularity consequently encouraged Standard Chartered Bank to launch the first Taka credit card in January 1997.

WHAT IS A CREDIT CARD

- A credit card is a piece of plastic used for purchasing goods and services, and for obtaining cash disbursement on credit terms.
- It is one type of immediate loan availing process from the bank which has to be repaid with interest after a specific period of time.
- It is an unsecured credit, i.e. credit without collateral or security.
- Each cardholder is assigned a revolving credit limit by the issuing financial institution. Cardholders can purchase goods/services up to the credit limit and can re-use the credit facility upon repayment.
- The cardholder is billed periodically (usually monthly) for repayment of the credit extended. The transactions during the period are summarized in the bill.
- Credit card allows partial payments for purchases, but charges interest on the amount owed. Interest rates are traditionally higher than those charged on consumer loans. Cardholders can pay outstanding amount in full to avoid interest payments.
- Credit card is a safer substitute to cash and is the major mode of payment worldwide.

IMPORTANCE OF CREDIT CARD

A credit card is a great financial tool. It is the most convenient than cash to use and carry, and they offer valuable consumer protections. Paper money and coin are risky and burdensome for carrying. One can avoid the toll of finger-counting changes in this system. Dollars, Pounds or Taka can get lost or stolen. But there is no such fear for card. The cardholder is given a code number called PIN (Personal Identification Number) without which the card cannot be used at sales or service points where the PIN is required. Only the owner of the card will be entitled to use it. In case the card is stolen or lost the clients' bank will block the card and can issue a fresh card.

6.5 LOAN PRODUCTS**PERSONAL LOAN**

As the name indicates, a personal loan is a lump sum advance to a borrower to meet his personal requirements. The debt is repayable in installments spread over a period of time. Operations are not permitted on the loan account, as in the case of a cash credit or an overdraft account. The loan amount may range from BDT. 60,000.00 to BDT. 1,200, 000.00. The customer can choose to repay the loan in 12 to 60 equal monthly installments depending on the loan amount.

Personal loan is given for the following reasons:

- Purchase of miscellaneous household appliances.
- Purchase of Personal Computers.
- Purchase of Personal Computers.
- Purchase of Audio-Video equipment.
- Purchase of Furniture.
- Hospitalization or other emergency medical needs.
- House Renovation.
- Purchase of office equipment / accessories.

- Office Renovation.
- Marriage in the family.
- Advance rent payments.
- Holiday expenses.
- Education or professional training.
- Loan for doctors to set up clinic or clinic renovation.
- Buying medical equipment or setting up of diagnostic centre.

AUTO LOAN

Auto loan is a fixed loan facility given for the purpose of purchasing an automobile. The loan is secured by the automobile/vehicle. This loan lets the customer drive their dream car while providing the customer the convenience of repaying the loan over a maximum period of 48 months for reconditioned vehicles and 60 months for new vehicles. During this Eid Standard Chartered Avail Auto loan at 15.9% , which was the lowest rate offered ever.

FLEXI LOAN

Flexi loan from Standard Chartered Bank is a loan facility that has been custom-designed to fit the customer's needs. This loan is partially secured personal installment loan to salaried executives, businessmen and self-employed professionals. It lets the customer enjoy a higher standard of living while providing the customer convenience of repaying the loan over a maximum period of 60 months. The loan amount varies between a minimum of BDT 1, 00,000.00 and a maximum of BDT 12, 00,000.00.

HOME LOAN

Home loan of SCB offers an attractive lowest rate of 12.5%, with no hidden cost. Personal security deposit or guarantee is not required to avail this respective loan. This loan can be applied by any personal who is a job holder, business person,

national citizen staying abroad who has monthly income of only BDT 25,000. Besides the applied person must be 25 years. Moreover 80% cost of the new home can be taken as loan from the bank, where the amount can be maximum 75 lacks. The recent loan processing and documentation fee is only 1.5% of the loan.

BUSINESS LOAN

The business loan of standard chartered bank is one of the most flexible of its kind available in the market. It will help to meet the financial needs for business expansion. It can make long term investments with business loan and build up the equity by repaying the loan in convenient monthly instalments. This facility can be avail through simple documentation and against competitive cash security. The detail description of the business loan has been described in the report afterwards.

AUTOMATED TELLER MACHINE (ATM)

Automated teller machine (ATM) is a machine capable of dispensing cash, taking deposits and providing other services to customers. The ATM is a fast, easy and convenient way for customers to withdraw, deposit cash and avail other services without having to step into a branch for 24 hours.

Facilities available through SCB ATMs:

- Cash withdrawal & deposit
- Cheque deposit
- Mixed deposit
- Instruction deposit
- Balance enquiry
- Fund transfer
- Instant mini-statement printout (10 transaction)
- Cheque book request

BILLS PAY MACHINE

Bills Pay Machine is SCB's one-stop bill payment solution. It is an automated service that is designed to ease the customer's bill payment problems. Customers can stop by these machines and use the machines at any time of the day or night. It can be used as

- Utility bill payment (*Vanik, Aktel, Citycell, GrameenPhone & BTTB*)
- Credit cardholders can withdraw cash from his account and pay credit card bill.

SME BANKING
IN
Standard Chartered

7. SME Banking (Business installment loan) in Standard Chartered Bank

SME products of SCB have build with the objective to support small & medium enterprises of Bangladesh. The target market for SME credit is:

- Professional Sector (Doctors, Engineers etc)
- Business Sector (Advertising agencies, consultants etc)
- Trading Sector (Retailers, wholesalers, supply chain)
- Manufacturing sector

Although SME has several products like Business Installment (BIL) Loan, Overdraft etc, I have tried to gather some experience by working with SME BIL team. Below I'll try to put forward all the important steps or the process of BIL in SCB.

7.1 Purposes for Business Installment Loan (BIL)

Business Installment Loan (BIL) can serve the customer with following purposes:

- Long term working capital finance
- Asset finance (Plant & Machinery)
- Business Expansion
- Office Premises Renovation
- Purchase of medical equipments and office equipments
- Other similar business needs

7.2 Eligibility Criteria for BIL

- Business or self employed professional not within the exclusion or restricted list of SCB
- Annual Turnover (sales) between BDT 60 lakhs and 60 crore
- Net income from the business more than BDT 56,000/= per month (reflected on the Bank Statement)

- At least 3 years of business or professional experience in the same business
- Business should be in it's own or rented premises for 3 years and they can change once their premises within last two years
- Business and proprietor's residence must have land phone
- Age of proprietor's or major share holder shouldn't be less than 25 and not more than 60 years
- Debt Burden Ratio shouldn't exceed 60%
- Required loan amount should be between 10 to 70 lac
- 30% cash security required for 12 months borrowing relationship customer and 50% for new to bank customers
- Two top-up allowed for a BIL and each of them should be given after 12 months of last approval
- Maximum unsecured portion of loan for a single customer under consumer banking is 30 lac for new to bank customer and 40 lac for 12 months borrowing relationship customer except credit card limit.

7.3 Exceptions

Some criteria can be waived for some specific purpose but those applications are approved under Level 2 or Level 3. SME product development document allow some deviation and if the loan is approved under the limit of those deviation, then it is called Level 2 approval. But if the issue goes beyond the range of allowable deviation, then it is called Level 3 approval. Only higher authorities can approve Level 2 and Level 3. Performance of Level 2 and Level 3 is closely observed on regular basis.

7.4 Required Documents for Applying BIL

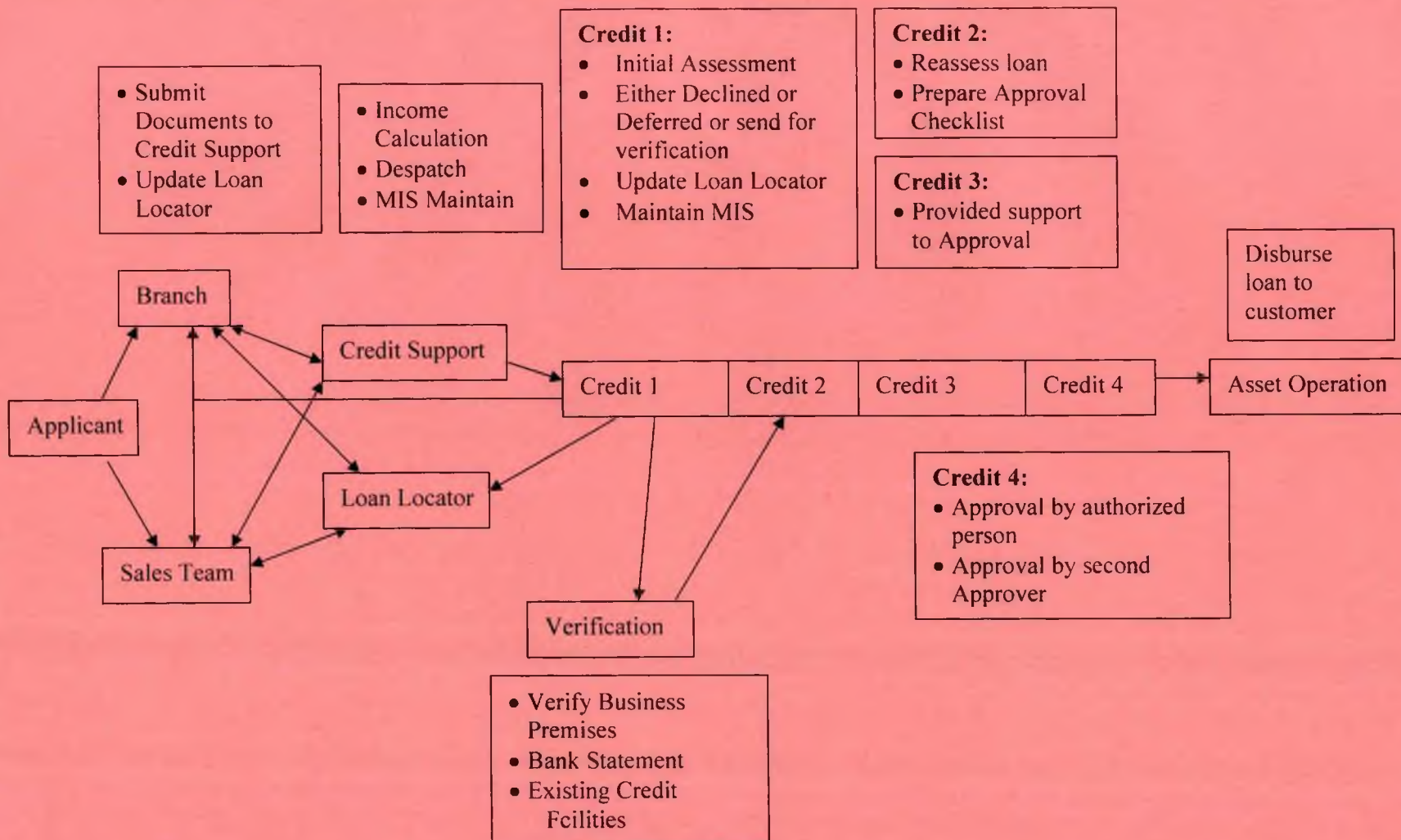
Required Documents	For Sole Proprietorship	For Partnership	For Limited Company
TIN Certificate	Yes	Yes	Yes
Trade License	Yes	Yes	Yes
Partnership Deed	N/A	Yes	N/A
Memorandum & Article of Association	N/A	N/A	Yes
Certificate of Incorporation	N/A	N/A	Yes
Board Resolution	N/A	Yes	Yes
Price quotation of the Plant/ Machinery to be Purchased	If Applicable	If Applicable	If Applicable
Passport/Voter ID/Driving License copy	Yes	Yes	Yes
Bank Statement(Last Year)	Yes	Yes	Yes
Recent Photograph of Proprietor/ Directors	Yes	Yes	Yes
Utility Bill(Office electricity bill/T&T bill for 2 years)	Yes	Yes	Yes
Company seal	Yes	Yes	Yes
Offer letter (CC/HYPO offer letter bank statement of loan a/c of last 1 year)	If Applicable	If Applicable	If Applicable

TABLE:9 DOCUMENTS REQUIRED FOR BIL

7.5 BIL process in Standard Chartered Bank

Sourcing

Both branches and sales people source BIL applications. Branch people mainly target the existing customers where as sales people go door to door to find new



BIL Approval Process

customer for BIL. Although SCB has four sales teams but their area of operation is not limited by geographic area. Any sales people can source customer from any area who met minimum requirements for the loan. While analyzing BIL application, credit has to be more careful about the loan, which is sourced by sales people, as there is chances of miss selling.

Initializing

Before submitting the loan to credit support, Sales Team Manager (STM) or Branches Sales & Service Manager (BSSM) is responsible to check whether the documents are in order or not. If the documents are in order, they send the file to credit support & upload information in Loan Locator.

Credit Support

After receiving the application in credit support, support staffs update Loan Locator and calculate the bank statement. They keep note if any discrepancy observed in the bank statement. They also maintain MIS for further information of an application.

Credit

Then the application sends to credit. In credit all the documents checked very carefully. Credit also talk to customer to get further comfort about the nature of business & profit margin. If the documents found in order, credit calculates Debt Burden Ratio (DBR). If DBR supports loan, credit send the file for verification. If further documents required to clarify the business or any other information required, credit deferred the application. If DBR don't support loan or credit don't feel comfortable with the loan, credit can decline the loan. In both deferred and declined cases, source can appeal. But in case of declined case, source has to appeal to higher authorities. In deferred cases, when the application resubmitted with proper documents, credits reassess the loan and send for verification. Credit

has to keep several MIS to measure portfolio performance and keep track of application. Credit also has to update Loan Locator so that any authorized staff can know the current status of application from any computer of SCB. Mostly once the application is declined it rarely can be applied for further process.

Verification

Verification is done by external agencies. Here all the customer information verified and the agency provided a summary of all information. Verification agency also verifies bank statement and collects credit report from concern banks. CIB report also collected from Bangladesh Bank to identify all the existing credit facilities availed by the customer. If all the report found in order, then approval checklist is prepared by credit. Otherwise the loan application can be deferred or declined again. De-duplication check is done by credit so that the customer can't take more than one loan at a same time. SLR check is done by credit to identify whether the customer is involved in any international crime organization or not. Using e-Caps credit identify credit card facilities availed by the customer with SCB. To clarify the business condition of the client to the credit department, the verification agencies take photographs of business premises and stalk that.

Approval

If all the documents have positive result, then approval checklist is prepared by credit, which include summary of all reports and all calculation. Then include the checklist at the top of the file. All other documents are also included in the file. Afterwards the person prepared the checklist sing the checklist. Then another credit officer checks & signs the documents to support it. Then a senior officer with proper credit approval authority signs the document to approve the loan. The applications, which have some deviation from the SCB, can be approved under Level 2 or Level 3 depending on degree of variation.

Disbursement

After approval the application is send to Asset Operation department for disbursement of loan. Sometimes some condition may be included in approval checklist. Asset operations check all the documents and fulfill all the condition of approval and finally disburse the loan to customer account. They update customer information about the loan in company database.

Portfolio Management

There is come capping in the BIL portfolio which has to check by credit to confirm that the loan is approved within credit policy of SCB. Time to time performance of portfolio is also checked by collecting collection report from Collection Department. If any delinquency found, reasons are identified and proper action is taken. While lending to a new industry, loan is approved as a test cell and very close supervision in undertaken to measure performance.

Value adding activities

SCB credit department also does some value adding activities. In which credit officers' research about industry margin, providing ideas to reduce loan-processing time, re-verification of approved documents to increase quality of service in SCB.

COMPARISON
BETWEEN
SCB AND BRAC BANK

8. Comparison of BIL eligibility between SCB and BRAC BANK

ITEMS	Standard Chartered Bank	BRAC Bank	
Depth	SCB offers BIL loan which has been characterized similarly for all types of business owner.	BRAC Bank has characterized this loan system in two separate forms They are named as : Anonno and Apurbo	
Purpose	- Long term working capital finance - Purchase of medical, office equipments & machinery - Purchase of commercial vehicles	- Working capital finance - Fixed asset purchase	
Security	30% of the loan amount as security	For loan amounting 3 to 10 lakh, no security deposits required but for above 10 lack registered mortgage of land for Apurbo loan type	
Eligibility	SCB	Anonno	Apurbo
Min.age of the business	Minimum 3 years ongoing business	Individual- min 2 yrs Business- min 1 yr	Individual- min 5 yrs Business- min 3 yrs
Minimum Income	BDT 56,000/= per month	BDT 20,000(Net) [outside Dhaka] BDT 30,000(Net) [Inside Dhaka]	BDT 20,000(Net) [outside Dhaka] BDT 30,000(Net) [Inside Dhaka]
Loan Size	Min 10 Lac- max 70 Lac	Min 3lac-Max 8lac	Min8lac-max30lac
Age	25 to 60 years	18 to 60 years	
Tenor	Min 3yrs- Max 5 yrs	1-3 yrs	1-4 yrs
Interest rate	19.5%	24%	17%pa-for 8-15 lac 16%pa-for15.01-30 lac
Link Account	Min. opening balance 2,50,000	Min. opening balance 5,000	
Loan processing fee	1.5% of loan size + VAT	1.0% of loan size + VAT	
Coverage	25 branches all over Bangladesh	Over 360 SME unit offices	

TABLE: 10 COMPARISON BETWEEN SCB & BRAC BANK

RECOMMENDATION

9. FINDINGS AND RECOMMENDATION

9.1 Findings

- As the security size is highest among all consumer-banking products, all sources are very serious with BIL. So credit has to deal with lots of appear cases
- No specific guideline to deal with applied cases
- Verification agency sometimes take more time to submit report which make the process longer
- Process time sometimes even longer due to delayed submission of CIB report
- Very few application come with all relevant documents at the first submission
- Re-verification is not done regularly due to time constraints
- There is an absence of proper mechanism to measure each employees performance separately which might lead to social loafing
- Attachments and trainings for credit employees are not given for a long time to control workload
- There is no formal training programs for credit support employees, all have to go for on the job training
- Risk level increases when BIL is approved under Level 2 or Level 3, but interest rate is same as Level 1

9.2 Recommendations

- Structure should be developed to deal with appeal cases.
- SCB's target customers type or level is too high to maintain. As Bangladesh is a developing country, so rather providing loan to an established businesses, bank should also target young entrepreneurs.
- Interest rate should be lower in Level 1 than Level 2 & Level 3.
- More training should be given to sales people to ensure quality submission of application.
- Proper learning & development plan should be developed for credit employees and applied accordingly.
- Training programs should be developed for credit support employees
- Performance of verification agency should be monitored tightly to reduce verification time.
- Some charges can be added for appeal cases to discourages appeal with lower quality application.
- Re-verification policy should be applied properly.
- Minimum loan amount should be a bit less than 10lac to attract small business.
- More business loan products should be introduced
- To grab the market the number of booth and branches should be increased.
- The loan availed person should be constantly visited by the sales person.

CONCLUSION

10. CONCLUSION

It was a great pleasure for me to have Internship in "Standard Chartered Bank". Since without practical exposure, it may not be possible for me to compare the theory what I have learnt with practical application. And it is well established that theory without practice is blind. During the Internship I have observed the function of SCB that may help me a lot to be a professional banker in future.

Out of the above discussion a conclusion can be drawn after saying that, the present customer dealing procedure is quite well at this moment and the computerized transaction makes the system efficient and effective.

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