

Report On
The competitive position of BRAC bank as a home loan provider
and its impact to the consumers lives

By

Shahriar Haque
15304075

Bachelor of Business
Administration
BRAC Business School
BRAC University
September 2019

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

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Declaration

It is hereby declared that

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

Student's Full Name & Signature:

Shahriar Haque
15304075

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Ahmed Abir Choudhury
Lecturer, BRAC Business School
BRAC University

Letter of Transmittal

Ahmed Abir Choudhury
Lecturer,
BRAC Business School
BRAC University
66 Mohakhali, Dhaka-1212

Subject: Submission of Internship Report

Dear Sir,

I am glad to inform you that I am successfully presenting my internship report on “**The competitive position of BRAC bank as a home loan provider and its impact to the consumers’ lives.**” I have tried to collect the most relevant information to make this report as reliable as possible. Moreover, I tried to incorporate my practical knowledge what have I gained from the internship program in BRAC Bank with my report. Hopefully, my effort will serve the best for achieving its objective.

Finally, writing a report on this topic was a great experience for me. Without your supervision, I will not able to make this report finished. I am really grateful for your support, valuable suggestion and guidance for preparing this report. Lastly, I sincerely wish for getting your acceptance and it would meet your desire.

Sincerely yours,

Shahriar Haque

Student ID# 15304075

BRAC Business School

BRAC University

Date: September 11, 2019

Non-Disclosure Agreement

This agreement is made and entered into by and between BRAC Bank Limited and the undersigned student at Stanford Student

Acknowledgement

Firstly, I would like to thank the Almighty Allah for giving me the strength to successfully complete this report in due time. I would also like to thank my academic supervisor, Mr. Ahmed Abir Choudhury, Lecturer, BRAC Business School, BRAC University. I am really grateful to him for giving me the best support with his worm heart. To complete this report, he has helped me by giving his continuous guidance at any time with his support and supervision. Without his suggestions and relevant information, it would be hard to complete the whole report. Moreover, I am delighted to express to my cordial gratitude to my supervisor Mr. Rubel Kanti Barua, Senior Manager, Accounts Services, Operations, BRAC Bank Limited for supervising during the period of my internship program. I also thanks to all BBL family for their continuous support and valuable guideline for my internship. Lastly, I want to express thanks to my mate Mr. Alamin Islam who help to also to guide me and also support me for finding relevant data for making this report completed. A special gratitude goes to all my friends and family for their sincere cooperation during my internship program.

Executive Summary

The research started with a brief discussion about BRAC as an organization and its founder Sir Fazle Hasan Abed. Also first few pages talks about the BRAC Bank and its process. Specifically, in chapter two BRAC Bank was described perfectly. Starting with the history of the company, its vision, its mission, core values, all the subsidiaries and all the CSR programs. Then the main topic of the research was described, which is “Home Loan”. To educate the readers all the division of BRAC bank was introduced, followed by retail banking and Home loan as a whole concept. To clarify home loan idea more, a research was conducted after constructing questions for the respondents. In the research part, the main object of the study and all the related and specific objectives of the study are also mentioned. Then accordingly comes the scope of the study, the literature review and methodology. In the methodology part the primary and the secondary research was shown. Then after that the main analysis and the interpretation of the data was described. Here each of the questions that were asked to the respondents was perfectly demonstrated. Finally comes the findings and recommendation. In the recommendation part mainly the suggestions are mentioned, which needed to be noticed by the organization. Before that the limitation of the study was also shown. This was mainly done so that the readers can understand the point of the researcher and also they do not take this research as the ultimate solution for the problem of taking home loan. Then the report was concluded by stating the starting idea that the researcher was acknowledging.

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List of Acronyms

BBL	BRAC Bank Limited
SDGs	Sustainable Development Goals
LOI	Letter of Introduction
VO	Village Organization
CDM	Centre for Development Management
NGO	Non-Governmental Organization
SME	Small and Medium-sized Enterprises
ATM	Automated Teller Machine

Chapter 1

Introduction

1.1 About BRAC

BRAC is a non-Governmental development organization which is founded by Sir Fazle Hasan Abed in 1972 after the Liberation war. It is an International development organization base in Bangladesh. As of 2016, it is considered as the largest non-Governmental development organization in terms of the number of the employees in the world. BRAC has successfully reached to more than 126 million people with its service by employing over 100,000 people including 70% of women workers. It is operating in more than 13 countries in Asia, Africa and Americas along with all 64 districts of Bangladesh.

BRAC has centralized their concentration on the village development programs including agriculture, fisheries, cooperatives, rural crafts, adult literacy , health and family planning, vocational training for women and construction of community centers until the mid- 1970s. In 1977, BRAC has initiated their approach to help the landless, small farmers, artisans, and vulnerable women by originating Village Organization (VO). In 1985, BRAC has initiated Non Formal Primary Education and the following year, they started its Rural Development Program to incorporate on four major activities including institution building, functional education and training, credit operation, income and employment generation and support service programs. In 1991, BRAC has begun Women's Health Development program and the following year a Centre for Development Management (CDM) was established in Rajendrapur. BRAC launched its Social Development, Human Rights and Legal Services program in 1996. They also started to work on dairy and food project in 1998 and the following year BRAC launched an Information Technology Institute. In 2001, BRAC University was established and in the same year, BRAC Bank was founded which is a private commercial bank and mainly focusing on Small and Medium Enterprises (SME).

1.2 About Sir Fazle Hasan Abed

Sir Fazle Hasan Abed Initiated BRAC at Shallah Upazila in the district of Sunamganj in 1972 to help the war victims after the Bangladesh Liberation War of 1971 as a small scale relief and rehabilitation project. He was born on 27 April, 1936. He is a great Bangladeshi social worker and the chairman of the world's largest non-governmental organization. BRAC has more than 120,000 employees. He has achieved the Ramon Magsaysay Award, the UNDP Mahbub Ul Haq Award, and the inaugural Clinton Global Citizen Award for his social contributions to social improvement and for the improvement of education; he received the inaugural WISE Prize. He got World Food Prize in 2015 for his "unparalleled" work on lessening poverty in Bangladesh and 10 other countries.

He was appointed Knight Commander of the Order of St Michael and St George (KCMG) in the 2010 New Year Honors for services in tackling poverty and empowering the poor in Bangladesh and globally. He was listed 37 in The World's 50 Greatest Leaders in 2017 prepared by Fortune. At the Harvard Business School, Abed reveals his strong belief in his recent interview for the Creating Emerging Markets project that a society can be positively impacted by businesses and said that "you can do good also by doing business"

1.3 About BRAC Bank Limited

BRAC Bank was founded in 2001 which is a private commercial bank and mainly focusing on Small and Medium Enterprises (SME). It was established to extension the huge number of people who have no idea about banking and are not covered by traditional bank. BRAC Bank Limited started its first business operations in Dhaka. The Bank is chiefly owned by the biggest NGO in Bangladesh. With a focus to meet diverse financial need of a growing and developing economy, it has positioned itself as a new generation bank.

BRAC Bank is a venture by BRAC for bringing good quality and reliable banking services, especially credit to small and medium enterprises (SME's). The bank has disbursed over BDT 1,200 core in loans to nearly 32,000 small and medium entrepreneurs. Since, its inception in 2001 BRAC Bank has become the faster growing bank in Bangladesh.

Chapter 2

BRAC Bank Limited

2.1 Historical Background of BRAC BANK LTD

BRAC Bank Limited has been the quickest developing bank in 2004 and 2007 with institutional shareholdings by BRAC. The Bank works under a "double bottom line" motivation where profit and social obligation go connected at the hip as it endeavors towards destitution free illuminated Bangladesh. A totally operational Commercial Bank has remained to a great extent undiscovered within the country until now by focusing on seeking after unexplored market specialties in the SME Business. BRAC Bank has dispensed over BDT 7500 corer in credits to almost 2,000,000 small and medium entrepreneurs over the most recent 6 years of operation. The administration of the Bank accepts that the most to the fast age of employment can be contributed by this segment of the economy in Bangladesh. Since inception in July 2001, the Bank's footprint has grown to 154 branches, 59 SME Service Centers and 429 SME unit offices and over 300 ATM sites across the country, with over 878,837 customers. After 1 year, BBL hopes to present a lot more products and services just as include a more extensive system of SME unit workplaces, Retail Branches and ATMs across the country.

BRAC Bank Limited expects to set guidelines as the Market pioneer in Bangladesh. BBL will exhibit that a locally claimed institution can give productive, friendly and Modern full-service banking on a profitable premise. BBL will deliver earnings and pay out dividends that can bolster the exercises of BRAC, the Bank's major shareholder. When a country focuses on development and alleviating poverty, they need to ensure mass production, mass consumption and mass financing. The aim of BBL is to deliver that mass financing to open mass production and mass consumption. In that way, BRAC bank can grant to the development of Bangladesh. The aims of BBL are in this manner lined up with hose of BRAC.

2.2 Corporate Vision

Building a profitable and socially responsible financial institution focused on markets and businesses with growth potential. Ultimately, this will assist in making a just, enlightened, healthy, democratic and poverty-free Bangladesh a reality.

2.3 Corporate Missions

- Sustained growth in the SME sector
- Continuous low-cost deposit growth with controlled growth in retail assets
- Corporate assets to be funded through self-liability mobilization and growth in assets. This is done through syndications and investment in fast-growing sectors
- Continuous endeavor to increase non-funded income
- Debt charges to be kept at 2% to maintain steady profitable growth
- Efficient synergies to be managed among the bank's branches, SME unit offices and BRAC field offices. This contributes to the smooth delivery of remittances, among other products and services
- Various lines of business to be managed in a fully controlled environment without compromising on service quality
- A diverse team to be kept fully motivated towards making the bank's vision a reality

2.4 Core Values

- Value that we are a part of the BRAC family
- Create an honest, open and enabling environment
- Have a strong customer focus and build relationships based on integrity, excellent service and mutual benefit
- Strive for profit and sound growth
- Work as a team to serve owners' best interests
- Relentlessly pursue business innovation and improvement
- Value and respect people, and make decisions based on merit

- Base recognition and reward on performance
- Be responsible and law-abiding in all that we do

2.5 Subsidiaries of BRAC Bank Limited

The subsidiaries of BRAC Bank Limited are given below:

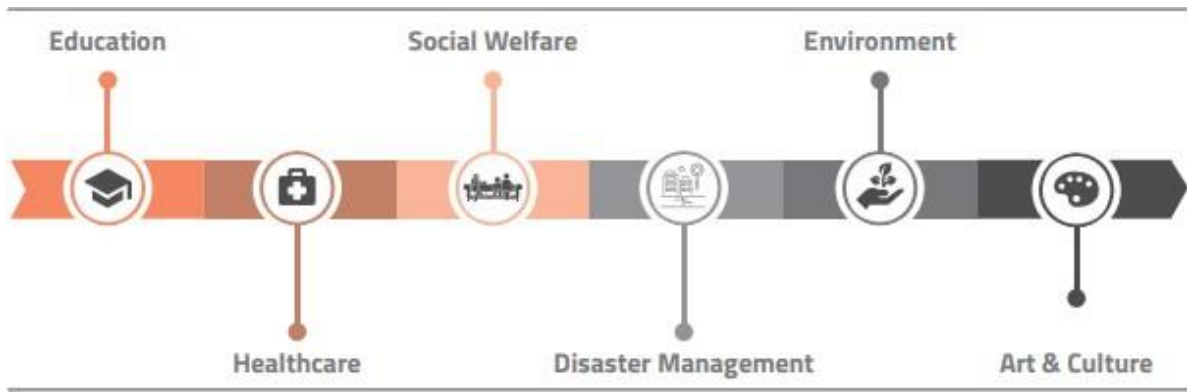
• bKash Limited
• BRAC EPL Stock Brokerage Limited
• BRAC EPL Investments Limited
• BRAC Saajan Exchange Limited

Table 1

2.6 CSR Programs

BRAC Bank puts a solid accentuation on high-sway, ease activities that together help individuals and society everywhere just as the planet. It additionally organizes long haul as opposed to transient activities with an emphasis on economical cultural effects and SDGs.

BRAC Bank allots most of its CSR spending plan on instruction. For the most recent few years, the bank burned through 60% of its CSR spending plan in training. In Bangladesh, there is a critical and developing dropout rate after essential instruction and school level. Albeit female understudies get free instruction up to school level, many can't arrive at this phase because of family weights and youth marriage duties. In this reality, BRAC Bank intends to put resources into instruction utilizing its CSR reserves, and particularly in female understudies. Key areas of CSR are stated below-



Key areas of CSR

Chapter 3

Home Loan

3.1 DIVISION OF BRAC BANK LIMITED

BBL has different types of operation units that are used to generate their business. They are primarily segmented into three segments which are Corporate Banking, SME Banking and Retail Banking. Basically corporate banking division is for corporate customers. It provides wholesale banking service. SME banking provides financial solutions to different kinds of small, medium and emerging business. In Bangladesh, BRAC Bank Limited have the strongest SME franchises by serving through 448 SME Unit Offices for improving access to finance small large businesses. Lastly Retail Banking is more individual customer centric rather than targeting the small or large enterprises.

There are also some different businesses units BRAC Bank has. This is given below:

• Probashi Banking
• Cash Management & Custodial Services
• Human Resources
• Finance
• Credit Risk Management
• Operations
• Company Secretariat
• Regulatory & Internal Control
• Operational Risk Management
• Treasury & Financial Institutions
• Information Technology
• Program Management
• Research & Development
• Corporate Affairs

Table 2

3.2 RETAIL BANKING

To oblige a large number of retail loan requirements, BRAC Bank's Retail Banking division gives a horizon suite of products and services. Along with home loans and car loans, this division also offers a wide range of other personal loans, credit cards and cash-secured loans. Utilizing BRAC Bank's powerful pan-Bangladesh network, the bank's Retail Banking division acknowledges strong passage the country over, empowering both showcasing of retail credit items similarly as collections. The division additionally has hearty credit appraisal standards and procedures Lath industry-leading TAT (loan turnaround time), which remained at an average of 2 days in 2017.

Retail banking division has several departments:

- a) Deposits and NFB, products
- b) Retail Loan
- c) Customer experience
- d) Cards
- e) Alternative Delivery Channel
- f) Acquiring department-deals with business obtaining
- g) Sales governance

3.3 HOME LOAN

Home loan is one of the products of retail department along with personal loan, auto loan, holiday loan etc.

Home Loan- Financing against purchase of your under-construction / semi-completed / completed / secondhand Apartment of house

Home Credit- Financing against renovation / extension / construction of your own home.

Takeover- Financing against transfer of the current balance of your existing housing loan to BRAC Bank.

SALARIED INDIVIDUALS

Eligibility

- Total job experience s minimum 3 years & must be permanent in current job
- Minimum income is BDT 25000

Salaried Individuals Total job experience s minimum 3 years & must be permanent in current job Minimum income is BDT 25000

DOCUMENTS

- Latest 1 year personal bank statement
 - Letter of introduction (LOI)
- Latest 01 year salary account statement
- Latest Tax clearance certificate /return receipt of tax*
 - Photocopy of National ID Card / Passport
 - Letter/ Allotment Agreement/ Byna Deed for Home Loan
 - Registered ownership deed for Home Credit / Take Over Loan
 - Price quotation for Home Credit Loan

BUSINESSMAN/ SELF-EMPLOYED/ LANDLORDS

Eligibility

- Owner / Director of Proprietorship / Partnership / Private Limited Company
- Total business experience is minimum 3 years
- Minimum income is BDT 30000

DOCUMENTS

- Latest 1 year personal bank statement
- Latest Tax clearance certificate /return receipt of tax
 - Photocopy of National ID Card / Passport
 - Letter/ Allotment Agreement/ Byna Deed for Home Loan
 - Registered ownership deed for Home Credit / Take Over Loan

- Price quotation for Home Credit Loan

- Trade License for last 3 years (Only for Businessmen)
- Latest 01 year bank statement of the company (Only for Businessmen)
- Registered partnership deed for Partnership Company (Only for Businessmen)
- IMO+ Certificate of incorporation+ Latest Schedule X for Private Limited Company (Only for Businessmen)
- Certificate of membership of respective professional association (Only for Self-Employed)
- Declaration on self-pad along with seal (Only for Self-Employed)
- Certificate of a professional degree (Only for Self-Employed)
- Registered ownership deed (Only for Landlords)
- Rental deed (Only for Landlords)
- Copy of any utility bill (Electricity/ Water/Gas) (Only for Landlords)

Chapter 4

Research on competitive position of BRAC Bank as Home loan provider

4.1 Main objective of the study:

The main objective of the study is to sort out the competitiveness of BRAC Bank with other banks regards the point of how efficiently they are selling their home loan, which is a part of their retail division.

4.2 Specific objective of the study:

Beside the main objectives from this research, it will help to find out what is people's perception about getting home loan. We will also find out the opinion of the customers about the home loan of BRAC Bank Limited as well as how their emotions work in regards with building their dreaming living place. We will also find out the impacts of the customers lives who have taken home loan and ongoing process of repaying home loan. Lastly, this research will help readers to understand the pros and cons of taking home loan.

4.3 Scope of the study:

As an intern of BRAC Bank Limited, I worked in the Accounts Service department under Operations department. My responsibility was to input in the system software of account holders some specific information. I had found there many kinds of accounts types, information, and also for which purpose they are taking loan. I found that people rarely take Home loan to make their house or to reconstruct their house or to buy their apartment.

The scope of the diaphanous as there is a great opportunity to learn about the preference of customer regarding to choose BRAC Bank Limited in comparison with other banks to take home loan. We will find out how much a customer wants to make their own living place by

taking home loan as well as their interest on it. In what regards a customer's emotion works with their living place attaining. How much idea they have regarding the home loan process.

4.4 Literature Review:

“Most of the time lack of knowledge of housing loan products the customers could not take the benefit of the same” this statement is given by Dr. B.C.M.Patnaik who is an Associate Professor School of Management, KIIT University Bhubaneswar, Odisha. In our country, people do not have sufficient ideas and knowledge about home loan because of marketing misdirection. Customers would be benefited if the procedure were well known to everyone. She stated that, “There is a very widening gap between the existing supply and demand for housing.” In Dhaka, majority of people live in rented house. In spite of having the capability of buying own home, they cannot build their own home because of high excessive price as the widening gap of supply and demand.

According to The Daily Star (October 21, 2018), “The non-banking financial institution is offering home loans at interest rates of 10 percent to 11 percent.” In recent years, there is seen that the growth rate of taking home loan has increased. Unfortunately, BRAC Bank are losing their home loan customers as other non-financial institution are giving loan with less interest.

4.5 Methodology:

In order to make the perfectness of this report we have used both primary data and secondary data.

Primary Data: To research on this topic, I have to make some questions to get my desired information from some random people. So I tried to reach to the people through an online survey. But reaching to some random people who are aged about 40-60 was not easy enough. I had to give the questions to my neighbor and my kin. As well as I took an interview with a person who took home loan over the phone to know about the experience of the procedure, structure and repayment behavior.

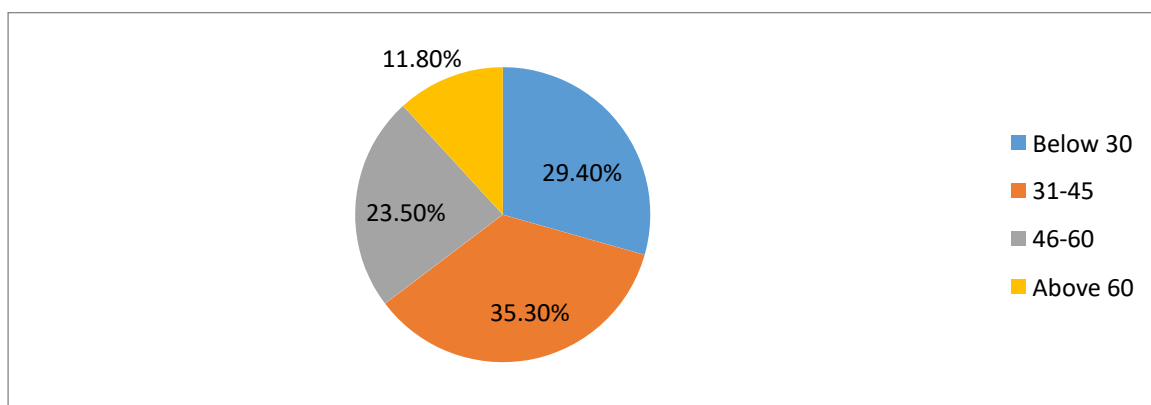
Secondary Data: In order to make the data more efficient, I also used Secondary data to know the current situation and comparison of other banks. I have gone through the websites of BRAC Bank and others as well. I also research their recent annual reports and publications to gather the information.

4.6 Analysis and Interpretation of the Data:

The research was mainly conducted seeing peoples hassle of taking home loans. Understanding their thoughts and their reasoning about home loan taking, gave me the interest to invest more time on this research. To do in-depth analysis about the whole concept and get a better picture of the whole issue, I did some brainstorming and did a small research to understand what type of questionnaire pattern would give the best result from this research. I also make sure while coming up with the questions that the questions which I would make, needs to give the proper data, unless it would be difficult to come in conclusion. In addition, the questions are generated in a way so that the interviewee peoples or the respondents does not get lost about the main concept of the research. Moreover, the idea of all the questions being easy was also an important aspect while making the questionnaire.

The analysis and interpretation are made based on all the 11 questions that were asked to the people. This survey data are being analyzed and interpreted below:

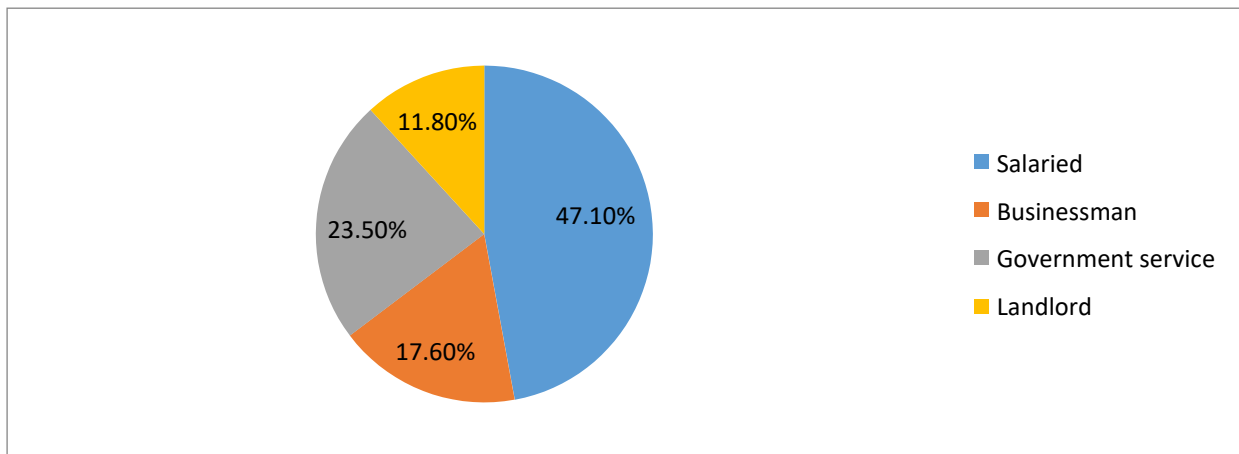
Q#1: What is your age range?



Interpretation of Q#1:

- After the survey, we found that majority of this survey are aged around 31-45. It is good for the survey because generally people of this age are possessing more will to build their own house. They always dream to make their own living place.
- There were also some people who are aged below 30. Generally these people start to dream of their house.
- We found a little amount of people who are aged above 60. Most of them have own house but they want to make another one or they want to reconstruct their house.

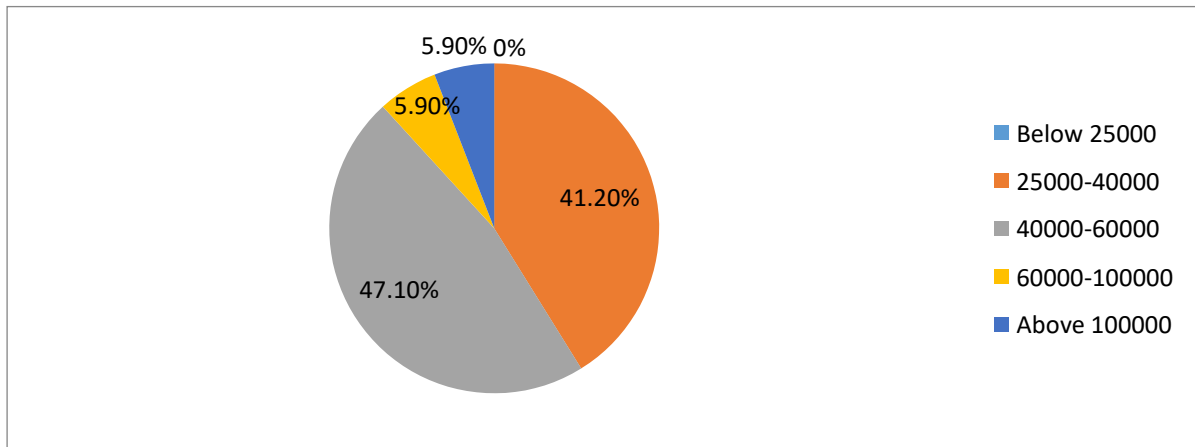
Q#2: What is your profession type?



Interpretation of Q#2:

- From this particular question we can see that majority of this people are salaried. They do job in different organization. We also found some people who are related to government sector also. The people who are government employee will get a large scale of money at the end of their career life.
- We also found some landlord and businessman. Landlords generally have their own land or they have semi constructed building. They take home loan to complete their houses.

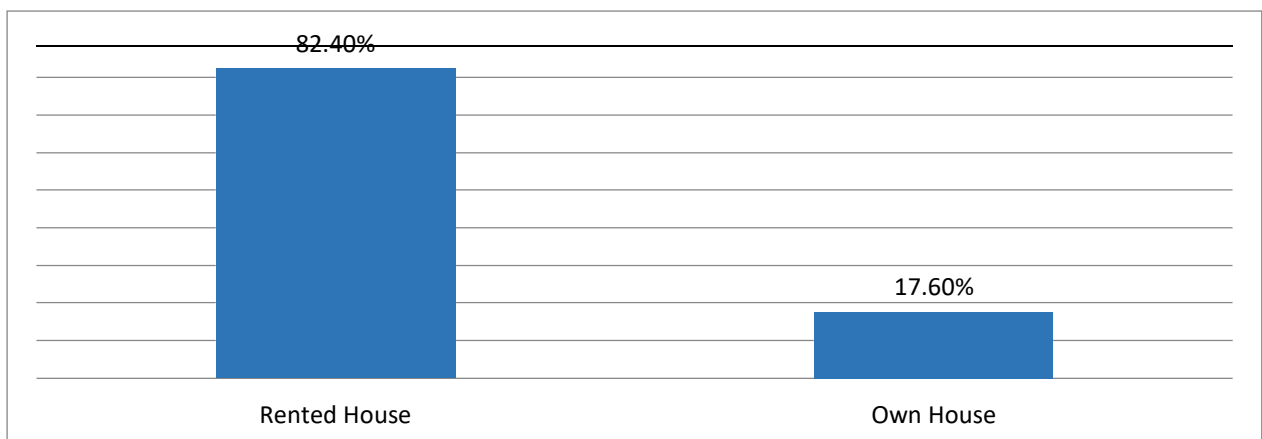
Q#3: What is your income range?



Interpretation of Q#3:

- On asking the question of their income range, 47.10% people earn monthly 40000-60000 taka. As well 41.2% people earn monthly 25000-40000 taka. People around this income range cannot manage to save enough money to buy their own living house after giving the daily cost of their livelihood.
- I also found a few respondents whose income range is around 60000-100000 taka monthly and still they are saving to buy their own living place by living in a rented house.

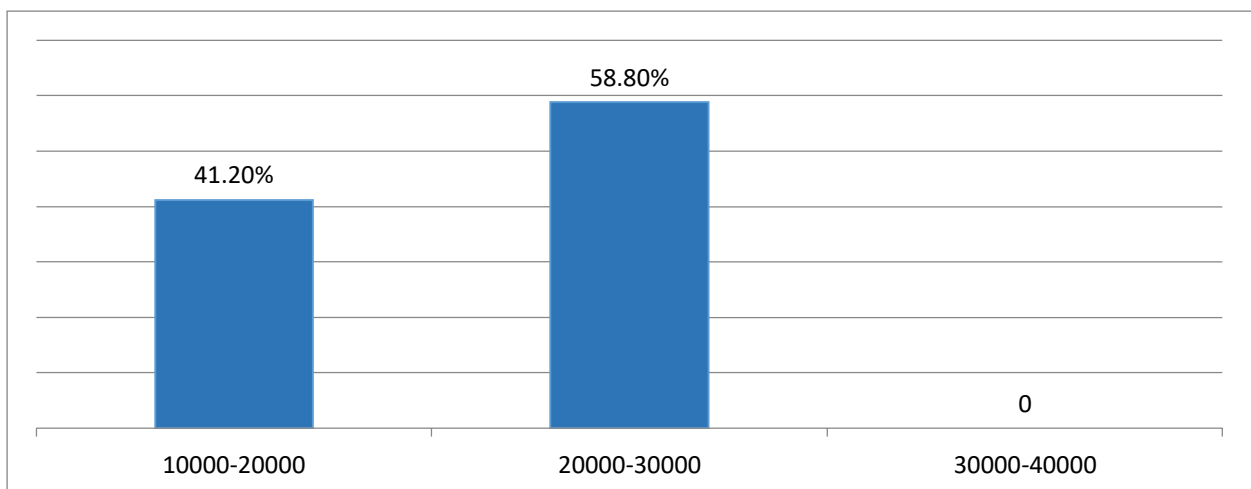
Q#4: Where do you live?



Interpretation of Q#4:

- On asking the people if they live in their own house or rented house, maximum answered that they live in rented house.
- Generally people who live in rented house, they always cherish their dream to make their own house. But making their own house is sometime not possible for having enough money. So taking loan to make their dream come out is very important in this situation.
- People who already have their own living place, they try to expand or rebuild their building. In maximum case, they try to take loan to rebuild or expand their living place.

Q#5: If you live in a rented house, then how much rent do you cost for living?

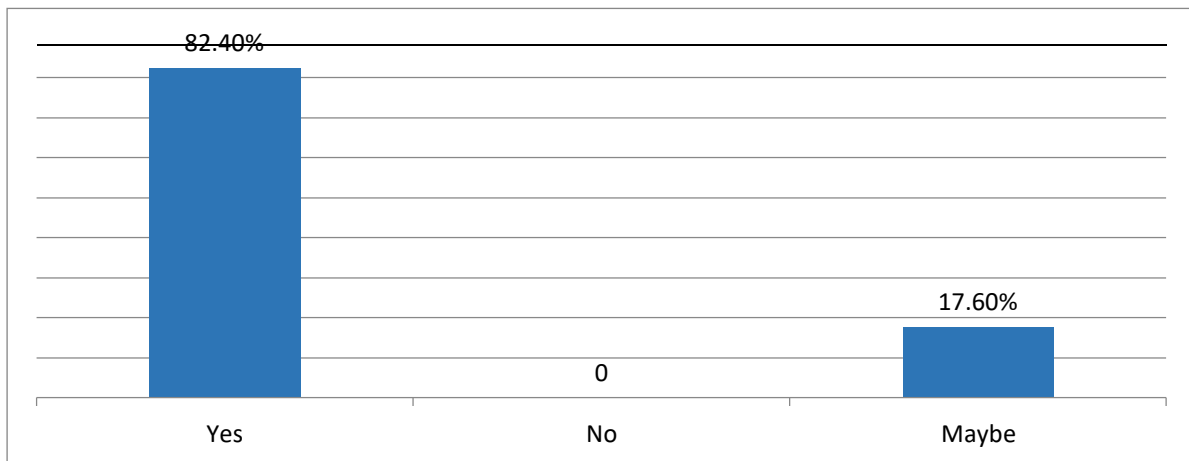


Interpretation of Q#5:

- When the people were asked how much they cost for living, majority of them said that they cost about 20000-30000 taka per month. And the rest said they cost around 10000-20000 taka.

- In Dhaka, living cost is major cost to people as well the house rent is increasing day by day. They always try to reduce this fixed cost from their income. So, people are now thinking a better way to buy the place where they can live.

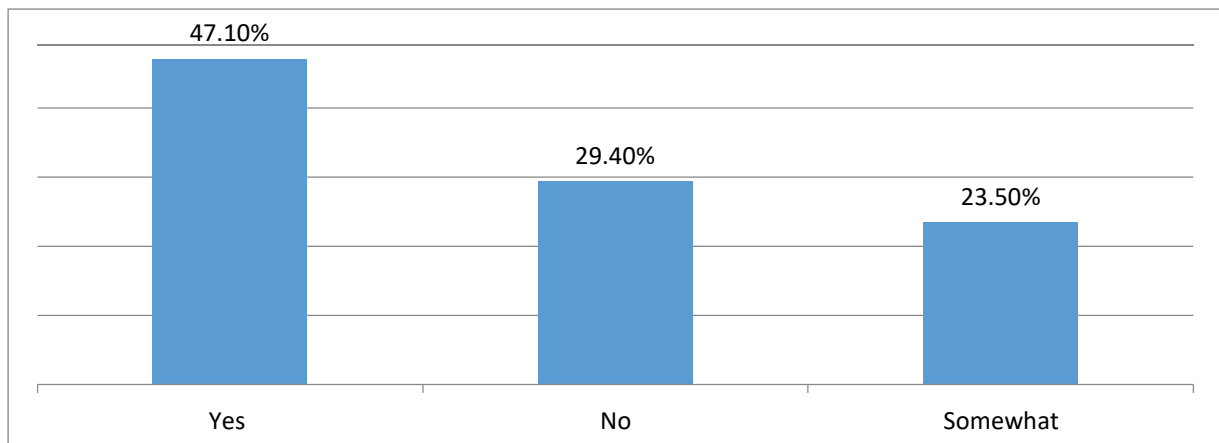
Q#6: Do you want to take home loan to make your own house?



Interpretation of Q#6:

- When the people were asked whether they want to take loan to make their own house, maximum people agreed with it. They want to take loan as most of them are doing job in different organization. They do not have enough money to buy or build their own house. So taking loan to make their dream happen is the only possible way for them.
- No one said that they do not want to take home loan. On the other hand, some respondents said that there is a chance they might want to take home loan. Asking further on this question, they said they do not have further intention to live in Dhaka in future

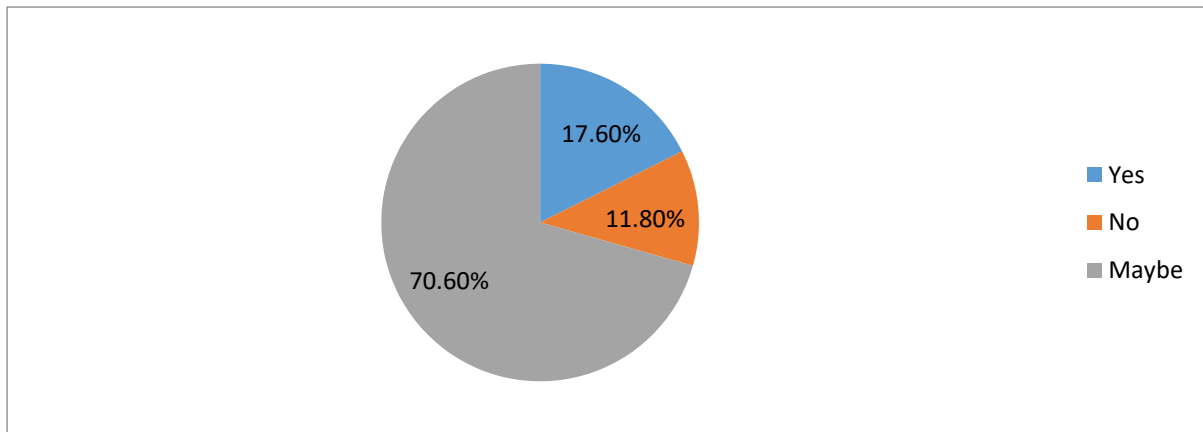
Q#7: Do you have any idea about taking home loan?



Interpretation of Q#7:

- On asking the respondents if they have any idea about taking home loan, they showed positive response. Maximum job holders and businessmen have ideas about taking home loan. They have to deal with bank constantly with their bank account. So they have more or less ideas about other retail products.
- On the other hand, 29.4% respondents said that they do not have any idea about taking home loan. Further asking more about this question we found that the rest have little idea about taking home loan but it is not enough to make a decision to take home loan upon on this information.

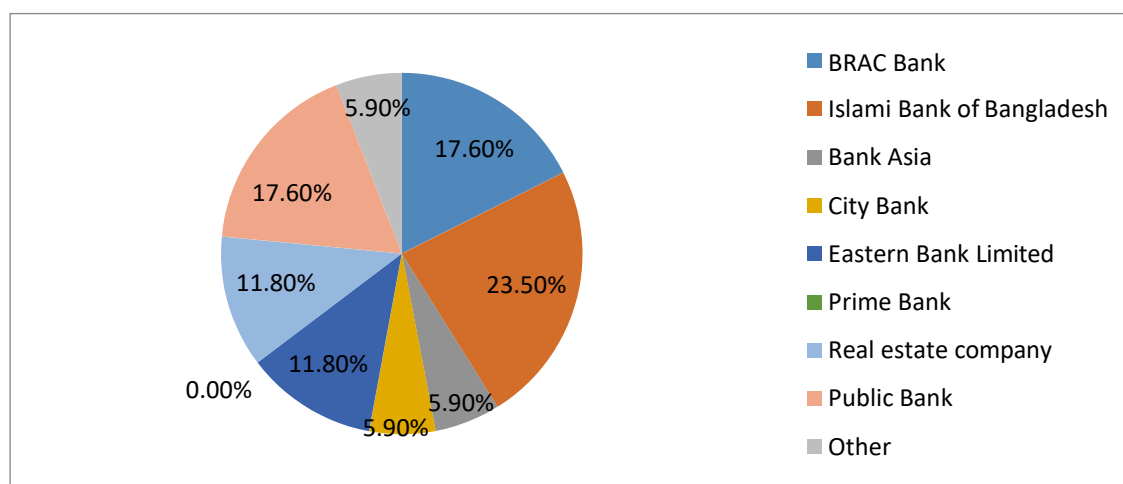
Q#8: If the average interest rate for home loan is 11.5%, will you take home loan?



Interpretation of Q#8:

- To clarify the previous question, I mentioned an average interest cost of taking home loan to know how much they have interest to take this type of loan.
- Maximum of them are not sure about it and also said that maybe they might take home loan at 11.5% interest rate.
- Moreover, 17.6% of the respondents agreed with the cost of taking home loan. Because making own living place is a big deal to them rather than the cost of interest rate. To carry the whole cost of buying or expanding their home is very difficult rather than taking loan.

Q#9: There are some top banks for taking home loan, which one will you choose?

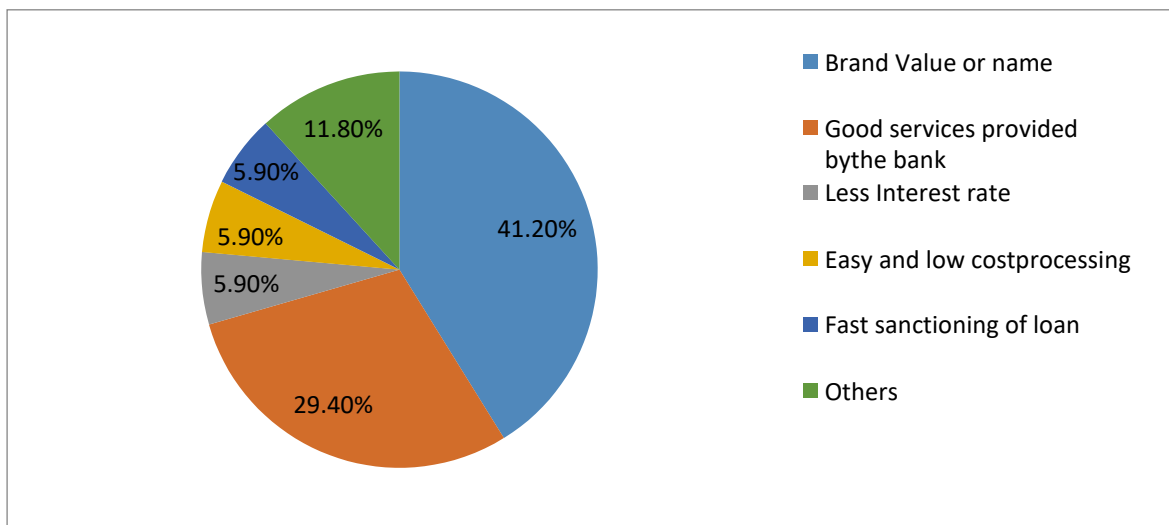


Interpretation of Q#9:

Judging the fact that there are more than 56 banks in Bangladesh and I could not accumulate all of them. For this, I just choose some particular type of banks which represent each category.

- We can see that about 23.50% people want to take loan from Islami Bank of Bangladesh. As we know that people of Bangladesh are more conservative and religious centric, so they do more likely to take loan from Islami Bank of Bangladesh for halal interest system.
- We can see that people preferred both BRAC bank and Public bank at the same manner and the acceptance is for both 17.60%. People rely on both BRAC Bank and Public Bank as BRAC work with rural people and people feel it a part of governments organizations. Also they have good public relation and good brand value.
- From different perspective, people like sometimes brand value and may choose Eastern Bank Limited and sometimes people think about low cost and less complex procedure.
- Few people also preferred City Bank and Bank Asia for easy access to get loan as they already have account on those banks.

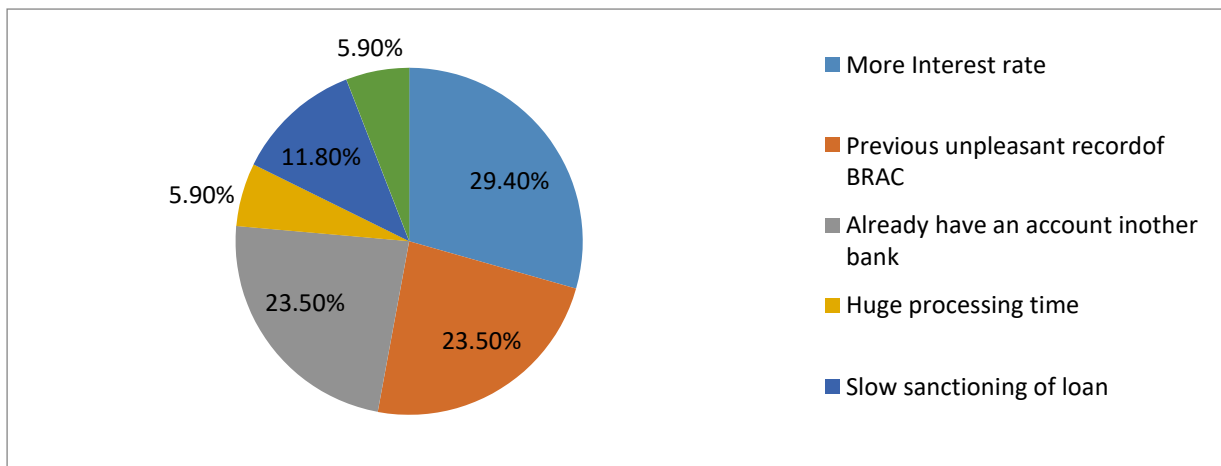
Q#10: Why do you choose this bank for taking home loan?



Interpretation of Q#10:

- People always rely on brand value when they go for a bank transaction. Majority of people considered brand value when they will take loan. As banks deal with money and when people choose a bank, they mainly want security and this security can be insured when the bank has brand name. Brand name builds peoples trust.
- Around 29.4% people considered good services regarding taking loan. After insuring the preferred bank, it's all about the good service which makes a new customer a loyal one. Moreover, if the service is bad even the loyal customer turns into a person who spread bad word of mouth. Means that people prefer good service after brand value and from our output we can clearly see that.
- Few people also considered Fast sanctions of loan, easy and low cost of processing and less interest rate.

Q#11: Why don't you choose BRAC bank for taking Home loan?



Interpretation of Q#11:

- As from the previous results we saw that people preferred BRAC Bank Limited which is equivalent to the local public banks.
- People have different reasons for choosing different branches. Just like that those people who did not choose to take loan from BRAC Bank have their own reasons. Most of the people think, accurately around 29.4% think that BRAC Bank takes more interest rate. This type of thinking can be obvious because it is a private bank and has a change business.
- Another 23.5% people think that because of BRAC's other organizations bad record they have a bad impression on the bank as well.
- Another obvious excuse of people not to select BRAC Bank is that they already have a bank account.

INTERVIEW:

After asking to my friends, I have come to know that some of my friend's father took loan to complete their semi-construction building. So, I managed one of my friend's father's number to get an oral interview. His name is Md. Ataur Rahman and is a professor in Tejgao College, Dhaka. He took his first loan from Delta BRAC Housing Finance Corporation Ltd which was 16 lak taka for making his apartment in 1999. And for the second time, he took also 19 lak taka in 2002 for another apartment. Though he had to pass a hard time and decided to sell one of his apartments because he had to give a large amount of installment

which was really huge burden for him. But successfully he managed to payback a lump sum amount of money in 2006. After that, he had been giving small installments to the bank. After asking the reason for taking loan from Delta BRAC Housing Finance Corporation Ltd, he said it only gives home loan for that reason he chose it. Now he is the owner of two big apartments and leading a happy life.

4.7 Findings:

From the analysis that we have done above, we came to know that most of the respondents were aged around 31-45 years old and most of them are salaried with around 40000-60000 taka per monthly income. Most of them live in rented house with around 20000-30000 taka cost of living and maximum of them have ideas about home loan and they want to take loan to make their own house at an average interest rate. Around 23.5% thinks to take loan from Islami Bank of Bangladesh as of conservative minds and religion influences. Moreover, people also preferred both BRAC bank and public banks. Furthermore, choosing behind their preferred banks, they think that brand value and good services is essential. Finally most of the respondents think that BRAC Bank has more interest rate than their chosen bank for not choosing BRAC Bank. Moreover, some respondents have already a bank account and doing transaction on that bank so they do not want to shift from that bank and some are badly influenced by the recent unpleasant records of BRAC.

SECONDARY DATA:

According to Bangladesh Bank Website, public banks of Bangladesh are providing housing loan at an average of 9% interest rate. These interest rates are comparatively low rather than the interest rates of commercial banks of Bangladesh. Because the commercial banks of Bangladesh are providing housing loan at higher rate starting from 11% to 16%. So, people are not interested for taking housing loan from Commercial banks. They more prefer to take loan from either public banks or other financial institute in terms of low interest rate.

According to the BRAC Bank annual report 2018, we can that the growth rates of personal loans was 5.3% where the home loans and auto loans were -5% and -0.4%, respectively. People are more likely to take personal loan from BRAC Bank and avoid the auto and housing loan. So, the growth rate is negative here.

4.8 Limitation:

While finishing the whole report, I gave my best effort to make this perfect one but as some limitations have been found, so it was hard to deal with it. There was not enough of time to prepare the whole report. After doing a whole day office, it was tough to work on this report. Also, the people whom had been surveyed were not enough. Finding the best answer from a sample is definitely obscure. It was tough for me to survey more people as I had to survey face to face because the targeted people was aged and not aware of technology. Moreover, as a BBA student, I had not enough information and knowledge to make such a report of a banking sector. Getting information about this topic was not easy because of some confidentiality and the stuffs of BBL were not available enough to discuss more and more about this topic.

4.9 Recommendations:

As far as we get that the competitive position of BRAC Bank limited in regards to home loan is not in a suitable place. To overcome these challenges is tough. There are some recommendations that BRAC Bank proceed to overcome this situations that we discussed above. By following these policies BRAC Bank can get into this competition again.

- Many respondents claim that the interest rate is much higher than other banks or institutions and it divert them to choose other banks. So the top management of BRAC Bank Limited should work on lessening the interest rate to get more customers by not effecting the inflation.
- Customers always expect good services provided by the employees. Sometimes customers are not aware of all processes for taking loan. So, the employees of BRAC Bank should specifically focus on customers services so that customer can understand every procedure.
- BRAC Bank can start some campaign in schools and colleges. From the campaign, they may find the parents of the students there. At that age range, people starts to think making their own house. So BRAC Bank can target those people and make a special campaign. They can show each things, benefits and pros and cons of the loan.
- Urban people generally take more home loan than the people who lives outside the city. They do not have enough idea about the whole process. Also they think the whole home taking process is huge costly and complex. So BRAC Bank can be more aware of giving loan to the people who lives outside the city and increase their customers.
- BRAC Bank can make relationships with different companies so that the employees of that company can get some sanction from the interest rate. The employees of BRAC Bank get extra benefits. There is a particular product called employee banking for the employees. By dealing with other companies, BRAC Bank can also provide some extra benefits.
- BRAC Bank can associate with other financial institutes to get more customers with better benefits. It can deal with different real estate companies and reduce the loan approval procedures. As well it can help to improve the repayment speed from customers through banking procedure.
- There can be media coverage and TV advertisement to let know all the people about their home loan policies.

4.10 Conclusion:

In recent years, the growth of home loan of BRAC Bank Limited has been declining to negative digit. After trying to know the perception of a customer, we found that people are more likely to take home loan from different kind of banks and others. People of Bangladesh are more conservative and religious, so firstly they think about the banks that are more religious related. People also are concern about interest and the service. BRAC Bank Limited has a very good brand value. Along with that, they must focus on interest rate deduction and aware of their best services. In addition, they might do some necessary campaign and dealing that might buy some new customer for this product.

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Appendix A.

Questionnaire for the topic of the competitive position of BRAC bank as a home loan provider and its impact to the consumers lives.

1. What is your age range?

1. Below 40 2. 31-45 2. 46-60 3. Above 60

2. What is your profession type?

1. Salaried 2. Businessman 3. Govt. Service 4. Landlords 5. Others

3. What is your income range?

1. 25000-40000 2. 40000-60000 3. 60000-100000 4. Above 100000

4. Where do you live?

1. Own house 2. Rented house

5. If you live in a rented house, then how much rent do you cost for living?

1. 10000-20000 2. 20000-30000 3. 30000-40000

6. Do you want to take home loan to make your own house?

1. Yes 2. No

7. Do you have any idea about taking home loan?

1. Yes 2. No

8. If the average interest rate for home loan is 11.5%, will you take home loan?

1. Yes 2. No

9. There are some top banks for taking home loan, which one will you choose?

1. BRAC Bank 2. Islami Bank of Bangladesh 3. Bank Asia 4. City Bank
5. Eastern Bank Limited 6. Prime Bank 7. Real estate company 8. Others

10. Why do you choose this bank for taking home loan?

1. Brand Value or name 2. Good services provided by the bank 3. Less Interest rate
4. Easy and low cost processing 5. Fast sanctioning of loan 6. Others

11. Why don't you choose BRAC bank for taking Home loan?

1. More Interest rate
an account in other bank

2. Previous unpleasant record of BRAC
4. Huge processing time

3. Already have
5. Others