



**Internship Report on:**

**BRAC Bank's Women Empowerment Initiative TAARA**

**Course Title: Internship**

**Course Code: Bus 400**

**Submitted To:**

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## **LETTER OF TRANSMITTAL:**

May 28, 2019

To

Mr. Saif Hossain

Assistant Professor, BRAC Business School

BRAC University

66 Mohakhali, Dhaka -1212

**Subject: Submission of internship report**

Dear Sir,

It is my great pleasure to submit my internship report on “**BRAC Bank’s Women Empowerment Initiative-TARA**”. This report was a part of the requirement for the completion of my Bachelors of Business Administration Degree at BRAC University.

It has been a great experience for me to work in a well-known organization like BRAC Bank. They have given me the opportunity to work with the Cards Operations team and thereby I have gained knowledge on how the card system works. Furthermore, the internship program has given me the chance to learn about organizational culture and helped me to get the essence on how the corporate world functions.

I have prepared the report according to the instructions you have given me. Thank you for encouraging me to work on a topic that is of such significance in today’s Bangladesh. I am indebted to you for giving me your valuable time. Kindly accept my report and oblige thereby.

Sincerely yours,

Tamanna Ishrat

ID: 15104019

BRAC Business School.

BRAC University

## **ACKNOWLEDGEMENT:**

As I start my report, I would like to show my sincere gratitude towards Almighty Allah. The successful completion of this report was only possible because of the contributions that came from a number people.

First of all, I would like to take this opportunity to thank my academic supervisor Mr. Saif Hossain, Assistant Professor, BRAC Business School, for giving me his valuable time throughout my internship period. Without his guidance it would not have been possible for me to complete this report.

I would also like to express my sincere gratitude towards my onsite supervisor Mr. Saifur Rahman, Senior Manager, Cards Operations, BRAC Bank for constantly supporting me and guiding me.

I am thankful to BRAC University for arranging the internship program that gives us the chance to gain work experience and at the same time enhance our knowledge.

On a final note, I would like to thank the interviewees (Sayma Akhte, Sanjida Sheikh, Tamanna Manzoor, Raisa Sultana, Rukaiyya, Afroz) for giving their insight on Tara loan.

## **EXECUTIVE SUMMARY:**

This study focuses on how BRAC Banks' TARA Loan has been aiding the women entrepreneurs of Bangladesh and empowering them altogether. The report begins with an overview of BRAC Bank Ltd along with the mission, visions and values of the organization. The next part is related to the description of the job and the specific responsibilities that were given to me. Moreover it also includes an outline of the TARA Loan, its features and requirements for availing the loan. Information from both primary and secondary sources have been used to establish the report.

The report focuses on the social issues that women face while starting a business and how Tara loan has been helpful to them. I interviewed six women entrepreneurs and customers of this product from both urban and rural area. Each of them had different stories to share about their business, how Tara has been useful to them and some of the difficulties they faced while availing the loan. There were a lot problems that were brought up by the interviewees that they faced when they went to different branches. And to verify these claims I myself went to some of the branches to check whether the claims made were true or not. After analyzing the six cases I have made some recommendations and discussed how further development of the product can be made by overcoming its limitations.

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## **ORGANIZATION OVERVIEW OF BRAC BANK:**

BRAC Bank Ltd is one of the subsidiaries of BRAC, which is also known to be the largest NGO in the world. BRAC bank started its journey on July 4<sup>th</sup> in the year 2001. BRAC came into the industry with the motive of assisting the small and medium enterprises (SME). Their motive was different from other commercial and private banks in Bangladesh. The bank sensed the importance of the small and medium enterprises and how these enterprises benefit the country and its growth by generating employment. BRAC Bank stepped into the banking sector and aided these enterprises which were highly neglected for over decades and the SME entrepreneurs could hardly manage any sort of financing from the banks in Bangladesh. The bank also familiarized small ticket loans to the SME entrepreneurs getting inspired by its parent company.

BRAC bank is recognized as an extremely performance oriented organization. It has won several awards in a very short span of time, like the ICMAB Best Corporate Award in 2016, Women's Market Champion Award, Asiamoney's "Best Bank in SME sector," ADB's Most Progressive Bank and the list goes on. The bank is the only GABV member from Bangladesh. GABV also known as Global Alliance for Banking on Values consist of financial institutions from across the world. Like the other GABV members BRAC bank also follows the 3P- People, Planet and Profit philosophy.

BRAC Bank has an extremely strong distribution network with 186 branches all across the country, 447 ATM Booths, 457 SME units office, 1800 Remittance Delivery Point and 16 financial kiosks also known as Apon Somoy. Over the years, the bank also established its several subsidiaries BRAC EPL Investments Limited, bKash (Mobile banking service) Limited, BRAC Saajan Exchange Limited, BRAC EPL Stock Brokerage Limited.

## **Vision, Mission & Values:**

### **Corporate Vision**

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

### **Corporate Mission**

- Maintaining growth especially in Small & Medium Enterprise;
- Growth in Assets by investing in sectors that are growing fast;
- Constant effort to upsurge non-funded income;
- Maintaining a stable profitable growth by keeping the debt charges low (2%)
- Succeeding in different types of business without having to compromise on the quality of the service.
- Achieve efficient synergies between the bank’s branches, SME unit offices and BRAC field offices for delivery of remittance and the bank’s other products and services;
- Preserve a team that is diverse and fully driven towards bringing the banks’ visions into reality.

### **Corporate values**

- Showing morality in every action and creating an open and supporting environment.
- Building strong customer relationship based on honesty and through superior service.
- Being Responsible, showing trustworthiness and abiding by the laws imposed by the company.
- Endeavor for profit & overall growth of the company.

## **DESCRIPTION OF THE JOB:**

I worked as an intern in BRAC Bank for a period of three months and was given the opportunity to work with the Cards Operations Department of the bank. These days card has become an important part in our lives which makes the functions of this department extremely crucial. It deals with all the activities related to cards and the department itself is divided in 4 units

1. Accounts Services: creating accounts for customers and managing the accounts
2. Merchant Payment: paying the merchants,
3. Transaction Processing:
4. Settlement and Dispute:

As an intern, I got the opportunity to work with two of the units, accounts services and merchants' payment. My job was a full time job in nature, where I had to work for five days a week and for 8 hours each day. The bank has a good working environment and the employees are very encouraging and motivating.

### **Specific responsibilities:**

I started with the accounts services unit of the Cards Ops Department where I handled three different tasks. My first duty included document verification. Opening credit card account requires a lot of customer information and documentation. My task was to check whether all the document has been provided and the information is given in the correct way or not. After the verification was done these information was passed on so that the customers' accounts were created. The second task I handled was also related to verification and for this task I had to verify the CIF account. CIF in the abbreviation of customer information file. A CIF account is basically a computerized file that stocks all the vital personal and account related information of the client. Each client while creating an account is given a unique code or a CIF number with certain digits. When a client opens various accounts in the same bank, all the accounts are being linked to the same CIF number



created for the customer while opening the first account. The bank uses this number to easily track the customer's account. After handling the tasks related to verification I was the allowed to create accounts of the customers. This task required accurately entering all the client information in a software.

After working with this unit for 3 weeks I simultaneously started working with both the accounts services and the merchants' payment unit. This unit basically deals with activities related to paying the merchants. In this unit I was given various type of unrelated tasks like adding reward points to the customer's account, manually reconciling different transactions etc.

### **Challenges faced during the internship period:**

Working with the Cards Operations Department was a very good learning experience for me however there were a few challenges that I have faced during the internship period. While working on reward schemes, I had to put in data entry for over 7000 people within few weeks, this goes on to show that the amount of people working there is very low compared to the amount of data they need to handle which was a huge challenge. Secondly data entry for 7000 is often mundane and the work gets monotonous and tiresome.

## **DESCRIPTION OF THE PROJECT:**

TARA Loan was launched by BRAC Bank in the year 2017. It is a special product designed mainly for female entrepreneurs of the country, to help their business thrive and grow. The aim of this product was to motivate, empower and inspire women entrepreneurs of the country and aiding their financial needs. It helps boost women's self-esteem and enhance their lifestyle. It is not just a product but a solution to realize the prospective of the female entrepreneurs. With this product the customers get added privileges, better savings plan and easier lending processes. It guides women to plan their financing better, achieve economic freedom and reach the goals that they set for themselves.

TARA Loan, offered by BRAC Bank Ltd. is a special SME product which has been designed to aid the female entrepreneurs. For this purpose I have conducted seven interviews. Even though most of the customers of TARA are from urban areas, but my interview consisted of entrepreneurs from rural areas as well. Tara borrowers from Urban Areas are found to get higher family guarantee support compared to that from rural areas and thus the product's performance is better in the urban side.

TARA has been designed in a specific way different from all other BRAC Bank's products so that it gives the maximum amount of advantage to the borrowers. For e.g. there is no VAT or any other sort of processing fee for the TARA products. The interest paid by the TARA borrowers is at a rate of (9%) almost half compared to other SME products that has an interest rate ranging from (14%-18%).

Tara is packed for women entrepreneurs with preferential rates, discounted processing fee and many more. TARA customers will enjoy dedicated desk & cash counters at branches, Premium Banking services and privileges at the Call Center and partner outlets.

There are four types of TARA Loan that women entrepreneurs could avail. They are

- Term Loan
- Over draft Loan
- Single Installment Loan
- Revolving Loan

The most popular of all the products is Term Loan. Some of the features and requirements to avail this Term TARA loan are

	<b>Unsecured Loan</b>	<b>Partially Secured Loan</b>	<b>Secured Loan</b>
<b>Loan Limit:</b>	2 lac – 25 lac	5 lac – 50 lac	10 lac – 5.0 Crore
<b>Tenure</b>	12 months to 18 months	12 months to 60 months	12 months to 60 months
<b>Interest rate</b>	9%*	9%*	9%*
<b>Processing Fee</b>	Nil	Nil	Nil
<b>Eligibility</b>	At least 1 year old Trade license	At least 1 year old Trade license	At least 1 year old Trade license

## **AIM OF THE STUDY:**

The aim of the study was to realize how TARA loan impacted the lives of its customers. To achieve this aim the following objectives were set

- To determine the necessity of Tara Loan.
- To determine the accessibility of Tara Loan.
- To determine the effectiveness of the loan.

## **LITERATURE REVIEW ON WOMEN ENTREPRENEURS:**

Over the last decade or so, Bangladesh has made significant strides in world economy. Many researchers have already discussed about it. According to Mujeri (2018) it has not only resulted in a GDP growth of over 7% but has also elevated its status from a low income country. However it's no secret that number of women entrepreneurs is scarily low in Bangladesh. Mujeri (2018) also added that they only make up 10% of the entrepreneur demographic. If Bangladesh needs to keep growing at a steady rate it needs to involve more women entrepreneurs in its economic cycle and architect a way to re-shape the role of women entrepreneurs. Hence, this topic is of great importance.

Firstly, it's important to understand why such barriers exist for women entrepreneurs. Pramanik (2018) identified that women make up a bit more than 50% of the country's population but still only 10% of entrepreneurs are women. What are the obstacles that women in Bangladesh face when it comes to entrepreneurship? Pramanik (2018) also explained that from a social point of view, even though women are being permitted to work by their families they are not allowed to become entrepreneurs. A lot of people feel that women are not ready to become CEOs or figureheads of institutions yet. The perception exists because historically women have always played secondary roles in families and a lack of female CEOs in the country only entrenches this view far more. According to Mahmud (2016) husbands or fathers are unwilling to let go of their wives and daughters for the fear of them becoming too independent and losing touch with the culture and family values. Moreover Mahmud (2016) added that some men are just insecure and don't want their women to become more accomplished than them. Religious values in rural areas especially contribute to this insecurity. Men are told to by local religious leaders that it is their religious duty to protect their wife and be the only bread earner in the house. All of this and much more, leads to women not getting permission and facing immense obstacles when it comes to becoming entrepreneurs.

## **METHODOLOGY:**

Both the primary and secondary data are used to make the report more rich and informative.

### Primary Sources

In order to collect data some women entrepreneurs, also customers of BRAC Bank Ltd availing Tara loan were selected and interviewed. These entrepreneurs were randomly chosen from different industry in the SME sector. The interview was conducted based on the willingness of the customer to use the product and ease of access of the borrower. Six female entrepreneurs from different business sectors like Fast Food, Manufacturing, E-commerce and Agro were selected. The modus operandi of this study was done via conducting both telephonic and conventional face to face interviews.

All the interviewees were asked three primary questions.

- ✓ How has the TARA loan been useful?
- ✓ Did you encounter any inconveniences while availing the loan?
- ✓ Would you suggest any improvements?

### Secondary Sources

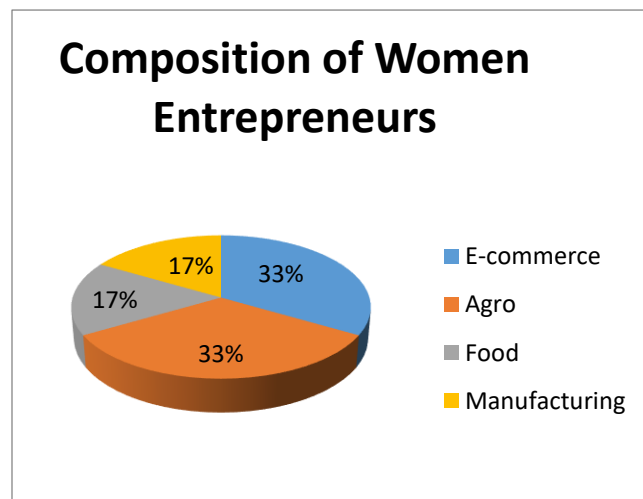
Besides the primary sources I have also used some secondary sources to obtain data for my study. BRAC Banks's Official Website has been one of the important sources for collecting data. Apart from that I also collected various articles on TARA loan from newspapers like Daily Star, Financial Express. Few other websites and Bangladesh Bank's publications manuals added value to this report as well.

## Limitations:

The statistics about women entrepreneurship in Bangladesh were mostly collected through surveys done by international organizations. Even though surveys are moderately accurate they are not absolutely correct in certain cases because surveys don't reach out to most people around the country which is challenging when collecting data. Moreover collecting data from rural areas was also difficult as collecting data from people residing there was not possible without direct field research. Another limitation of this study was not being able to reach out to entrepreneurs involved in different scales of business as that would have ensured better representation of the type of loans taken and the success rate of the loans. Moreover since some of the businesses were relatively new it was difficult to measure the actual success, 5 to 6 years down the line we could gauge the actual success of these loans. And lastly a larger number of entrepreneurs were needed to check if the tenure of the credit scheme was working.

## Demographics of the Respondents:

I have interviewed a total of 6 female entrepreneurs aged between 28-40 years. 2 of them were related to E-commerce business, one selling dresses and the other cosmetics. 1 was involved with Handicrafts, 1 was a fast food owner and the remaining 2 were from rural areas doing agro business.



## **Data analysis procedure:**

This report has been prepared implementing a descriptive research technique. The responses from each interviewee have been recorded and analyzed as cases. Problems faced by each interviewee is unique and thus I have reported each of these problems in six separate cases. Case study offers the best kind of solution to this kind of research.

## **CASE ANALYSIS:**

### CASE# 1

The interviewee was an owner of a fast food restaurant in Kalabagan. She has been in this since 2011. Business was booming and she wanted to capitalize and open another outlet in the city. She considered looking for a business partner to increase investment but she could not find anyone she trusted. A family friend of hers then talked to her about availing a TARA loan. She made her way to the Gulshan branch and guaranteed a non-secured loan of 25lac over 18 months. Another branch was opened and her revenues increased by quite a significant margin. However she was extremely displeased with a few things. “The monthly installments were too high and it was very taxing to come up with the amount every month.” Especially during the months when profit margins are low she has a much tougher time paying the large installments. She suggested making tenures a bit longer so the burden of monthly payment decreases. She also admitted that it was a mistake availing such a big loan and will look for smaller ones in the future.



## CASE# 2

The second interviewee sold cosmetics and beauty products online. The business platform was through her Facebook page. Mainly goods were bought in from India. After starting her business in 2017, she underestimated the success she would achieve and this led to her looking for opportunities to expand her business.

She saw an article about Tara Loan on Dhaka Tribune (a local English newspaper). She went to Dhanmondi branch for more information. She couldn't apply for a loan at first because her trade license wasn't even 6 months old yet. So she had no other option but to wait for another 6 months to avail the loan at a lower cost. Six months later, she did avail a loan of BDT 10 lac for 18 months but she was unhappy with the fact that she had to miss out on 6 months of profit as the business was booming.

## CASE# 3

The interviewee was a small entrepreneur who runs an arts and crafts business along with her mother from their house in Mirpur for over 3 years. She went to BRAC Bank's Mirpur Branch for information regarding TARA loan. Despite qualifying for a non-secured Tk. 10lac loan, the officials at the branch were trying to convince her to get a property mortgage. "In order to avoid risk, they were reluctant to give me this loan despite the various options of SME products available in the loan."

She was very disappointed with the lack of information from the bank's side and lack of marketing. "When I initially asked for a loan, the officials at the bank were trying their best to discourage me from taking one," she had said. She finally did manage to avail an 8 lac collateral free loan instead of 10. She was very unhappy with the difficulties she faced.

#### CASE# 4

The interviewee ran an online boutique shop. Her business began back in 2014 and initially she started to sell her dresses through Facebook groups and pages. She imported her goods from neighboring countries such as India, Pakistan and Nepal. Over time the business grew faster than expected and she realized she had to bring in more clothes to adjust with the increase in demand. The problem was that she had zero funds and came back empty handed after seeking help from family and relatives.

One day she stumbled upon BRAC Bank's TARA program. "The Non Secured Term TARA Loan was a perfect fit for me. The loan truly felt like God's blessing", she said. She applied for the BDT 4lacs for 18 months loan. The business grew very fast and successfully and she is actually considering applying for a bigger loan this time. She expressed a degree of annoyance regarding the amount of signatures need on official documents. "I had to sign 18 times on one document!" she exclaimed. Suggestions also included decreasing the lag time for the loan to be guaranteed citing that it took several weeks to get through. But the overall verdict was that she was more than satisfied.

#### CASE# 5

The interviewee is a housewife and had around 25,000 taka when she started her home based cattle rearing business and was very much struggling to survive. She had no alternatives as there weren't any other initiatives that supported women entrepreneurs. The housewife eventually overcame her obstacles and secured a loan from Brac Bank TARA loan.

She availed a loan of BDT 2 lacs. Her business grew slowly but surely and her fortunes changed. "The biggest challenge was getting my husband to sign as my guarantor since he's afraid of loans. But if a woman has a plan, no one can stop her", she said with a beaming smile on her face.

## CASE# 6

The interviewee started her business back in 2014 after her husband left the country. She became a Black Bengal Goat Farmer. In spite of the huge social and economic obstacles she was determined to expand her successful business but required a lot of support.

She heard about BRAC Bank Tara loan from a visiting NGO worker. 4 months after applying for a 4 lac BDT loan, she was given the money. She didn't like the fact that it took 4 months, but was happy that she finally had some support. Complex loan procedure was the main reason behind the delay. Her relatives did not want her loaning money from external institutions and hence that led to even more difficulties finding a family guarantee. She also pointed out that the bank could do a lot of women like her a big favor by having more female staff they could talk to.

## **RECOMMENDATION:**

- BRAC Bank should look to implement a higher loan ceiling to increase bigger projects by women entrepreneurs.
- BRAC bank must reexamine the loan tenure in order to support more entrepreneurs.
- BRAC Bank must re-examine how it wants to use field workers, especially when it comes to women SME credit. They should look to use more women than men in such cases. This is important as a lot of rural areas look to deny access to other men from talking to their women.
- BRAC Bank will benefit from specialized training programs and seminars designed for the women who take their loans. This will increase profitability for the bank and the entrepreneurs and significantly cut down on non-performing loans.
- BRAC Bank needs to look for ways to reduce the administrative hassle required during the taking of a loan. This means having less paper work and less documentation. Administrative hassles such as these deter a lot of entrepreneurs from even applying.
- BRAC Bank needs to do market research and actively seek entrepreneurs that are looking into investing in up and coming profitable ventures and businesses. The rate of interest for loans to working capital should be reduced.
- BRAC Bank should look to link its own loan policies in such a way that compliments the country's industrial policies.
- To encourage more and more women startups, BRAC Bank should give loans that people can apply for without a 1-year trade license.
- BRAC Bank should look to increase female staff in their branches to make it easier for women to access services. A lot of women feel its just easier to talk to female officers. The ratio of women workers and services is gradually decreasing day by day.
- BRAC bank should continuously keep in touch with their entrepreneurs with pre and post investment seminars and counselling.
- Alter the credit guarantee schemes for women.
- BRAC Bank should look to influence major governmental policy discussions that reduce social barriers.

## **CONCLUSION:**

Entrepreneurs are the drivers of growth and economic activity in a country. Women make up more than 50% of the population in Bangladesh yet they have been left behind when it comes to entrepreneurship. Various reasons ranging from societal and religious perceptions to institutional failures have caused this to happen. Fortunately enough women entrepreneurs have been on the rise recently and BRAC Bank has helped accelerate this change by providing credit facility for women in both rural and urban areas. BRAC Bank's Tara is providing loan to women entrepreneurs at a very low cost. The Bank is also offering collateral free loan of up to 1.5 million. This new venture has successfully encouraged many female entrepreneurs of the country to take their business to new heights. However like any other product there are few gaps in TARA loan borrowing system as well. This study has indicated the reasons behind gaps and recommended ways to improve the product and further develop it.

Years from now, if women entrepreneurs are the catalyst to a more economically stronger and diverse Bangladesh, I am certain that Brac Bank's TARA loan will no doubt deserve a huge credit. It has liberated women and given them the courage to dream bigger. Yes there are areas of improvement but BRAC Bank is more than logistically capable of solving them easily. TARA has already changed many lives and I am hopeful that will keep putting smiles on the faces of millions of women.

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