

Report On
Performance Analysis and Customer Satisfaction of Jamuna
Bank Limited Mohakhali Branch

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

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:

Rabiul Islam Naim

16304034

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Mr. Mahmudul Haq

Associate Professor, BRAC Business School
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Letter of Transmittal

Mr. Mahmudul Haq
Associate Professor,
BRAC Business School
BRAC University
66 Mohakhali, Dhaka-1212

Subject: Internship report on “Financial Performance Analysis and Customer Satisfaction of Jamuna Bank Ltd.”

Dear Sir,

This is my pleasure to display my internship report regarding “Financial Performance Analysis and Customer Satisfaction of Jamuna Bank Ltd.”, which I was appointed by your direction.

I have attempted my best to finish the report with the essential data and recommended proposition in a significant compact and comprehensive manner as possible.

I trust that the report will meet the desires.

Sincerely yours,

Rabiul Islam Naim
Student ID: 16304034
BRAC Business School
BRAC University
Date: January 9th, 2021

Non-Disclosure Agreement

This Agreement is made and entered into by and between Jamuna Bank Limited and the undersigned student at BRAC University, Rabiul Islam Naim, ID of 16304034

Acknowledgement

It was a great pleasure doing this project. Though we faced many problems while doing this project but due to help of some people we managed to overcome those problems because of the help of some people. We want to express our gratitude to them for helping us both directly and indirectly.

First of all, we would like to thank God.

We owe our deepest gratitude to our honorable faculty Mr. Mahmudul Haq, Associate Professor at BRAC Business School, BRAC University for giving me the opportunity to do the project, giving his valuable guidance and for supporting us unconditionally in making this project. We have learned a lot from her while doing this project. We also want to thank the staffs of Ayesha Abed library of BRAC University for helping us to find the reading materials needed for making the project. The staffs of my internship organization also helped us a lot in this regard.

Finally, while doing this project some friends helped us with their ideas, suggestions and opinions. We would like to thank them for providing discerning ideas and suggestions which enabled our project to enhance.

Thank you.

Sincerely

Rabiul Islam Naim
16304034

Executive Summary

Jamuna Bank Limited is a public company and it started its journey back in 2001. In last 20 years, it has achieved a lot and it has 71 branches in Dhaka division and other branches in rest of the seven divisions. It has a good board of directors and the expertise are very invaluable. Sponsors or directors own more than 48% of the company and general public owns more than 46% of the company. Its current paid-up capital is BDT 7492.26 million with an authorized capital of BDT 1000 million. It has more than 3000 employees and two subsidiaries. The bank has many loan products and deposit schemes. Its portfolio is mostly consisted with many corporate profiles and recently it has been trying to serve the small entrepreneurs and medium enterprises with various loan products. The performance of export and import department is also praiseworthy. The administration framework of the Jamuna Bank Ltd. is straight forward and each cycle of their work is assessed through dedicated internal audit boards which makes the work more precise and substantial to the committee. With advanced financial framework, the data framework is improved and automated reports are helping the employees to maintain transparency. The capital requirement is maintained properly. The bank does maintain the central bank's policy and guidelines. The corporate clients are served properly. The investment in government T-bills and bonds has increased over the last 3-4 years. The bank is maintaining the necessary provisions from the beginning. The condition of both balance sheet and profit-loss statement is good over the last four years and the volume of non-performing loans also decreased. Unlike manufacturing companies, the financial performance of a bank does have different system since it does not sell goods rather it has loan products or deposit instruments. So, the main income of a bank is interest income against the interest expenses. CAMEL rating is one of the parameter to find out the performance of a bank in the industry. In this report, CAMEL rating has been used to determine the performance analysis of Jamuna Bank Limited. The second part of the report deals with the evaluation of the customer satisfaction level in the Mohakhali corporate branch. A small survey is conducted with more than 25 customers and all those survey summary is analyzed properly in the report. Lastly, a conclusion has been made for the whole report and few recommendations has been made based on the analysis of two parts. Therefore, this report is a comprehensive analysis both for Jamuna Bank Ltd.'s financial performance and customer satisfaction of Mohakhali corporate branch.

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Chapter 1: Overview of Internship

1.1: Student Information: Name, ID, Program and Major/Specialization

I am Rabiul Islam Naim and my student ID is 16304034. I am from BRAC Business School. I have double major in Finance and Marketing. I started my journey from Summer 2016 semester and done with all my undergraduate courses by Summer 2020 semester except the internship.

1.2: Internship Information

1.2.1: Period, Company Name, Department/Division, Address

I have started my internship journey from 14th October,2020 in Jamuna Bank Limited, Mohakhali Corporate Branch. This a three-month full-time internship program. My internship period will end at 13th January,2020. The address of this branch is, Altaf Tower, 34 Mohakhali C/A Bir Uttam A.K. Khondokar Road, Dhaka-1212. I have dropped my CV to the HR department of the Head Office of Jamuna Bank Limited. After a successful interview at 11th October, they have asked for reference letter from my university. The reference letter was sent to the HR department of Jamuna Bank Ltd. by OCSAR (Office of Career Service and Alumni Relations) of BRAC University. After that, I finally collected my internship offer letter from the Jamuna Bank Head Office at 13th October.

1.2.2: Internship Company Supervisor's Information: Name and Position

My internship supervisor is Mr. Abdullah Al Harun. He is the Executive Officer of General Banking department of the Mohakhali branch. From the very first day, he guided me about different issues of banking and various points of the management. Under his supervision, I have worked in the general banking department very spontaneously. He is an excellent person with great knowledge of general banking. People from other department also likes him for his sheer knowledge and immediate cooperation for any work that can be done by him.

1.2.3: Job Scope – Job Description/Duties/Responsibilities

Under my supervisor's supervision, I have done general banking works like a front line employee. I have started learning about the responsibilities of front desk and saw my coworkers working. I have to listen to the customers for any queries. I have to help them to open accounts and reply to

their queries since I have been guided earlier about the account opening. My responsibilities also include helping my supervisor to write the Pay Order in pay order block and to print them. My works are also includes receiving cheque books and delivering when a customer is here to take it. I also try to help customers to fill up the form of FDR's and helping customer's to fill up the credit card forms.

1.3: Internship Outcomes

1.3.1: Student's Contribution to The Company

As an internee, my duties were very limited. Sometimes my coworkers have to deal with various tasks from various customers, I was just their helping hand. Whatever guidelines I have received; I was doing my works accordingly. It was not that much easy task to handle customers who has many queries. With patience and with the help of my co-workers, I have successfully helped my customers and cooperated in a pleasant way. On the other hand, the work for the pay order issue sometimes become so much huge that it is not possible to give services with the help of mine. My supervisor has helped me a lot to execute all works. At the end of every week, I used to sit with the operation manager of the branch to share my experiences and also tried to make a good relationship with the other staffs of the bank.

1.3.2: Benefits to the student

As a student who will be joining the corporate life just after a while, an internship is a great opportunity to kick start a journey to be a professional. At first, internship is the requirement for any graduate of BRAC Business School. To fulfill this 4 credits requirement, I had to look for internship opportunities in different organizations. So, I dropped my CV and resume to different organizations. With this process of evaluation, I have learnt what skills recruiters look for from an entry level employee or from a young graduate. After joining the office, I have gradually learnt the importance of maintaining a corporate culture and its impact on the performance of an employee. I have also learnt how we should engage with the senior level employees, how we should engage with the customers effectively by being approachable, how to be more professional in terms of gesture and posture, how to keep personal life and professional life separate from each other. Moreover, I also got to learn how KPI's (Key Performance Indicator's) work and its impact over year-end performance review. Finally, I got to learn how to wrap up every documents at the

end of the day from my supervisor. It can be said, an internship can groom up a young graduate perfectly to start a great corporate life.

1.3.3: Recommendations (for and suggestions to the company on future internships)

After working for more than 2.5 months, the experience I have received is very invaluable to me since this is my first corporate experience after my undergraduate course works. At first, I have observed a negligence on the customers those who have less amount of deposits and small loan accounts. The corporate clients are taken into account with utmost priority. Though the branch heavily deals with corporate clients, there is still scope for the branch to improve customer satisfaction level if they focus on the customer experience to the very root level. Secondly, the marketing of Jamuna Bank Limited for any investment instruments is totally unnoticed by common people. In fact, the general people or regular customers do not even know the existence of mobile app “Just Pay”. On the other hand, the financial performance of Jamuna Bank Limited is in a stable position. The CAMEL rating, I have represented in the report is well diversified. All the ratings are favorable for the bank but the internal management need to sustain the rating. If poor customer satisfaction does exist there, then the bank will suffer in the long-run. The working hours of Jamuna Bank is from 10 AM to 6 PM and customer service time is 4 PM. Sometimes, bank management let the customers to get into the bank after 4 PM. This creates a confusion between the senior management and general employees. As a result, the workload increases and employees are not happy with this system. But the system prevails like as it is and employees are trying hard to get incentives through performance and maintaining corporate culture.

Chapter 2: Organization Part: Overview, Operations and a Strategic Audit

2.1: Introduction (Objective, Methodology, Scope, Limitation and Significance – for chapter 2)

2.1.1: Objective

The main objective of this internship report is to express the sheer knowledge that has been gained from a corporate environment and to analyze the financial performance of the organization as a whole. From my internship period I have learnt how to behave like a corporate personnel who will be observed by his surroundings and his attitude toward others will determine his performance to his superiors at the end of the day. Moreover, the analysis of financial performance by working for the same organization, gives immense opportunity to scrutinize every details in the balance sheets and income statements. Mohakhali corporate branch of Jamuna Bank Ltd. is the number one branch in terms of portfolio it handles and also in terms of yearly profits it has earned in the profit-loss statement. This branch focuses on all types of accounts. It has four departments that works very cooperatively in day to day banking operations. General banking, Credit, Export, Import- these are the four department this branch has in their corporate branch. My core objective was to find out the customer satisfaction of this branch through survey and to analyze the overall financial performance of Jamuna Bank Limited.

2.1.2: Methodology

Methodology basically refers to the process and how the data is collected. For this internship report, both primary and secondary data has been taken. For financial performance analysis, I have taken annual reports which is easily available from the bank's website. These are secondary data. The data I have collected to find out customer satisfaction are the primary data. I have personally approached to more than 30 customers but among them only 29 customers give their time to answer to the questionnaires. So, with the survey summary and financial performance

analysis through CAMEL rating system, the whole report is well made with thorough analysis and prediction.

2.1.3: Scope

This report can provide important information and highlights those who are going to work on banking industry or will be pursuing their career in the banking sector. This report is also important for the experts of different sectors or business owners of different small and medium enterprises whether to keep their business transactions with Jamuna Bank or not.

2.1.4: Limitations

I have learnt a lot about front desk management of the bank during my three-month internship program. Though it has many limitations, but I have done my job as a regular employee since it has been written in my offer letter. My works are only confined to only front desk and do not have any opportunity to work in other departments. It was very challenging and interesting to work in the front desk. Challenging in a sense that, making interactions with different types of customers and receiving many documents increases the chance of getting infected with Covid-19. So, I had to take many precautions as it is necessary. It was very difficult to wear mask and to make interactions with the clients at the same time. As it is the corporate branch, the number of customer interaction and delivery of files does not give me much time to take rest. So, after finishing the office hour, it becomes so difficult to go home and take rest since I also need to do research for my internship report. Moreover, as my internship topic also includes to do financial performance analysis, I have to totally rely on the online annual report to do the analysis part. For this purpose, I did not get that much chance to interact with other employees to discuss about the financial analysis part of my report. Furthermore, I was not allowed to do any work in the office front desk computers as I am not a permanent employee and mostly because of the security purpose, interns are not allowed to do any work in computers. As a result, I missed the opportunity to work on the Jamuna Bank's internal software name "Flora". This software is widely used in all transactions of Jamuna Bank Limited and it carries internal operation details.

2.1.5: Significance

The report is very useful to the students who will be conducting their internship in banks or to any financial institutions. The experience gained from the internship is very invaluable and all the in-

depth analysis through primary and secondary research is described very comprehensively. This analysis will guide any reader who wants to do further research on overall banking industry. Since I have worked in a corporate environment, in fact worked as a frontline employee, the experience will thrive me to behave more professionally in any corporate culture in near future. It will be even much helpful, if I join private commercial bank as an employee. Finally, this report is an academic necessity to complete my internship as internship is a four credit requirement of my undergraduate degree requirement in my university.

2.2: Overview of Banking Industry of Bangladesh

The banking sector of Bangladesh is plagued by default loans. The poor governance and improper management of loan disbursement are the key reasons for this kind of situation. Different experts and officials are calling for stricter governance and enforcement. In most cases, political leaders do influence the loan approval process in different private commercial and government banks. The credit rating system is not properly evaluated and the politically influenced bank directors try to avoid the poor rating of some individuals or corporations. This clearly dictates the poor governance and lack of compliance within the system that has been happening from a long-time. As of June 21, 2020, defaulted loans stood at Tk 96,116 crore, down 14.50 percent year-on-year (Uddin, 2020). Though the stricter regulation and provision requirement by the Bangladesh Bank over the last two years has put many banks under supervision, the volume of non-performing loans has decreased. However, the number of default loans still on the rise and the bad loans from many individuals yet to be recovered. Moreover, the number of deposits also increased in last 3-4 years because of the bank's increasing digital presence in day-to-day transactions. Agent banking and opening of sub-branches has further strengthen the process of taking any unbanked people into banking services. Many renowned banks have dived into the rural corners of Bangladesh in terms of distributing the basic banking services. A 2020 Bangladesh Bank report said 23 banks in the country have opened around 7.35 million accounts through 12,449 outlets and by this time agent outlets have collected deposits worth Tk 102.20 billion with a loan disbursement amounting to nearly 7.21 billion (Mamun, 2020). Before the Covid-19 pandemic, the banking sector is in the position of liquidity crisis and much regulatory changes are happening to fight with the crisis. When the pandemic hit the economy back in April-2020, the banking sector faced a severe crisis

as all the services are at halt and the borrowers could not repay their loans. The Prime Minister of Bangladesh announced Tk 30,000 crore for affected industries and service sector organizations as working capital to fight with the crisis (Hasan, Dhaka Tribune Business, 2020). As the stimulus package was made for helping the business, both the SME's and individuals got the chance to delay their loan repayments. As the package is announced by considering not hurting the banks interest income, the accrued interest rate in the bank's book kept the banks profitable in the profit-loss statement in all quarters of 2020. At the end of the September-2020, excess liquidity in the banking sector stood at Tk 169,658 crore (Hasan, Dhaka Tribune Business, 2020). The lower commercial credit growth, the lower trend of import payment and record remittance inflow created a huge surplus in the banking sector. As a result, the interest rates on deposit products also decreased and banks are sitting with surplus funds in their vaults.

2.3: Overview of Jamuna Bank Limited

Jamuna Bank Limited has started its journey back in April 24,2001. It is registered under the Companies Act, 1994 of Bangladesh. Its head office is currently located at Gulshan-1. After getting approval from Bangladesh Bank it has started its banking operations from 3rd June, 2011. Jamuna Bank Ltd. has various deposit schemes and loan products. It has total 145 branches (till December2020) all over the country and its first corporate branch is the Mohakhali branch. It has been serving many corporate clients and trying to meet diversified financial needs of different individual clients. They are trying to maximize the shareholder's value by ensuring a sustainable growth of the company. Along with targeting profitability, the bank is trying to make sure to contribute to economy a whole. Since the need of the customers is changing and there are uncertainties in economies, the bank is also thriving to introduce new solutions or schemes to cope up with the changed situation.

2.3.1: Vision of Jamuna Bank Limited

To become a leading banking institution and to play a significant role in the development of the country (Limited, 2020).

2.3.2: Mission of Jamuna Bank Limited

The Bank is committed for satisfying diverse needs of its customers through an array of products at a competitive price by using appropriate technology and providing timely service so that a

sustainable growth, reasonable return and contribution to the development of the country can be ensured with a motivated and professional work-force (Limited, 2020).

2.3.3: Core Values of Jamuna Bank Limited

Trust, integrity, commitment, business quality, ethics, fairness, team work, respect, courtesy, harmony, unique culture, responsible corporate citizen (Limited, 2020).

2.3.4: Strategic Approach and Objectives of Jamuna Bank Limited

- To deliver customer desired products and services to create a true customer value
- Bringing unbanked people into their delivery channels and trying to figuring out their needs
- Focusing on exports for both traditional and non-traditional raw materials or items. To collect foreign remittance to ensure a comfortable position in foreign exchange market.
- Ensuring organizational efficiency by continuous improvement of human capital and motivation level, dissemination of everyday information and thereby ensuring a sustainable growth in the organization.
- Doing business that has higher risk and adjusted return
- Maximizing shareholder's value at all times alongside ensuring a sustainable growth of the organization
- Focusing on maintenance of assets quality rather than its aggressive expansion
- Pursuing CSR (corporate social responsibility) activities for the continued support to future generation, distressed people and for advancement of under privileged people of the country.
- Changing the deposit mix thereby reducing the cost of deposits.
- Establishing the brand image as a growth supportive for the economy
- Ensuring all modern alternative delivery channels for easy access to our services by customers
- Strengthening Risk Management techniques and ensuring compliance culture.
- Restructuring existing products and introducing new products to meet the demand of time and the target group.
- Remaining aware and conscious about the environment and support the maintenance of a 'green' environments (Limited, 2020).

2.3.5: Products and Services of Jamuna Bank Limited

Jamuna Bank Limited is trying to increase its services to all kind of people in the society. Small and medium enterprises to big corporate clients- all businesses can totally rely on Jamuna Bank Ltd. for any kind of business transactions. Individual people with small savings can also rip the benefit of different deposit and saving schemes.

(i) Fixed Deposits

Jamuna Bank Ltd. offers fixed deposit for three months, six months, twelve months' tenor at attractive rate. But if any depositor wants to keep their money for more than twelve months at different tenors, then there are three types fixed instruments-

- Double growth deposit schemes (DGDS)
- Triple growth deposit schemes (TGDS)
- Monthly benefit schemes (MBS)

(ii) Deposit Schemes

There are different types of deposit schemes for all customers. Basically these schemes are to cater the needs of lower-middle class and middle class people at large. All branches of Jamuna Bank Ltd. are successfully serving all schemes.

- Lakhpati deposit scheme
- Kotipoti deposit scheme
- Millionaire deposit scheme
- Double growth deposit scheme
- Triple growth deposit scheme
- Monthly deposit scheme
- Monthly benefit scheme
- Marriage scheme
- Pension deposit scheme
- Educational scheme
- Rural deposit scheme
- Mudraba Hajj saving scheme

(iii) Islamic Banking

Along with the conventional banking, Jamuna Bank Ltd. is maintaining their Islamic Banking unit very successfully by maintaining the Shariah system. In 2003, it has started its first Islamic banking unit in Nayabazar branch in Dhaka. From the inception, it has been serving the customers by maintain full Shariah requirements. Compliance is maintained by the Shariah committee where all the renowned Islamic scholars and experienced Islamic banking bankers are the part of the committee. Islamic banking branches receive deposits under two kind of principles. One is Al-Wadeeah principle and another one is Mudaraba principle. Mudaraba schemes include-

- Mudaraba savings deposits (MSD)
- Mudaraba short notice deposits (MSND)
- Mudaraba term deposits (MTD)

(iv) SME Banking

Jamuna Bank Ltd. is serving the bottom of the pyramid society and their needs through different kind of SME banking schemes. People are availing the opportunities of these schemes and they are influenced more to deposit their savings in other schemes.

- Jamuna Bonik
- Jamuna Chalantika
- Jamuna Green
- Jamuna Jantrik
- Jamuna Nari Uddogh
- Jamuna Shachchondo
- Jamuna Swabolombi
- Jamuna Somriddhi

(v) NRB Banking

Non-residents can also buy instruments or take benefits of Jamuna Bank Limited. For this reason, the NRB banking is becoming popular in Jamuna Banks's portfolio.

- NRB Banking and FRD Profile
- Deposit Schemes for NRB (Super, Monthly, Yearly)
- Account and Scheme (FC A/C, monthly FC savings scheme)
- Investment facilities (US dollar investment bonds, government treasury bonds)

- Loan scheme for NRB (SME, Agriculture, Retail loan, Real estate financing)
- Remittance services

2.3.6: Board composition of Jamuna Bank Limited

Jamuna Bank Limited's board structure is very simple. As the bank has increased in size, the structure of board became very large and many names are added later. Basically, the person who can bring different corporate parties with huge opportunities and long-term expertise individuals in different industries becomes the member of the board. It has one chairman, thirteen directors and three independent directors. These members need to maintain four committees and four directors among the thirteen becomes the chairman of those committees. The committees are- the executive committee, audit committee, risk management committee, shari'ah supervisory committee.

2.3.7: Ownership Composition of Jamuna Bank limited

Composition of Board	
Mr. Fazlur Rahman	Chairman
Engr. A. K. M. Mosharraf Hussain	Director
Engr. Md. Atiqur Rahman	Director
Al-Haj Nur Mohammed	Director
Mr. Robin Razon Sakhawat	Director
Mr. Redwan-ul Karim Ansari	Director
Mr. Md. Belal Hossain	Director (Chairman of Risk Management Committee)
Mr. Md. Mahmudul Hoque	Director
Mr. Shaheen Mahmud	Director
Mr. Md. Sirajul Islam Varosha	Director
Mr. Kanutosh Majumder	Director
Mr. Md. Ismail Hossain Siraji	Director
Mr. Gazi Golam Murtoza	Director (Chairman of Executive Committee)
Mr. Md. Hasan	Director
Mr. Md. Abdur Rahman Sarker	Independent Director (Chairman of Audit Committee)
Mr. Md. Rafiqul Islam	Independent Director
Mr. Obaidul Kabir Khan	Independent Director

Figure 1: Composition of Board

(Limited, 2020)

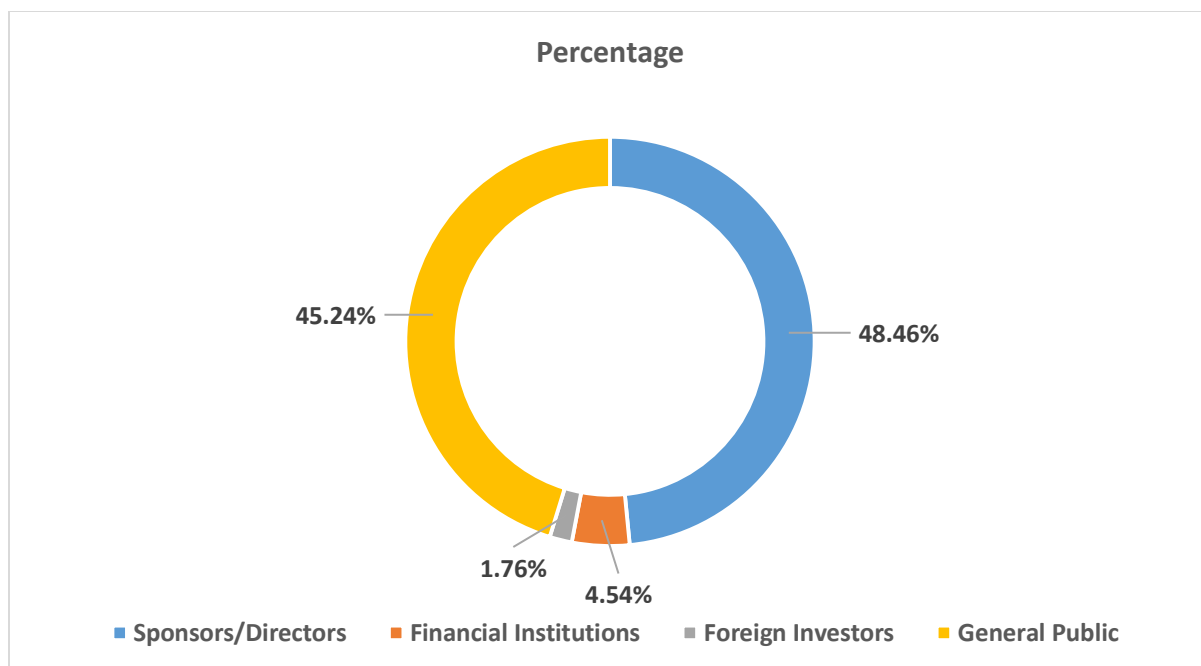


Figure 2: Composition of Board Percentage

2.3.8: Financial Performance of Jamuna Bank Limited at a Glance

Particulars	All figures in BDT (million)				
	2019	2018	2017	2016	2015
Income Statement Information					
Interest Income	17,825.53	14,993.70	1,424.65	9,687.22	9,807.08
Interest Expenses	11,391.70	9,656.43	7,625.48	7,142.30	8,194.85
Net Interest Income	6,433.56	5,337.27	3,799.17	2,544.92	1,612.23
Income from Investment	2,322.40	1,836.38	2,615.20	3,735.87	3,783.69
Total Operating Income	11,439.53	9,817.78	8,779.95	8,115.81	6,976.20
Total Operating Expenses	5,597.68	5,188.77	4,549.43	4,025.54	3,391.07
Profit Before Provision & Taxes	5,841.84	4,629.01	4,230.52	4,090.27	3,585.13
Provision for Loans & Assets	1,061.94	1,023.34	839.06	1,204.91	1,442.07
Profit Before Tax	4,779.90	3,605.68	3,391.46	2,885.36	2,143.06

Profit After Tax	2,607.85	2,316.69	2,021.01	1,876.36	1,642.46
Balance Sheet Information					
Authorized Capital	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Paid up Capital	7,492.26	7,492.26	6,141.19	6,141.19	6,141.19
Total Shareholder's Equity	17,160.59	18,073.50	15,433.37	15,848.64	15,708.35
Deposits	202,509.52	188,034.30	167,571.33	141,550.96	118,849.18
Total Liabilities	225,767.88	206,944.71	181,625.17	152,569.66	127,150.82
Total Liabilities & Shareholder's Equity	242,928.46	225,018.22	197,058.54	168,418.30	142,859.17
Long Term Liabilities	55,318.82	51,124.25	80,603.64	65,981.97	42,106.07
Loans & Advances	177,278.78	165,402.85	142,252.94	117,099.61	87,252.28
Investments	39,200.61	31,648.68	26,061.92	30,113.97	34,722.81
Property, Plant & Equipment	3,217.47	2,614.52	2,509.81	2,231.61	2,228.09
Total Assets	242,928.46	225,018.22	197,058.54	168,418.30	142,859.17
Earning Assets	175,364.86	166,409.37	146,863.42	116,627.19	83,005.17
Current Assets	161,729.41	130,437.96	113,977.23	99,904.75	79,203.65
Foreign Trade Information					
Export	103,951.30	106,070.70	80,459.30	74,317.50	67,080.80
Import	125,264.80	130,242.30	105,609.10	87,479.60	70,296.40
Remittance	18,175.60	15,000.00	16,837.76	12,030.00	11,726.70
Guarantee	16,784.40	20,354.90	17,202.20	11,920.00	9,406.30
Capital Information					
Total Risk Weighted Assets	181,473.19	194,591.35	167,675.45	144,657.44	113,806.38
Core Capital (Tier-I)	15,619.98	14,508.33	12,188.51	11,423.60	10,752.90
Supplementary Capital (Tier-II)	10,235.48	11,921.74	7,705.61	4,385.64	3,844.06

Total Capital	25,855.46	26,430.07	19,894.12	15,809.24	14,596.96
Credit Quality Information					
Volume of Non-performing Loans (NPL's)	6,559.46	6,231.12	5,725.10	4,743.50	5,839.60
% of NPL's total Loan & Advances	3.70	3.77	4.02	4.05	6.69
Provision for Un-classified Loans	2,155.48	2,711.73	2,365.58	1,875.60	1,274.22
Provision for Classified Loans	3,214.54	1,662.39	1,799.71	1,608.11	1,549.91
Share Information					
No. of Share Outstanding	749.23	749.23	614.12	614.12	614.12
No. of Sharholder's	22,416.00	24,953.00	26,229.00	31,981.00	38,596.00
Total Dividend:	0.15	0.20	0.22	0.21	0.20
Cash (%)	0.15	0.20	-	-	0.20
Bonus (%)	-	-	0.22	0.21	-
Market Capitalization	13,860.67	13,186.37	13,510.63	9,586.40	7,424.71
Market Price per Share (Taka)	18.50	17.60	22.00	15.61	12.09
Earning Per Share (Taka)	3.48	3.09	2.70	3.06	2.67
Book Value Per Share (Taka)	22.90	24.12	20.60	25.81	25.58
Price Earning Ratio (Times)	5.30	5.69	8.16	5.11	4.52
Other Information					
Number of Branches	141.00	132.00	122.00	112.00	12.00
No. of Islamic Banking Branches	2.00	2.00	2.00	2.00	2.00
Number of Employees	3,049.00	2,807.00	2,574.00	2,433.00	2,286.00
Average Earning Assets	170,887.11	156,636.40	131,745.30	99,816.18	80,917.61
Average Deposits	195,271.91	177,802.81	154,561.14	130,200.07	116,742.16
Average Investment	35,424.65	28,855.30	28,087.94	32,418.39	37,343.18

Average Equity	17,617.04	16,753.44	15,641.01	15,778.50	13,259.51
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Source: Jamuna Bank Limited Annual Report (2015-2019)

Figure 3: Financial Performance of Jamuna Bank Limited at a Glance

(Limited, 2020).

2.4: SWOT Analysis of Jamuna Bank Limited

Strengths:

Jamuna Bank Limited has capable board of directors and the management is very experienced. It has 145 branches, 10 sub-branches, Al-Ihsan Islami Banking Branches, 14 Jamuna Bank collection booth, more than 300 ATMS's all over the country. The bank is trying to reach everywhere across the country in a short span of time. These branches are served by motivated and disciplined employees. The considered these motivated employees not as regular staffs but as “human capital”. This is the biggest strength of Jamuna Bank Limited. It has been maintaining a good corporate governance and trying to comply with the central bank’s decision. Moreover, the bank strictly looks after the safety of the accounts of the customers. All branches try to make a mutual trust by the services and operations. As a result, the customers feel valued at the end and they desire to make more banking relationship with the bank. All modern facilities are there for the customers and lucrative interest rate in different instruments make corporate clients to make more banking relationships. Moreover, it has sound capital structure. There is 14.25% capital of the total risk-weighted assets as on December 31,2019 whereas the regulatory requirement is 12.50% in 2019. It dictates the bank is able to pay its customers if demand requires to do so. They have effective online presence and real time solutions are very praiseworthy. The customers are also happy with the IT based services of the management. Lastly, the efforts Jamuna Bank is emphasizing to bring unbanked community into a community of modern banking facility –is really outstanding. Restructuring of existing products and introduction of new instruments to the target group – are the main reasons of Jamuna Bank’s competitive outlook with other renowned banks.

Weakness:

It’s an open secret to both the management and customers that Jamuna Bank Ltd. is not good at promotion of its instruments and services to the general people. The leading banks of the country are way too good with the promotions and their promotional activities are visible to the general public. One example can be the promotion of Jamuna Bank’s mobile app service “JustPay”. The

app is good enough for transactions and the app has various platforms for transactions. Unfortunately, majority of the bank employees only use the bank and for the rest of the general people, the app is totally unknown. There are no efforts from the bank's side to uphold the advertisement both in online and print media. The digital platform presence team is not dedicated to sustain the service of the bank as a whole. The branding of the bank need to be restructured and employees need to recreate and make efforts to keep the customers through both digital and offline channels. Furthermore, the low access to rural market is one of the major barriers for Jamuna Bank Ltd. The time for assessing the need and gaining an assumption of customer's presence in a rural area- are the reasons for Jamuna Bank for not getting the full access in rural markets. The bank is not well enough to make the SME's understand about getting credits from the bank in regular banking channel in rural areas. So, the over-dependence on corporate segment clients has made the authority to focus less or doing less promotion in SME and retail sectors.

Opportunities:

Jamuna Bank Limited has various opportunities in terms of their strengths and weaknesses. If innovative products and services are introduced, the Jamuna bank Ltd. has the opportunity to gain more customer base. For this reason, the Jamuna need to influence growing local entrepreneurs. These small business owners need credits for suitable cash flow into their business. Jamuna bank management need to approach to those owners and must influence them to take the help of their banking channels. Still there are more than 10 million people needed to be taken into regular banking channel. Jamuna Bank Ltd. does have the opportunity to take control of these unbanked people into their banking facility. There is a large market for foreign remittance for the bank's remittance department. Since the bank is serving more the corporate clients, thee focus on foreign remittance is much lower than other banks. Bangladesh has record 42 billion reserve in Bangladesh Bank in 2019. The number of expatriates has increased exponentially and the earnings of those expatriates are sent more through regular banking channels. Jamuna Bank Ltd. has the opportunity to make a dedicated committee for this remittance collection sector. Jamuna bank has been using "Flora" banking software from last ten years and from the beginning, the software is making the daily operations very easy and accessible for employees. E-banking has been increased in recent years. If Jamuna Bank Ltd. can integrate their software and regular E-banking system to make transactions and payments, then there is a huge opportunity to gain many retail and rural customer base.

Threats:

The first threat would be a volatile market and economic crisis. Bangladeshi banking sector is crippled by liquidity crisis and rising NPL's (Non-performing loans) has put this sector into a great threat. Though the commercial credit growth has increased over the years before the Covid-19 situation, the interest rates were much higher than expected. There is an intense competition in corporate lending among the banks which increased the need for Jamuna bank to fight to remain in the competition. Moreover, the entry of foreign commercial banks and rising domestic banks with different offers and services is a vital threat for Jamuna Bank Limited. As Jamuna Bank is not good enough at promotions, other banks might capitalize on this and by increasing promotional activities, those banks might gradually increase their customer base at large. The NBFIs (Non-banking financial institutions) are also increasing the pressure on private commercial bank since the NBFIs are doing exceptionally well in term of gaining market base. On the other hand, MFS (Mobile Financial Services) are also putting lots of pressure for the banks on gaining small customers and more deposit accounts in banks. Jamuna bank's portfolio mostly is made by corporate clients and to increase the retail customer base, they are way too behind than these NBFIs and MFS. Also, political unrest and instability in country is a threat for the bank. Lastly, the pandemic threat i.e. Covid-19 is also a great threat for the bank since the transactions with bank stops and the export-import activities also remains at halt. Jamuna Bank is not fully prepared for this type of uncertainties. Though the bank's annual reports are showing increasing growth and enough capital adequacy, still the bank is not fully prepared for the virus and pandemic hits.

2.5: PESTLE Analysis of Banking Industry and Jamuna Bank Ltd. in The Perspective

Political Factors:

The government can intervene into banking industry and it is inevitable because only government has the bureaucratic power to look into the banking industry. Many MP's (member of parliament) are the independent director or directors of different private commercial banks. Any decision of a private commercial bank is greatly influenced by those industry leaders. So, if the political personnel's give order the management to lend money to an organization or an individual, then

the credit analysis history of that person or organization might raise a question of transparency. As a result, in most cases, the legislative laws are broken and the management efficiency decreases. In this perspective, Jamuna bank Ltd. does have a diversified portfolio and the risk can be minimized. Constant monitoring of default accounts and strong management assess the default risk so long before the default occurs. Though NPL's are on the rise in the banking industry, but Jamuna is able to reduce it over the years without any political leaders.

Economic Factors

Banking industry and country's economy is closely related. The current scenario of one affects the other. When the economy is in recession, then there are enough borrowers to take loans from the bank. On the other hand, when the economy is in expansion, there are not enough borrowers to take loans from the banks. Over the last ten years, the inflation was in control and the private sector credit growth also increased. The exchange rate with major currencies also was in a stable situation and market volatility is not observed during last five years. The consumers' spending habits also increased and overall economy experienced more than 8.00% growth. Jamuna Bank limited from its inception is serving the corporate clients and the volume of defaults also decreased in last five years. The management is trying to focus more on the retail segment. The retail segment is not that much explored by Jamuna Bank in compare to other banks. Since the economy during and after Covid-19 is getting volatile and uncertainties are looming here and there, the economic condition might put Jamuna Bank in a weak situation if they cannot sustain their present condition.

Sociocultural Factors:

It actually depicts consumer's cultural behavior such as- buying behavior or consumption pattern over the year. People usually go to banks to take advice and with that advice they take decision whether to consume the service or not. Tellers usually make them aware of the products available for the customers. Some customers want to take loans to finance their business, to take both short and long term-loans, to take loans for different purposes. They do obviously look for better experience and less interest rates. On the other hand, when they want to buy different instruments, they look for higher interest rate and ease of transactions. In Bangladesh, there are more than 60 private commercial banks and more than 10 government banks. All these banks have different products and saving instruments for all social class people across the country. Jamuna Bank Limited is directed by many local entrepreneurs who are the market leader in their respective

industry. From small entrepreneurs to big corporate business- all business entities can be financed by Jamuna Bank Ltd. Individual loans are also there to help the SME's to expand their business. Through their financing, they are contributing to the country's GDP at large. In 2019, Jamuna Bank Ltd. has paid Tk 4113.46 million to National Ex-chequer against VAT, AIT and TDS. Moreover, Jamuna Bank Foundation is helping the underprivileged poor and destitute people by understanding their contribution for the society as a responsible corporation.

Technological Factors:

More and more people are coming under the more digitalized platforms. As a result, the top 25-30 banks has introduced their mobile apps and they are getting comprehensive responses in those apps. digital transaction system of banks. Though the system was introduced long before but country's people are exposed to these platforms in last 3-4 years. The MFS (mobile financial services) has increased the competition for the banks. As a result, the banks also introduced their digital platform and the digital security is becoming more and more secured to gain customers' trust. To save the time, many customers are using the digital platforms and in this year (2020), the pandemic has made it clear the importance of digital presence for the bank. Many people started using those platforms and the demand for these apps increased proportionately. Jamuna Bank Ltd. has been providing a broad line of services to our valued clients like Online Banking Operation and different Value Added Services (VAS) like SWIFT, ATM Operation, National Payment Switch, VISA Card, Mobile Financial Service (MFS), SMS Banking, Internet Banking service, BACH & EFTN, Trade Finance Processing Center (TFPC), RTGS & different types of utility bill collection like WASA, DPDC, BKash etc. in highly secured manner (Report, 2020). Jamuna Bank Ltd. does have their own mobile app "JustPay" which is an advance mobile app and customers can easily transfer money to anywhere within the country. Customers can easily detect every transaction history. Even they can give their utility bills through this app.

Legal Factors:

All banks need to abide by the policies and guidelines of the central bank which is Bangladesh Bank. Bangladesh bank is very well organized institute and they are very strict in terms of policies and their maintenance because if the banking sector collapses, then the whole economy will go through a crisis. Their strong regulatory frameworks include laws related to privacy, consumer laws and trade structure within the industry. Jamuna Bank Ltd. does have a good history to

maintain good compliance with central bank's guidelines. Each employee is responsible for any kind of work which is against the guidelines of central bank.

Environmental Factors:

Since the digital transaction platform has increased in recent years and the pressure for decreasing operating expenses has made banking sector to spend less on printing papers or printing instruments. As all the form fill-ups are in online and banking questions are given online, the carbon footprints are decreasing. Jamuna Bank Ltd. is successfully reducing the carbon foothold and becoming less paper consumer corporation.

Chapter 3: Performance Analysis and Customer Satisfaction of Jamuna Bank Limited Mohakhali Branch

3.1: Performance Analysis

3.1.1: Overview of CAMEL Rating

Financial sector of an economy plays an important role in its economic development and prosperity of the country. Banking industry serves as the backbone of the financial sector that accumulates savings from surplus economic units in the form of deposits and provides it to deficit economic units in the form of advances. Banking industry provides support to economy and industries specifically at the time of recessions and economic crisis. But when banks are at the heart of economic recession or banks are the cause of financial crisis like the recent past financial crisis 2007-09, it makes the situation worst for economic recovery. So it is of great importance to keenly observe the performance of the banks and their compliance with the regulatory requirements.

Performance of the banks is measured at two levels, one is at the management and regulatory level of the banks and another is at external rating agencies. Purpose of regulatory and supervisory rating systems is to measure the bank performance at internal level and its compliance with regulatory requirements to keep the bank on right track. These ratings are highly confidential and are only available to the bank management. External credit rating agencies examine and evaluate

the banks and issue ratings for the general public and investors in particulars. It is great importance that both these ratings present the same results as it is very important for the general investors and corporate investors.

CAMELS is a rating system generally used by the government policy circle, regulating bodies regulating commercial banks, that is, central banks and non-governmental policy research centers for the purpose of assessing the soundness of a savings association or a bank. In Bangladesh CAMELS rating system is implemented by Bangladesh Bank. It takes into account six important components of a bank when it evaluates performance of the bank. These components are Capital, Assets, Management, Earning, Liquidity and Sensitivity to market risk. Ratings is assigned to these components on the scale of 1 to 5 and that is a base for composite rating that also ranged from 1 to 5. The application of CAMELS has spread up dramatically in respect of examining the financial strengths of one of the basic constituents of money market i.e. commercial banks. Currently financial ratios are often used to measure the overall soundness of a bank and the quality of bank management. Thus, bank regulators may use financial ratios to help evaluate a bank's performance as part of CAMELS rating system.

3.1.1.1: Evaluation of Capital Adequacy

The difference between total assets and total liabilities is called capital. It dictates the ability of the firm that liability could be privileged. It primarily assumes that if all the assets of the bank take as a loans and deposits as liability. If there is any loss from loans it will be a great risk for banks to meet the demand of their depositors. Therefore, to prevent the bank from failure of adverse situations, it is necessary to maintain a significant level of capital adequacy.

Basel capital accords set the rules for the Capital requirements. It represents the capital standard for banks which applied to banks in G10 countries. Then it was followed by other developing countries such as-Bangladesh. The Basel capital has two parts. These are, Tier one, and Tier two. The capital adequacy for banking institutions the ratio should be superior to 8%. More precisely, we can say that the total capital must be over 8% of its risk weighted assets. The formula for Capital Adequacy Ratio is; $CAR = \frac{\text{Tier I} + \text{Tier II}}{\text{Risk Weighted Assets}}$.

This ratio determines the ability of the bank to meet with obligation on time and other risk such as operational risk, liquidity risk and credit risk etc.

Tier-I:

It includes common stock and surplus, undivided profits (retained earnings), preferred stock, convertible bonds and selected identifiable intangible assets less goodwill including other intangible assets.

Tier-II:

It is also known as hybrid because it includes that amount which is derived from issued bonds by the banks. It is also called supplemental capital. It includes allowances(reserves) for loan and lease losses, subordinated debt capital instruments, mandatory convertible debt, intermediate-term preferred stock, cumulative perpetual preferred stock with unpaid dividends and other long-term capital instruments that combine both debt and equity features.

Capital Adequacy Rating Factors

- Nature and volume of problem assets in relation to total capital and adequacy of LLR and other reserves
- Balance sheet structure including off balance sheet items, market and concentration risk
- Nature of business activities and risks to the bank operations
- Asset and capital growth experience and prospects
- Earnings performance and distribution of dividends
- Capital requirements and compliance with central bank regulatory requirements
- Access to capital markets and reliable sources of capital
- Ability of management to deal with above factors very suitably

Capital Rating 1

Rating “1” is characterized by –

- Capital levels and ratios exceed all regulatory requirements
- Strong earnings performance year to year

- Well managed and controlled growth
- Competent management able to analyze the risks which is associated with the activities in determining appropriate capital levels suggested by central bank
- Reasonable dividends and ability to raise new capital from new source
- Low volume of problem assets in the balance sheet

Capital Rating 2

Rating “2” is quite similar to rating “1” but this criterion experiences weakness in one or more than one factors. Rating ”2” is characterized by-

- Capital and solvency ratios exceed regulatory requirements, but the problem assets are relatively high
- Management inability to maintain sufficient capital to support risks

Capital Rating 3

Rating “3” is characterized by –

- High level of problem assets in excess of 25% of total capital
- Bank fails to comply with regulatory regulations of central bank
- Earnings are not satisfied.
- Inability to raise new capital to meet regulatory requirements and correct deficiencies over the time
- It requires regulatory oversight to ensure management and shareholders address the issues of concern

Capital Rating 4

Rating “4” means that the bank is experiencing severe problems which is resulting in inadequate capital to support risks associated with the business and operations. Rating “4” is characterized by –

- High level of problems generating losses in all area of activities
- Problem loans in excess of 50% of total capital
- Insufficient capital
- Non-compliance with regulatory requirements
- Management needs to take immediate action to correct deficiencies to avoid going into bankruptcy

Capital Rating 5

This rating actually indicates that the bank is totally insolvent and immediate regulatory actions are needed to sustain. Rating “5” is characterized by-

- Strong regulatory oversight is needed to mitigate the loss to depositors and creditors
- Very slight possibility that actions from management will prevent the demise of the bank
- Only shareholders may be able to prevent the failure

Capital adequacy of Jamuna Bank Limited

Capital adequacy can be measured by established financial tool set by the Basel committee. The researcher used two components for CAMEL rating in this report. They are calculated below with their individual rating bases.

Table: Bases of Capital Adequacy Components

Components	Rating 1	Rating 2	Rating 3	Rating 4	Rating 5
Capital Adequacy					
Capital Adequacy Ratio	≥ 15%	12% - 14.99%	8% - 11.99%	7% - 7.99%	≤ 6.99%
Tier 1 capital to risk weighted assets ratio	≥5%	4.5% - 5%	3.5% - <4.5%	3% - <3.5%	<3%

Source: Bangladesh Bank

Figure 4: Bases of Capital Adequacy Components

(2015-16, 2017).

Capital Adequacy Ratio

Table Calculation of Capital Adequacy Ratio

Figures show in TK (in BDT Million)						
Years	Tier I	Tier II	Total Regulatory Capital Base	Total Risk Weighted Assets	CAR	Rating
2015	10752.90	3844.06	14596.96	113806.38	12.83%	2
2016	11423.60	3385.64	14809.24	144657.44	10.93%	3
2017	12188.51	7705.61	19894.12	167675.45	11.86%	3
2018	14508.33	11921.74	26430.07	194591.35	13.58%	2
2019	15619.98	10235.48	25855.46	181473.19	14.25%	2

Source: annual report (2015-2019), JBL
 Figure 5: Calculation of Capital Adequacy Ratio

From the above table it is shown that the capital adequacy ratio from 2015 to 2019 is showing mixed trends of rating. It has been in a position between rating “2” and “3”. In last two years it was consecutively close to 14.99% which is close to rating “1” position. So, it can be said that Jamuna Bank is thriving to reach at rating “1” position. The lowest rate in last five years’ annual reports is 10.93% which happened in 2016 and the highest rate is 14.25% in 2019.

Tier- 1 Capital to Risk Weighted Assets Ratio

Table: calculation of Tier 1 Capital to Risk Weighted Assets Ratio				
Figures show in TK (in BDT Million)				
Years	Tier I	Total Risk Weighted Assets	% of ratio	Rating
2015	10752.90	113806.38	9.45%	1
2016	11423.60	144657.44	7.90%	1
2017	12188.51	167675.45	7.27%	1
2018	14508.33	194591.35	7.46%	1
2019	15619.98	181473.19	8.61%	1

Source: annual report (2015-2019), JBL

Figure 6: calculation of Tier 1 Capital to Risk Weighted Assets Ratio

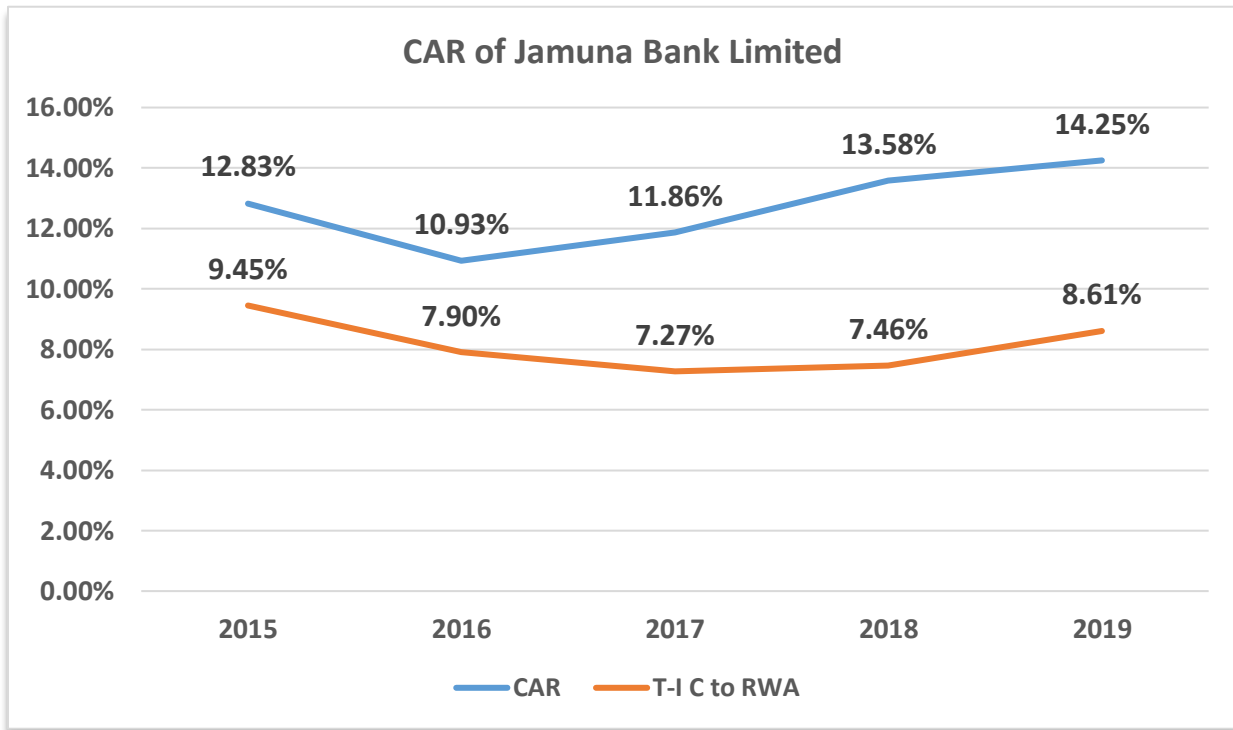


Figure 7: CAR of Jamuna Bank Limited

From the above table it shown that tier 1 capital to risk weighted assets ratio from 2015 to 2019 is lies in **rating 1**. During the observed period the percentage of ratio shows continuous downward trend which is not satisfactory for Jamuna Bank Limited.

Capital Adequacy Ratio of Prominent Banks in Bangladesh (Comparative Analysis)

Table Calculation of Capital Adequacy Ratio (For the year of 2019)

Figures show in TK (in BDT Million)						
Banks Name	Tier I	Tier II	Total Regulatory Capital Base	Total Risk Weighted Assets	CAR	Rating
BRAC Bank Ltd.	39733	3038	42771	264598	16.16%	1
Eastern Bank Ltd.	20719	9850	30569	207437	14.74%	2
IFIC Bank Ltd.	26333.67	5805.31	32138.31	251080.54	12.80%	2
South East Bank Ltd.	26052.13	9941.73	35993.86	312446.70	11.52%	3
Jamuna Bank Limited	15619.98	101235.48	116855.46	181473.19	14.25%	2
United Commercial Bank Ltd.	27254.27	18981.88	46236.15	314960	14.68%	2

Source: annual report (2015-2019), JBL, BRAC bank, EBL, IFICBL, SEBL, UCBL

Figure 8: Calculation of Capital Adequacy Ratio (For the year of 2019)

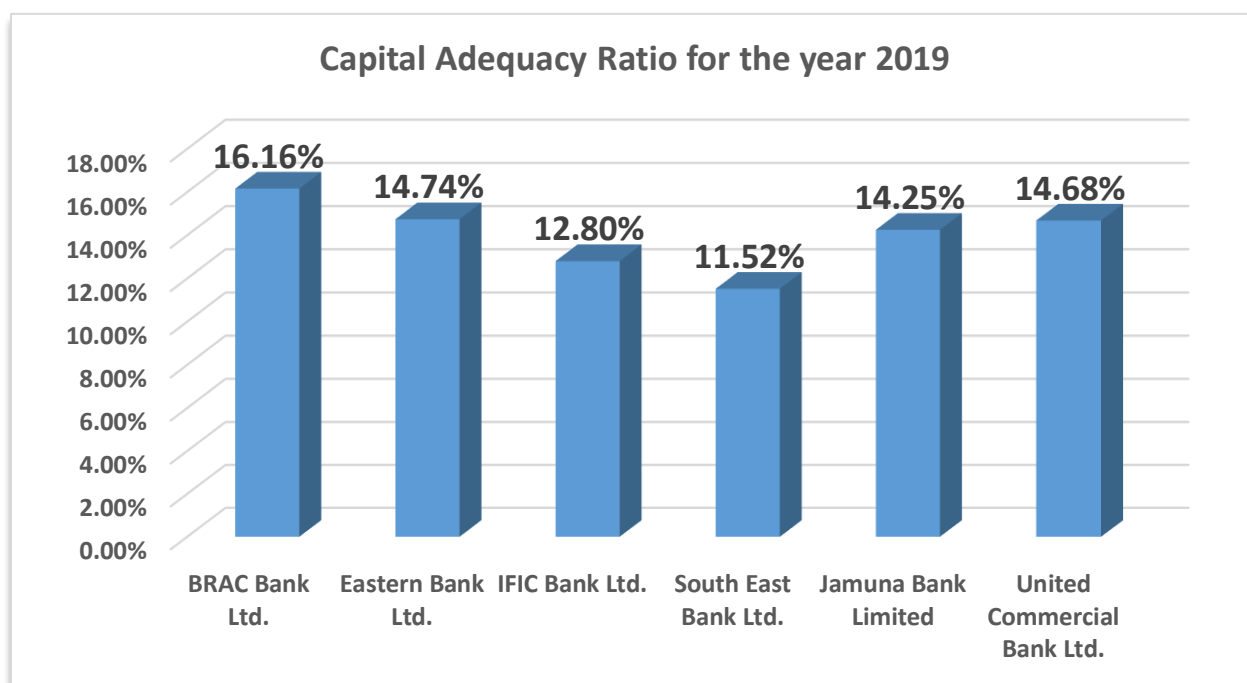


Figure 9: Capital Adequacy Ratio for the year 2019

In 2019, the BRAC Bank Ltd. is in the higher position and exceeds the minimum requirement of 14.99% for being in rating “1” position. The other banks are in rating “2” position except South

East Bank Ltd. South East bank is close to the rating “2” position. South East bank is unable to raise new capital to meet regulatory requirements and correct deficiencies over the time. They do have high level of problem assets in excess of 25% of total capital. With rating “1” it can be said BRAC Bank do have a competent management which is able to analyze the risks which is associated with the activities in determining appropriate capital levels suggested by Bangladesh Bank. The rest of the banks does have capital and solvency ratios exceed regulatory requirements, but the problem assets are relatively high. Jamuna Bank should focus on the problem assets so that they can be in rating “1” position in next financial year.

3.1.1.2: Evaluation of Asset Quality

Asset quality is one of the most important elements of CAMELS frame work to rate a financial institution/bank. Asset represents all the assets of the bank, current and fixed, loan portfolio, investments and real estate owned as well as off balance sheet transactions. Decision regarding allocation of the deposited amount of the bank in loan portfolio, investments, owned real estate, securities and off-balance sheet transaction determines the quality of its assets. These are taken into consideration while calculating the default/credit risk of a bank.

There are several other quantitative factors that can lead to the collapse of a financial institution but corrosion in the quality of assets is the root cause where problem starts. Deterioration and enhancement in the quality of assets is the main source of difference in a bank’s earnings because its prime objective is in providing credit. Assessment of the risk profile of a bank and how it deals with these risks also plays a significant role in evaluation of quality of the assets. Some of the main factors may include high-quality of understanding of its underwriting principles, good screening system, bad-debt identification system and collateral management mechanisms. Non-performing loans, reserve policies for these bad debt and coverage for these non-performing loans of a bank is also an important factor in the assessment of assets quality. Off balance sheet activities of the banks are increasing with a rapid pace so it is of great importance to measure these activities such as derivatives and swaps.

Evaluation of quality of the assets is primarily based upon assessment of the bank portfolio and the credit risk associated to it. Capabilities of a bank to identify, quantify, observe and control credit risk and judged whereas provisions against these bad and non performing debts are also taken into account.

Asset Quality Rating Factors

- Volume of problem of all assets
- Volume of overdue or rescheduled loans
- Ability of management to administer all the assets of the bank and to collect problem loans
- Large concentrations of loans and insider's loans, diversification of investments
- Loan portfolio management, written policies, procedures internal control, Management Information System
- Loan Loss Reserves in relation to problem credits and other assets

Asset Quality Rating 1

Asset quality rating "1" is characterized by –

- Ratio of troubled assets to capital is less than 2% or 3%
- Efficient loan portfolio management, close monitoring of problem loans
- Adequate Loan Loss Reserves
- Non-credit assets pose no loss threat
- Concentrations of credits and loans to insiders provide minimal risk
- Efficient loan portfolio management, close monitoring of problem loans

Asset Quality Rating 2

Asset quality rating "2" is assigned to banks that display similar characteristics as "1", but are experiencing non-significant weaknesses, and the management is able to address these issues without close regulatory oversight. Problem assets do not exceed 10 % of total capital, but:

- The bank is experiencing negative trends in the level of overdue and prolonged credits and of LLR

- There are weaknesses in the management underwriting standards and control procedures
- Loans to insider pose some regulatory concern, but can be easily corrected

Asset Quality Rating 3

Asset quality rating “3” is characterized by –

- Bank is experiencing high level of past due and rescheduled credits
- Policies and procedures are not properly implemented
- Inappropriate loans to insiders
- Non-credit assets display abnormal risks and may pose a threat of loss

Asset Quality Rating 4

Asset quality rating “4” is characterized by –

- Level of problem credits continues to increase and could result in insolvency
- Doubtful and loss credits exceed pose a threat to capital
- Lack of proper policies and procedures

Asset Quality Rating 5

Asset quality rating “5” is characterized by –

- Problem assets to capital ratio above 50%
- Slight possibility that management actions can improve the quality of the bank
- Strong regulatory oversight is needed to prevent further capital erosion and protect depositors and creditors

Asset Quality of Jamuna Bank Limited

Asset quality can be measured by established financial tool set by the Basel committee. The researcher used two components for CAMEL rating in this report. They are calculated below with their individual rating bases:

Table: Bases of Asset Quality Components

Components	Rating 1	Rating 2	Rating 3	Rating 4	Rating 5
Asset Quality					
Non-performing loans to total loans	<3%	3%- <5%	5%- <10%	10%- <15%	≥15%

(2015-16, 2017).

Figure 10: Bases of Asset Quality Components

Non-performing loan to total loans

Table: Classification of Non-performing loans to total loans ratio				
Figures show in TK (in BDT Million)				
Years	Non-performing loans	Total loans	Non-performing loans to total loans	Rating
2015	5839.60	87252.28	6.69%	3
2016	4743.50	117099.61	4.05%	2
2017	5725.10	142252.94	4.02%	2
2018	6231.12	165402.85	3.77%	2
2019	6559.46	177278.78	3.70%	2

Source: Annual Report, JBL (2015-2019)

Figure 11: Classification of Non-performing loans to total loans ratio

From the above table we can see that in last 4 years (2016-2019), Jamuna Bank Ltd. is in rating “2” position. They are constantly trying to keep the rate low in recent years by reducing the year-to-year volume of NPL’s. This rating actually represents; the bank is experiencing negative trends in the level of loan repayment. These non-significant weaknesses need to be taken into control as early as possible. Here the problem assets are within 10% limit and the management need to thrive to keep it low.

Loan loss provision to total loans

Table: Bases of Asset Quality Components

Components	Rating 1	Rating 2	Rating 3	Rating 4	Rating 5
Asset Quality					
Loan Loss Provision to total loans	<3%	3%- <5%	5%- <10%	10%- <15%	≥15%

Figure 12: Bases of Asset Quality Components

(2015-16, 2017).

Table: Classification of Loan loss provision to total loans ratio				
Figures show in TK (in Crore)				
Years	Loan loss provision	Total loans	Loan loss provision to total loans	Rating
2015	135.54	8725.28	1.54%	1
2016	111.78	11709.96	0.95%	1
2017	69.12	14225.29	0.49%	1
2018	105.08	16540.29	0.64%	1
2019	103.30	17727.88	0.58%	1

Source: Annual Report, JBL (2015-2019)

Figure 13: Classification of Loan loss provision to total loans ratio

From the table we can see the provision is decreasing in last five years against total loans. There is a positive relationship between NPL's and provisions. As a result, the bank is realizing increase in after tax profit in the income statement. As they are in rating "1" position over the last five years, it dictates the ratio to trouble assets to capital is less than 2-3%. Moreover, it has adequate loan reserves and the portfolio is well diversified in terms of loan repayment. The non-credit asset poses no loss threat. The bank is doing great in risk mitigating sector in overall performance.

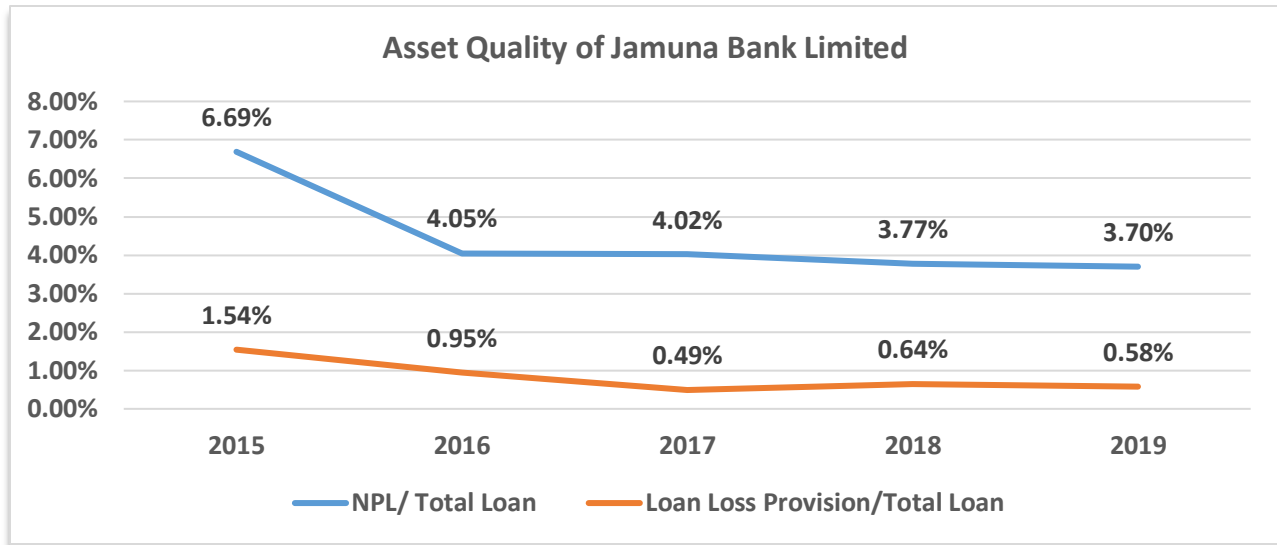


Figure 14: Asset Quality of Jamuna Bank Limited

Asset Quality Ratio of Prominent Banks in Bangladesh (Comparative Analysis)

Table Calculation of Asset Quality Ratio (For the year of 2019)							
Figures show in TK (in Crore)							
Banks Name	Total Loans	Non-performing loans	Loan Loss Provision	Non-performing loans to total loans ratio	Rating	Loan loss provision to total loans ratio	Rating
BRAC Bank Ltd.	26487.02	1056.83	109.61	3.99%	2	0.41%	1
Eastern Bank Ltd.	23205.10	777.10	17.43	3.35%	2	0.08%	1
IFIC Bank Ltd.	22858.90	1226.50	77.40	5.37%	3	0.34%	1
South East Bank Ltd.	29501.51	961.75	4583.30	3.26%	2	1.55%	1
Jamuna Bank Ltd.	17727.88	655.93	103.3	3.70%	2	0.58%	1
Dutch Bangla Bank Ltd.	25623.97	1127.45	377.11	4.40%	2	1.47%	1
United Commercial Bank Ltd.	32272.81	1171.12	2626.60	3.63%	2	0.81%	1

Source: annual report (2015-2019), JBL, BRAC bank, EBL, IFICBL, SEBL, UCBL, DBL

Figure 15: Calculation of Asset Quality Ratio (For the year of 2019)

In 2019, Jamuna bank limited is in a good position in terms of NPL to total loans ratio. Though the rating is “2” but the bank has still opportunity to reduce the NPL rate. They have a good opportunity to reduce in next financial years. Here, IFIC Bank Ltd. is in rating “3” position and the bank is experiencing high level of past due and scheduled credits. It means the policies and regulations are not implemented properly in banking operation. On the other hand, all other banks are in rating “2” position and they are in around between 3-4% rate. The loan loss provision rating is same for all other banks in the loan loss provision to total loans ratio. It can be said, these banks have adequate loan loss reserves.

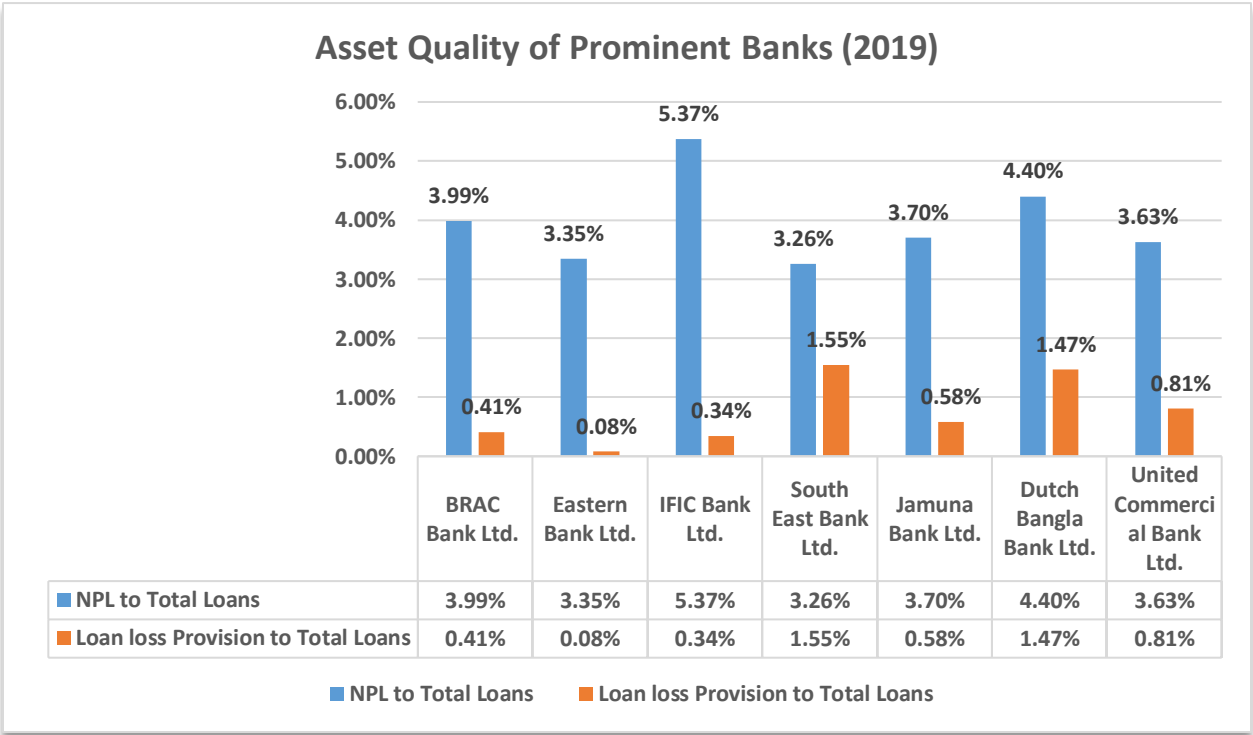


Figure 16: Asset Quality of Prominent Banks (2019)

3.1.1.3: Evaluation of Management Efficiency

Management includes all key managers and the Board of Directors within the company. It is difficult to determine the sound performance of management of the bank perhaps the analysis of bank performance management is different from other financial institutions. For individual institution it is not a quantitative factor it is more focused on qualitative factor. Now the question arises, how to measure the soundness of the management? There are quite a few indicators to assess the soundness of the management these are: earning per employee, cost per loan, cost per

unit of money lent and average loan size, expense ratio etc. For our easiness we will try to analyze two important ratios for determining the performance of the management efficiency of Jamuna Bank Limited. First indicator is management expenses to total revenues. In the expenses portion, we summed up salary and allowances, managing director's salary and director's fees. Auditor's fees are excluded because these auditors are external employees and work as a contemporary basis.

Management Efficiency Rating Factors

Management efficiency ratios refers to these indicators-

- Leadership, administration ability, and competency in technical work and its impact on overall performance
- Bank's management has the ability to deal with adverse and changing environment
- Obedient to banking law and regulations directed by Bangladesh bank
- Agree on internal policies and maintaining clean image with the external parties

Management Efficiency Rating 1

Management rating "1" indicates a strong and committed management showing-

- A strong financial performance in all areas
- Strong cooperation and interaction between the Board of Directors and the management and successful delegation of authority
- Competent and trained staff at all levels
- Planning, control, implementation of internal policies
- Appropriate understanding and response to changing economy

Management Efficiency Rating 2

Management rating "2" has the general characteristics of "1" but it possesses some deficiencies in rating factors that can be easily corrected without regulatory supervision. In this position of the bank, the management should focus on the management indicators closely so that the overall gain can be reach to the maximum level.

Management Efficiency Rating 3

Management rating “3” displays major weaknesses in one or more of the rating factors. It needs regulatory supervision to ensure that management and Board takes corrective actions timely. If bank is failed to work on the weaknesses, the system might pose a threat to the management for future prospect.

Management rating “3” indicates-

- Poor financial performance
- Lack of proper written policies and procedures
- Disregard for regulatory requirements
- Poor assessment of risks and planning
- Inappropriate reactions to economic adversities and corrective actions
- Significant level of insider abuse is happening

Management Efficiency Rating 4

Management rating “4” indicates-

- Strong regulatory actions are needed as soon as possible
- The upper management and board of directors need to sit together and need to take immediate actions
- Reoccurring damaging actions and lack of policy supervision is crippling down the management efficiency

Management Efficiency Rating 5

Management rating “5” indicates-

- Bank displays strong weaknesses in all areas
- Poor financial performance is clearly observed in balance sheet and profit-loss statement
- Insolvency is very likely would happen

Management Efficiency of Jamuna Bank Limited

Management Quality can be measured by various financial and mathematical tools and techniques. It is totally up to the management about how to measure those by maintaining the rating.

Table: Bases of Management Efficiency					
Components	Rating 1	Rating 2	Rating 3	Rating 4	Rating 5
Management Efficiency					
Management expenses to total revenue	≤25%	26% - 30%	31% - 38%	39% - 45%	≥46%

Source: Bangladesh Bank (2015-16, 2017).

Figure 17: Bases of Management Efficiency

Management Expenses to Total Revenue

Table: Classification of Management expenses to total revenue				
Figures show in TK (in Crore)				
Years	Management Expenses	Total revenue	Management expenses to total revenue	Rating
2015	2100331427	9807078243	21.42%	1
2016	2510272208	9687217942	25.91%	2
2017	2727029753	11424651068	23.87%	1
2018	3092428047	14993702297	20.62%	1
2019	3339955445	17825528278	18.74%	1

Source: Annual Report, JBL (2015-2019)

Figure 18: Classification of Management expenses to total revenue

Here from the table we can see Jamuna Bank Ltd. is consistently in rating “1” position from 2017-19. In fact, they are consistently making progress in terms of total revenue to management expenses. Management expenses is not increasing that much in compare to revenues they are generating per year. So, the revenue from per employee is increasing year after year because of the high revenue turnover of Jamuna Bank Ltd.

Management Expenses to Total Revenues of Prominent Banks in Bangladesh (Comparative Analysis)

Table: Classification of Management expenses to total revenue (2019)				
Figures show in TK (in Crore)				
Banks Name	Management Expenses	Total revenue	Management expenses to total revenue	Rating
BRAC Bank Ltd.	5598690584	25112079316	22.29%	1
Eastern Bank Ltd.	3768654311	23163605820	16.27%	1
IFIC Bank Ltd.	2580973541	24425901857	10.57%	1
South East Bank Ltd.	2156580626	26242459146	8.22%	1
Jamuna Bank Limited	3339955445	17825528278	18.74%	1
United Commercial Bank Ltd.	7146275926	30948745064	23.09%	1
Dutch Bangla Bank Ltd.	4819537669	25543861602	18.87%	1

Figure 19: Classification of Management expenses to total revenue (2019)

In 2019, the management efficiency rating of prominent banks is in number “1” position. South East Bank Ltd. is very efficient in terms of reducing the management expenses to total revenues. United Commercial Bank Ltd. is at the edge of the rating “1” position. Both BRAC Bank Ltd. and United Commercial Bank need to plan and control internal policies for the management. The audit function needs to be more appropriate. Jamuna Bank Ltd. is in a comfortable position in 2019. It is a clear result of their prudent management efficiency. They did observe the changing economy and responded accordingly.

Total Cost to Total Employees

Table: Classification of Total Cost to Total Employees			
Figures show in TK (in BDT Million)			
Years	Total Cost (Total Operating Expenses)	Number of Employees (number)	Total Cost to Total Employees
2015	3391.07	2286	1.48
2016	4025.54	2433	1.65
2017	4549.43	2574	1.77
2018	5188.8	2807	1.85
2019	5597.7	3049	1.84

Figure 20: Classification of Total Cost to Total Employees

This is an independent analysis of the researcher which is advised by the branch operation manager. Jamuna Bank Ltd. take this measure to understand the cost that occurred to per employee. Here the cost actually represents the total operating expenses of profit-loss statement. Here from the table, over the last 5 years (2015-19), the total cost to total employees has increased significantly. In 2016, it was 1.65 million but in 2019, it stood at 1.84 million. Within four years, the ratio increased by 39%. The management is not cost effective in terms of maintaining expenses rather it is incurring more money from the income generating items at the end of the day.

Total Cost to Total Employees Prominent Banks in Bangladesh (Comparative Analysis)

Table: Classification of Total Cost to Total Employees (For 2019)			
Figures show in TK (in BDT Million)			
Banks Name	Total Cost (Total Operating Expenses)	Number of Employees (number)	Total Cost to Total Employees
Eastern Bank Ltd.	6387.40	1897	3.38
BRAC Bank Ltd.	11440.50	816	1.40
IFIC Bank Ltd.	5999.30	2559	2.34
South East Bank Ltd.	5256.01	2402	2.19
United Commercial Bank Ltd.	12430.20	4988	2.49
Jamuna Bank Ltd.	5597.70	3049	1.84
Dutch Bangla Ltd.	15685.96	9988	1.57
Average			2.17

Figure 21: Classification of Total Cost to Total Employees (For 2019)

In 2019, Jamuna Bank Limited has been in a good position in terms of total cost to total employee's position. Eastern Bank Ltd. has incurred most in this position. They are clearly not in a good position because they incurred many costs to their employees. Here the average of the ratio is 2.17 million which is calculated by the researcher. Considering this fact, Dutch Bangla Bank Ltd., BRAC Bank Ltd. and Jamuna Bank Limited is significantly performing well than other banks. These banks need competent and trained staffs at all level and any disregard to internal policies should be addressed properly to the upper management and board of directors.

3.1.1.4: Evaluation of Earnings Quality

To take a grip on the market share for a long term, banks are totally dependent upon generation of adequate earnings, dividends to be paid back to its shareholders and improve its capitals. Earning of a bank is a significant key performance indicator (KPI) to analyze its financial strength.

Since that money itself is a merchandise of the banks, banks can maintain losses for a longer period of time before they get out of cash. Supervisor must take action whenever they realize that the bank's earnings are decreasing or the bank might have a chance to get into bankruptcy. It is a complex task for both the supervisor and regulators to look into the earnings record of the bank and simply come to a decision about earning position. Past earning performances have its effects on the bank's balance sheet but if conclusion of the supervisor is based upon the results which have taken from the earning records and will used for timely action, it is suggested that supervisors should be concerned with the indicators that reflect bank's future financial positions and future result. At first, the researcher used the ratio ROA (return on assets). ROA indicates how well the assets are generating profits after tax deduction. This ratio avoids the volatility of earnings linked with unusual items, and the profitability of the bank. Then, the researcher used the ratio ROE (return on equity). This ratio shows the efficiency of the bank, that how the bank uses its own capital in an efficient manner and how well the shareholders are paid.

Earnings Quality Rating Factors

Earnings are rated according to the following factors-

- Sufficient earnings to cover potential losses and provide adequate capital
- Composition of net income. Volume and stability of the components
- Level of expenses in relation to operations
- Reliance on extraordinary items, securities transactions, high risk activities
- Nontraditional or operational sources
- Adequacy of budgeting, forecasting, control MIS of income and expenses
- Adequacy of provisions

Earnings Quality Rating 1

Earnings quality rating "1" indicates-

- Sufficient income to meet reserve requirements, provide capital growth and pay reasonable dividends to shareholders
- Strong budgeting, planning and control of income and expenses

- Positive trends in major income and expenses categories
- Minimal reliance on extraordinary items and non-traditional sources of income

Earnings Quality Rating 2

Earnings quality rating “2” indicates-

- They are somehow relying on non-traditional income for generating revenues
- Need to improve budget, planning and control process. Management should be able to deal with the problems without regulatory supervision

Earnings Quality Rating 3

Earnings rating “3” shows that the bank has major weaknesses in several of the rating factors.

- Regulatory supervision is needed to ensure management takes appropriate measures to improve earnings performance
- Insufficient earnings retention may impair capital position

Earnings Quality Rating 4

Earning rating “4” indicates bank is experiencing severe earnings problems. Net profit may be positive, but insufficient to maintain adequate reserves and capital growth

- Strong regulatory supervision is needed to prevent loss of capital
- Management must take immediate action to improve income and reduce
- Certain activities may have to be suspended
- Corrective action is needed to prevent losses developing into insolvency

Earnings Quality Rating 5

Earning rating “5” indicates immediate action is needed and strong regulatory supervision is required from BB

Earnings Quality of Jamuna Bank Limited

For determining earnings quality there are two indicators. One is ROA (return on assets) and another one is ROE (return on equity). The elements to find these two indicator's result can be obtained from income statements of Jamuna Bank Limited.

Table: Bases of Earnings Quality (ROA)					
Components	Rating 1	Rating 2	Rating 3	Rating 4	Rating 5
Earnings Quality					
Return on Assets	≥1.3%	0.8% -< 1.3%	0.4% - <0.8%	0.16%- <0.4%	<0.16%

Source: Bangladesh Bank (2015-16, 2017).

Figure 22: Bases of Earnings Quality (ROA)

Return On Assets (ROA)

Table: Classification of Return On Assets (ROA)				
Figures show in TK (in BDT million)				
Years	Total Assets (million)	Net Profit After Tax (million)	Return On Assets	Rating
2015	142859.17	1642.46	1.15%	2
2016	168418.30	1876.36	1.11%	2
2017	197058.54	2021.01	1.03%	2
2018	225018.22	2316.69	1.03%	2
2019	242928.46	2607.85	1.07%	2

Source: Annual Report, JBL (2015-2019)

Figure 23: Classification of Return On Assets (ROA)

Here in the table we can see, Jamuna Bank Ltd. has consistently in rating “2” position from last five years (2015-19). However, their return on assets is declining within the rating “2” range. If

this continuous declination keeps going on, in next 3-4 years they might be in rating “3” position. As per current situation, Jamuna Bank Ltd. is somehow relying on non-traditional income for generating revenues. They need to improve their budget, planning and control process.

Return On Assets of Prominent Banks in Bangladesh (Comparative Analysis)

Table: Classification of Return On Assets (ROA) for year 2019				
Figures show in TK (in BDT million)				
Banks Name	Total Assets (million)	Net Profit After Tax (million)	Return On Assets	Rating
BRAC Bank Ltd.	414855	4583	1.10%	2
Eastern Bank Ltd.	335163	4008	1.19%	2
South East Bank Ltd.	422312.71	2508.56	0.62%	3
IFIC Bank Ltd.	316950	2444	0.77%	3
United Commercial Bank Ltd.	446760.12	2772.04	0.62%	3
Jamuna Bank Ltd.	242928.46	2607.85	1.07%	2
Dutch Bangla Bank Ltd.	390362	4341.4	1.11%	2

Source:2019 Annual report of JBL,EBL,SEBL,IFIC BL,UCBL, DBL & BRAC Bank Ltd.

Figure 24: Classification of Return On Assets (ROA) for year 2019

In 2019, the industry average of ROA is 1.09%. Here, most of the banks are below the industry average rate. Eastern Bank Ltd. and Dutch-Bangla Bank Ltd. are over the rate. The current banking industry has experienced liquidity crisis and the volume of NPL's has hit hard. As a result, the income from assets is not good for most of the banks within the industry. The private credit growth is also very low in recent years. The banks need to improve budget, planning and control

process Management should be able to deal with the problems without regulatory supervision. However, South-East Bank Limited and United Commercial Bank Limited really need to take immediate action to improve income and reduce expenses.

Return On Equity (ROE)

Table: Bases of Earnings Quality (ROE)					
Components	Rating 1	Rating 2	Rating 3	Rating 4	Rating 5
Earnings Quality					
Return on Equity	≥9%	7% - < 9%	5% - < 7%	2% - < 5%	< 2%

Source: Bangladesh Bank (2015-16, 2017).

Figure 25: Bases of Earnings Quality (ROE)

Table: Classification of Return On Equity (ROE)				
Figures show in TK (in BDT millio)				
Years	Total Shareholders Equity (million)	Net Profit After Tax (million)	Return On Equity	Rating
2015	15708.35	1642.46	10.46%	1
2016	15848.64	1876.36	11.84%	1
2017	15433.37	2021.01	13.09%	1
2018	18073.50	2316.69	12.82%	1
2019	17160.59	2607.85	15.19%	1

Source: Annual Report, JBL (2015-2019)

Figure 26: Classification of Return On Equity (ROE)

Here we can see that Jamuna Bank Ltd. is performing very well in last five years (2015-19). ROE has increased 18.49% from 2018 to 2019 on a year-to-year basis. In average, the ROE has increased by 34.46% over the last five years. The shareholders are getting good percentage of

cash dividends over the last three years. Jamuna Bank does have minimal reliance on extraordinary items and non-traditional sources of income. They have well reversed budgeting, planning and control of income and expenses.

Return On Equity of Prominent Banks in Bangladesh (Comparative Analysis)

Table: Classification of Return On Equity (ROE) for year 2019				
Figures show in TK (in BDT million)				
Banks Name	Total Equity (million)	Net Profit After Tax (million)	Return On Equity	Rating
BRAC Bank Ltd.	40582	4583	11.29%	1
Eastern Bank Ltd.	25567	4008	15.68%	1
South East Bank Ltd.	29305.61	2508.56	8.56%	2
IFIC Bank Ltd.	24597	2444	9.94%	1
United Commercial Bank Ltd.	32783.02	2772.04	8.46%	2
Jamuna Bank Ltd.	17160.59	2607.85	15.19%	1
Dutch Bangla Bank Ltd.	27443.3	4341.4	15.82%	1

Source:2019 Annual report of JBL,EBL,SEBL,IFIC BL,UCBL, DBL & BRAC Bank Ltd.

Figure 27: Classification of Return On Equity (ROE) for year 2019

In 2019, the industry average on return on assets was 15.51%. Here, Dutch-Bangla Bank Ltd. and Eastern Bank Ltd.'s ROE is above the average rate. Other banks are way below the average rate. However, Jamuna Bank Ltd. is very close to the average rate in 2019 with 15.19%. Since the other banks rating is "2", these banks need to improve their budgeting, planning and control processes so that coordination could be maintained. Management need to be tough enough to respond to any regulatory call from the Bangladesh Bank to maintain a regulatory supervision.

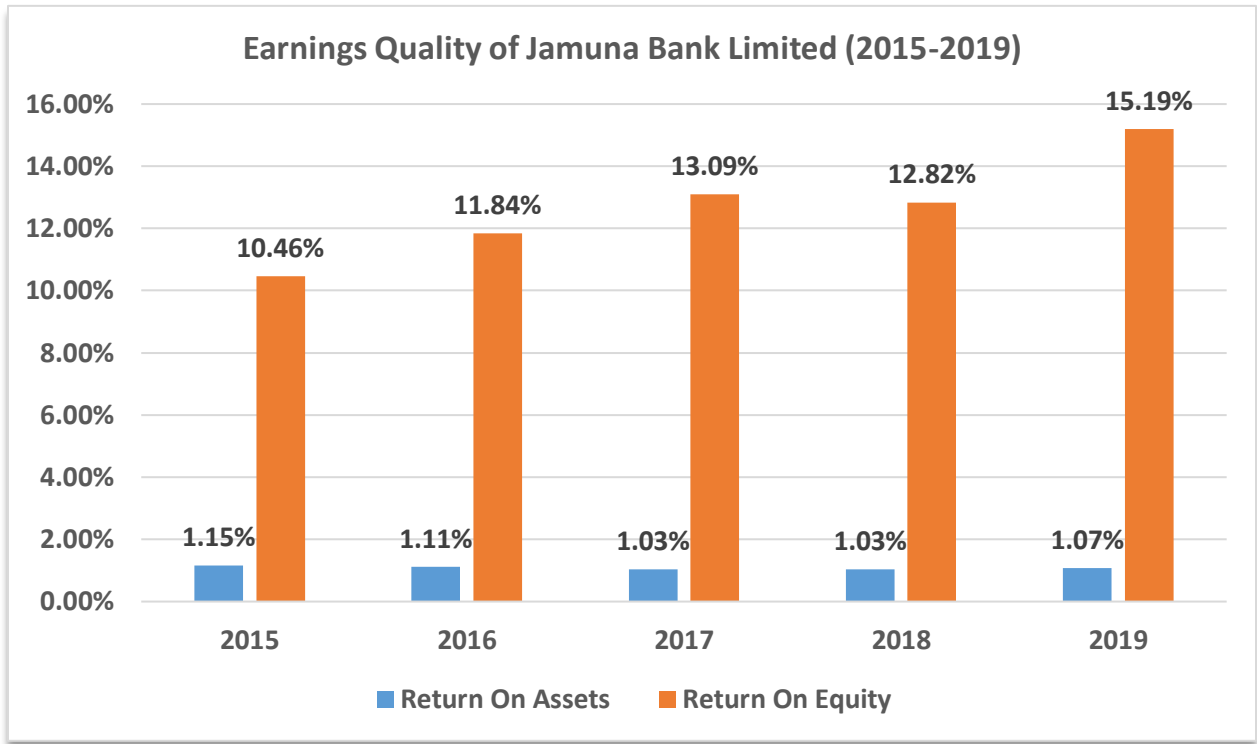


Figure 28: Earnings Quality of Jamuna Bank Limited (2015-2019)

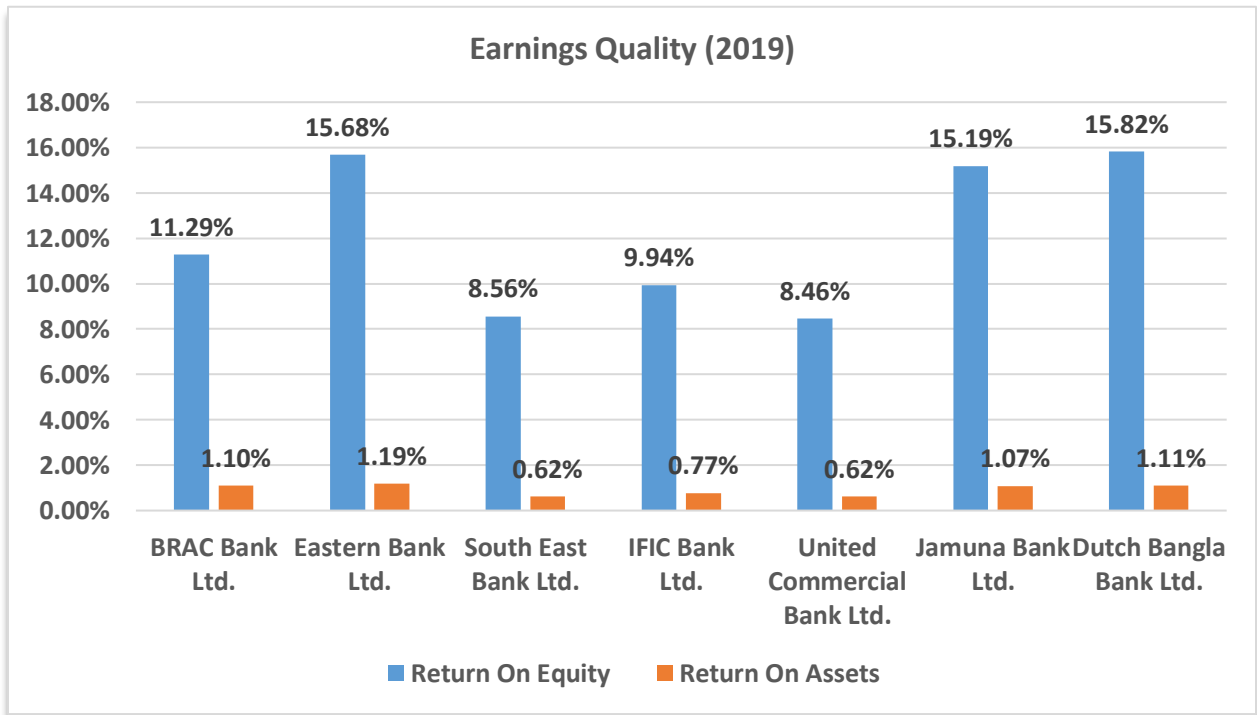


Figure 29: Earnings Quality (2019)

3.1.1.5: Evaluation of Liquidity Management

Liquidity is the ability to generate cash or turn quickly short term assets into cash. In CAMEL rating system, liquidity of a banks is measured according to: unpredictability of a bank's deposits, dependence of the bank on interest sensitive funds, methodological proficiency of a bank relative to the structure of liabilities, assets of the bank on its balance sheet that can be very easily converted into cash, access and availability of inter-bank markets and cash recourses such as LLR (Lenders Last Resort) services provided by the central bank of the country.

Any financial institution or bank that maintains a high level of liquidity have the capability to overcome the difficulties it may face in short term business activates, keep the cash supply lines open in case of financial distress and can grab the available investment opportunities that may result in a good return. In short term perspective, liquidity of a financial institution/bank depends upon their capabilities to fulfill day to day expenses and gratify the demands of withdrawals by the depositors. Primarily there are three main components that help any financial institution to attain liquidity: their anticipated future cash inflow and out flow, access of the bank to inter-bank market and the highly liquid assets that can be easily converted into cash.

For liquidity evaluation of a bank, its current status of liquidity is taken into consideration in relation to the liabilities it has. It also considers the capacity of the bank to deal with the possibility of unanticipated changes in its financing resources and prevailing market conditions that will affect liquidation of its assets and the minimum possible erosion in its earnings.

There are two types ratio for doing analysis on liquidity of a bank's performance. One is total investment to deposit ratio. This particular ratio dictates the proportion of the deposits of the bank to issue investment and its dependence on the interbank market. If the result of this ratio is lower, it means that bank maintain good level of liquidity and it has enough deposits of the banks are enough to cover loan obligations. There is another ratio which is total liquid assets to total assets. This ratio shows the current status of bank's liquidity in respect to its circulating assets that may include cash available in hand, claims of the bank against other banks in inter-bank market, short-term treasury investment, bank's investment in bonds, derivatives and swaps.

Liquidity Management Rating Factors

Liquidity management is rated according to the following factors-

- Sufficient liquid assets to meet loan demand and unexpected deposit reduction
- Strong and sophisticated planning, control and monitoring
- Little reliance on inter-bank market for short term funding
- Interest rates and maturities of assets and liabilities
- Access to money market and other sources of funds
- Diversification of funding sources

Liquidity Rating 1

Liquidity rating “1” indicates the bank management is maintaining the bank’s balance sheet very efficiently –

- Sufficient liquid assets to meet loan demand and unexpected deposit reduction
- Little reliance on inter-bank market
- Strong and sophisticated planning, control and monitoring
- Existence of a contingency plan for any kind of unwanted adverse situation

Liquidity Rating 2

Liquidity rating “2” indicates-

- Bank meets its liquidity requirements, but management lacks proper expertise for planning, control and monitoring
- Bank has experienced liquidity problems. Management reacted appropriately but failed to take action to prevent a recurring risk
- Management is somewhat unaware of negative trends
- Management did not address liquidity problems

Liquidity Rating 3

Liquidity rating “3” indicates-

- Management did not address liquidity problems
- Regulatory supervision is usually required to assure management is taking care of the problems

- Management needs to address negative trends immediately to prevent a crisis in daily obligations

Liquidity Rating 4

Liquidity rating “4” indicates-

- Requires immediate attention and regulatory control
- Actions must be taken to strengthen liquidity position to meet current obligations
- Management must engage in extensive planning to deal with the situation

Liquidity Rating 5

Liquidity rating “5” indicates a bank requires outside financial assistance to meet current liquidity requirements to prevent failure of the bank due to the inability to meet creditors and depositors needs.

Liquidity Management of Jamuna Bank Limited

Jamuna bank’s liquidity management is well diversified and they use only one indication which is found by the researcher. That is total investment to deposit ratio. The bank management does use other ratios as well but they do not expose those indicators. As a result, the researcher took another parameter which is liquid assets to total assets ratio. This ratio will give a sophisticated result of the bank’s total circulating assets based on their total asset volume.

Total Investment to Deposit Ratio

Table: Bases of Investment to Deposit Ratio					
Components	Rating 1	Rating 2	Rating 3	Rating 4	Rating 5
Investment to Deposit	≤55%	62% - 56%	68% – 63%	80 %– 69 %	≥81 %

(2015-16, 2017).

Figure 30: Bases of Investment to Deposit Ratio

Table: Classification of Total Investment to Deposit				
Figures show in TK (in BDT million)				
Years	Total Investments(million)	Deposits (million)	Investment to Deposit ratio	Rating
2015	34722.81	118849.18	29.22%	1
2016	30113.97	141550.96	21.27%	1
2017	26061.92	167571.53	15.55%	1
2018	31648.68	188034.30	16.83%	1
2019	39200.61	202509.52	19.36%	1

Source: Annual Report, JBL (2015-2019)

Figure 31: Classification of Total Investment to Deposit

Here from the table, we can see total investment to deposit ratio of Jamuna Bank Ltd. is decreasing. Though it is in rating “1” position, but within that range the ratio is decreasing year-to-year. In last five years the ration decreased by 50.92%. The year-to-year average decrease in 7.71%. Though the total investment has increased in bank’s portfolio, the total number of deposits did not increase that much. This is a good indicator that the bank has sufficient liquid assets to meet loan demand and unexpected deposit reduction. Moreover, they have little reliance of inter-bank relation.

Total Investment to Total Deposit of Prominent Banks in Bangladesh (Comparative Analysis)

Table: Classification of Total Investment to Deposit				
Figures show in TK (in BDT million)				
Banks Name	Total Investments (million)	Deposits (million)	Investment to Deposit ratio	Rating
BRAC Bank Ltd.	45944	268309	17.12%	1
Eastern Bank Ltd.	39797	240164	16.57%	1
IFIC Bank Ltd.	45500	258368	17.61%	1

South East Bank Ltd.	77310.04	329250.27	23.48%	1
Jamuna Bank Ltd.	39200.61	202509.52	19.36%	1
Dutch Bangla Bank Ltd.	55104.80	302159.20	18.24%	1
United Commercial Bank Ltd.	57800.97	330786.67	17.74%	1

Source: Annual Report of JBL, BRAC Bank, EBL, IFIC BL, SEBL, DBL, UCBL (2019)

Figure 32: Classification of Total Investment to Deposit

From the above table, we can easily observe that all banks are doing quite well in terms of total investment to total deposit ratio. The industry average of this ratio is 18.58%. though all banks are in rating “1” position, Jamuna Bank Ltd. is well above the industry average. In fact, all other banks are almost in along with the average number. Dutch-Bangla Bank Ltd. and South-East Bank Ltd. are above the industry average position. However, this ratio has decreased for all banks in compare to previous year (2018) that are mentioned here in the table. The main reason behind that, the number of deposits in normal banking channel has decreased and the emergence of mobile financial services (MFS) has decreased the number of deposit accounts in the bank but the banks investment in different industries has increased a lot year after year.

Liquid Assets to Total Assets

Table: Bases of Liquid Assets to Total Assets					
Components	Rating 1	Rating 2	Rating 3	Rating 4	Rating 5
Liquid Assets to Total Assets	≥50%	45% - 49.99%	38% - 44.99%	33% - 37.99%	≤32%

(2015-16, 2017).

Figure 33: Bases of Liquid Assets to Total Assets

Table: Classification of Liquid Assets to Total Assets				
Figures show in TK (in BDT million)				
Years	Total Assets (million)	Liquid Assets (million)	Liquid Assets to Total Assets Ratio	Rating
2015	142859.17	50010.40	35.01%	4
2016	168418.30	45798.80	27.19%	5
2017	197058.54	48991.00	24.86%	5
2018	225018.22	49250.70	21.89%	5
2019	242928.46	55169.40	22.71%	5

Source: Annual Report, JBL (2015-2019)

Figure 34: Classification of Liquid Assets to Total Assets

From the above table it is shown that circulating assets to total assets ratio is in mixed trend. Here we can also observe the volume of liquid assets has also increased in slow pace and the average liquid assets increased by 2.78% in last five financial year of the bank. Back in 2015 the number of liquid assets was high for Jamuna Bank Ltd., it has decreased rapidly. In liquid asset portion, the researcher took cash, balance with other banks, short notice and government investments. Jamuna Bank has heavily invested in government instruments and the volume of investment has increased significantly in last three years. It might be the reason of liquidity crisis of financial institutions of last three years. Banks has invested in government instruments to be on the safer side. Moreover, the provision circulars of Bangladesh Bank have also put them in a position to hold cash. Here Jamuna Bank Ltd. is in rating “5” and it is expected because the amount of liquid assets is not up to the marks for the bank. It is way below the rating range and because of the industry structure and current scenario of non-performing loans, the rating will be in number “5” position for a long time. The market volatility is not that much effective in banking industry to invest in different small investments to keep circulating liquid assets.

Liquid Assets to Total Assets of Prominent Banks in Bangladesh (Comparative Analysis)

Table: Classification of Liquid Assets to Total Assets (2019)				
Figures show in TK (in BDT million)				
Banks Name	Total Assets (million)	Liquid Assets (million)	Liquid Assets to Total Assets Ratio	Rating
BRAC Bank Ltd.	367920	77804.50	21.15%	5
Eastern Bank Ltd.	335163	81169	24.22%	5
IFIC Bank Ltd.	316950	65951.20	20.81%	5
South East Bank Ltd.	422312.71	97100.50	22.99%	5
Jamuna Bank Ltd.	242928.46	55169.40	22.71%	5
Dutch Bangla Bank Ltd.	390362	104574.30	26.79%	5
United Commercial Bank Ltd.	446760.12	88646	19.84%	5

Source: Annual Report of JBL, BRAC Bank, EBL, IFIC BL, SEBL, DBL, UCBL (2019)

Figure 35: Classification of Liquid Assets to Total Assets (2019)

From the table we can observe, most of the banks are in the same position in terms of liquid assets to total assets ratio in 2019. Though all banks are in rating “5” position and it requires special outsider action by the central bank, but this ratio is not usually used in Bangladesh to find out the condition of liquid assets. Since they have very limited and traditional market of investments to address those as assets the volume of liquid assets is not up to the mark. However, the banks are in a good position terms of industry average which is 22.64%. Here, Dutch-Bangla Bank has the highest liquidity as it has big customer base and volume of liquid assets are also very high. Other banks do have a very normal scenario.

3.2: Customer Satisfaction of Jamuna Bank Limited Mohakhali Branch

3.2.1: Introduction

3.2.1.1: Background

I have been doing my internship in Jamuna Bank Limited Mohakhali Branch. The bank has 142 branches all over the country and Mohakhali Branch is the corporate one. This is the first branch office of Jamuna Bank Limited when it started its journey back in 2001. This branch has 56 permanent employees, one operation manager and one branch manager who is also one of the four deputy managing director of the bank. Also, there are 11 supportive staff members and 3 security guards. This corporate branch has all privileges that a bank can offer to any type of the customer. From my experience, I have seen the bank is catering more the corporate clients and most of them are from textile industries, real estate industry, engineering industry, fast moving consumer goods companies. However, there are many local depositors and account holders who live in the nearby place. The transaction volume of this branch is much better than other 141 branches. As a result, the overall year-ending profit is much higher than other branches. Till now the branch has gained approximately 3800 crores in profit till 19th December,2020 for this year. The bank is successfully serving both individual and corporate clients from the very beginning.

3.2.1.2: Objective(s)

The study is done to know the about the satisfaction level of the customers and how they feel about the customer service of Mohakhali branch. According to the demographics, environment, and management, satisfaction level of the customers can vary from one branch to another. The report will help its readers to understand the satisfaction level of the customers in this Mohakhali corporate branch.

3.2.1.3: Significance

This study will help to understand the factors which are both positively and negatively working for the customers. There can be many factors for a customer to feel unhappy, such as getting different type of treatment from bank staffs, not getting quick response to any problem, poor online

transaction system. This report will help identifying what are the factors that dissatisfies the customers of Mohakhali branch specifically. So, the readers will understand what are the problems specifically in this regard and will be able to come up with probable solutions that will eliminate these problems in this branch.

3.2.2: Methodology

For this part of the report, the researcher collected the data through a survey on the customers of this branch. this method is called Primary data collection method, where the data are collected physically. There is another method called Secondary data collection method, which is the process of collecting data through online and various article on similar topic. For this report, only primary data collection method was used. The researcher took data from 28 customers of this branch with different age range. The researcher spent 5-6 minutes to talk with them about the questionnaires and filled up the questionnaire by himself. Then he put the data in the google file system to get the survey summary.

3.2.3: Findings and Analysis

This report contains lot of primary information's about the customers and their overall outlook about the service of Jamuna Bank Limited, Mohakhali Branch. There are 17 questions which will explain the customer satisfaction level of this branch in an expressive manner.

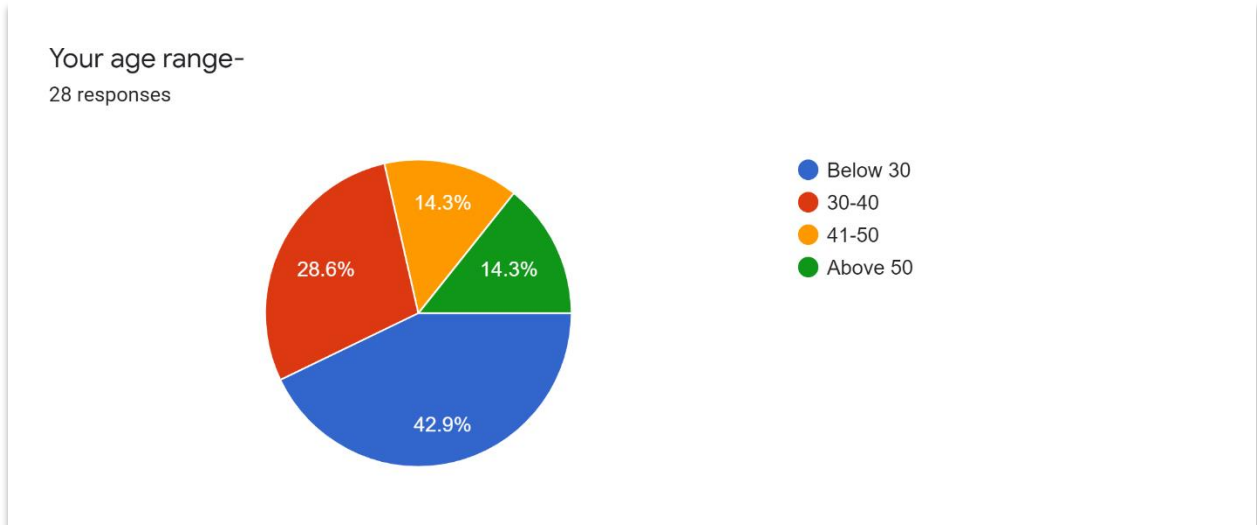


Figure 36: Age range

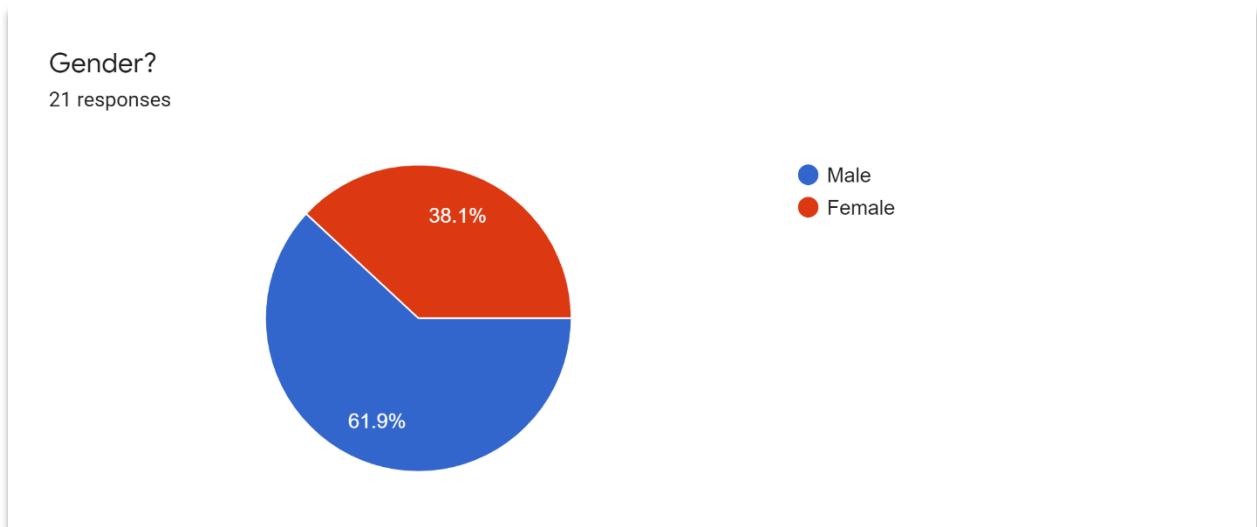


Figure 37: Gender

Figure 1 & 2 shows the demographic factors of the customers. From figure-1 we can see there is a mixed age range taken by the researcher. Approximately 70% of the respondents are below age 40. The rest of them are above age 40 and elder customers are the long-term customers. Among them, 62% of the respondents are male customers and the rest of them are female customers. Among female customers, most of them are garment employees and working in different garments around the area of Mohakhali. Moreover, most of the male customers are very regular customers and among them some are corporate clients.

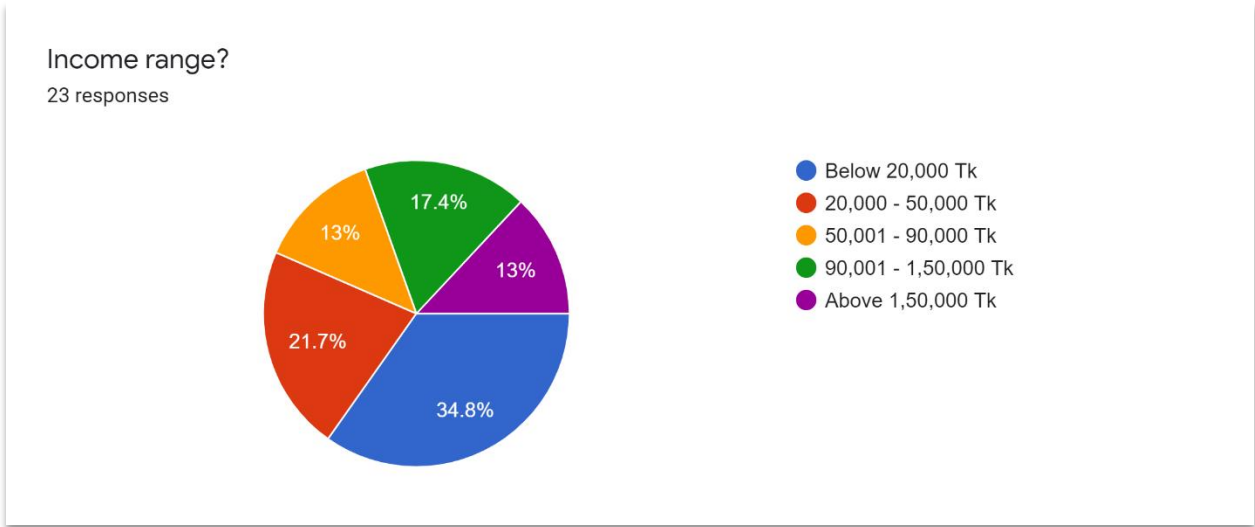


Figure 38: Income range

Figure 3 shows the income range of the customers. As I was in the front desk in all over the internship period, I had conversation with many customers and through the CIF (Customer Information File), I have come to know about their professions, monthly income and living condition. About 34% respondent's monthly income is below 20,000 BDT. Those who has monthly income above 1,50,000 BDT, they are mostly corporate clients. Moreover, those who has monthly income below 90,000 BDT are basically salaried personnel and deposit holders in different types of savings scheme.

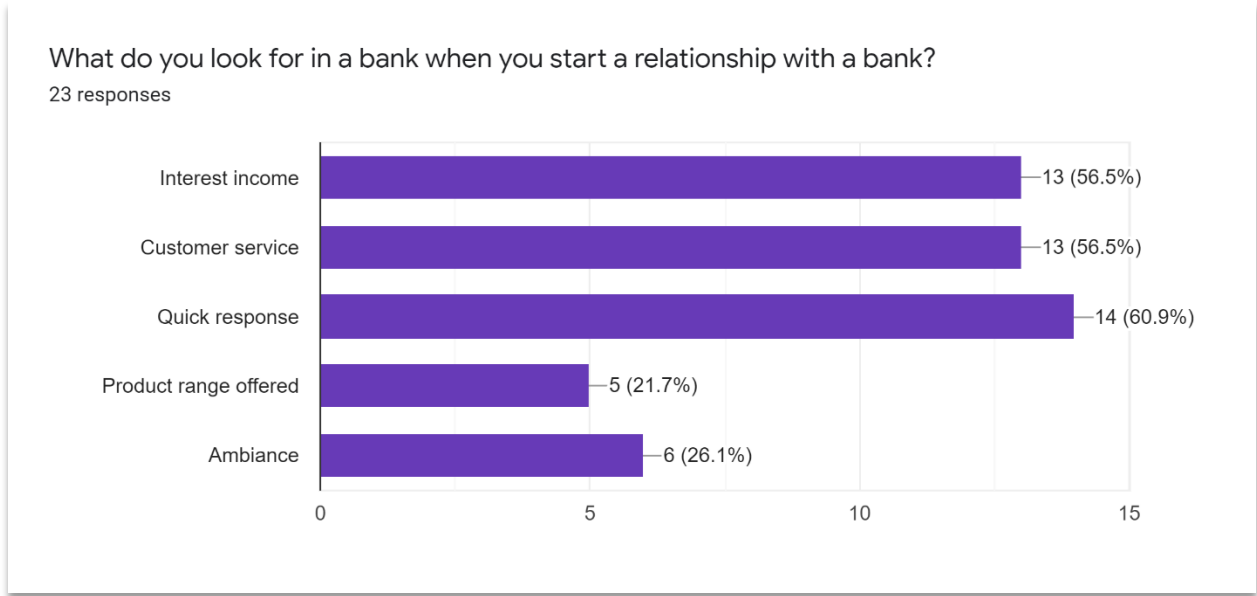


Figure 39: What do you look for in a bank when you start a relationship with a bank?

Figure 4 shows the expectation of the customer from any bank regarding their service. There were total 23 responses and every did not just chose one option to answer the question of the researcher. Almost 70% of them are looking for three important things from the bank and they are- quick response, customer service and interest income. Obviously, interest income is the basic factor for them, ambience and range of product are also important factors. Through the internship period in front desk, I have observed how customers are really eager to know about different schemes with good interest rates and how they want to be treated. Most of them tend to come back to do another scheme if they are satisfied with current schemes. Basically, excellent customer service brings more customers to maintain more schemes.

Are you satisfied with the location of Jamuna Bank Limited Mohakhali Branch?

23 responses

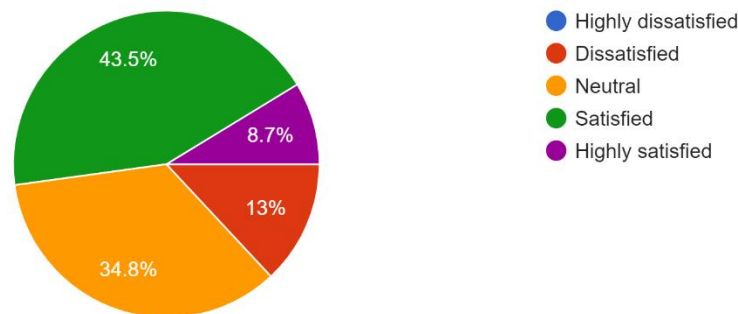


Figure 40: Are you satisfied with the location of Jamuna Bank Limited Mohakhali Branch?

In Figure 5, the customers were asked to give their opinion on location of the Mohakhali Branch. Only 50% respondents are satisfied with the current location. One-third portion of the respondents are neutral about the location of the branch. Though Mohakhali branch is in prime location near wireless gate at Altaf Tower but it is not easy to find if someone is told that the branch is in Mohakhali. On the other hand, the corporate clients near this branch do like the branch because Mohakhali branch has been maintain many accounts of them. Also, the people whose income is less than 20,000 BDT are basically mostly the lower middle class people of near Korail slum and for them it is very easy to maintain any scheme with the branch. The outsider customers come in this branch mostly by employee's recommendation of this branch and do they look for competitive interest rates.

The cash counter is efficient enough to provide you a quick service.

22 responses

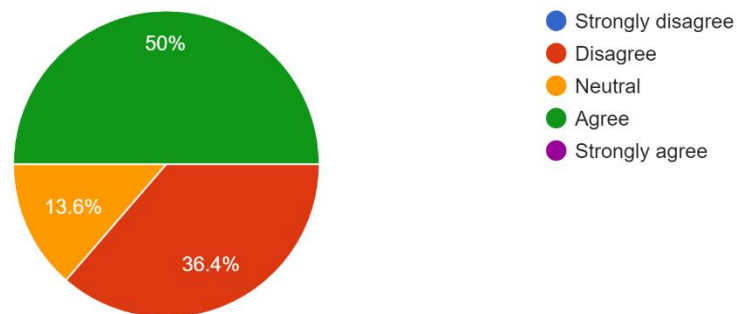


Figure 41: The cash counter is efficient enough to provide you a quick service

Figure 6, this shows the efficiency in cash counter. More than one-third of the customers are dissatisfied with the current cash counter efficiency level. Half of the respondents are satisfied with the system and they are basically the corporate clients and old clients those who are maintaining a great deal of transactions with the branch. Those who are dissatisfied, their reasons of dissatisfaction occurred for various reasons. One important factor would be the long queue of customers in first two weeks of the month. Customers wait in the long queue and the cash transactions from the counter is not that much first to cope with. Another reason would be customer's perception. Though the employees are eager to respond upon any queries from the customers, the customers are not cooperative and that leads a bad perception in their mind about the bad cash counter service.

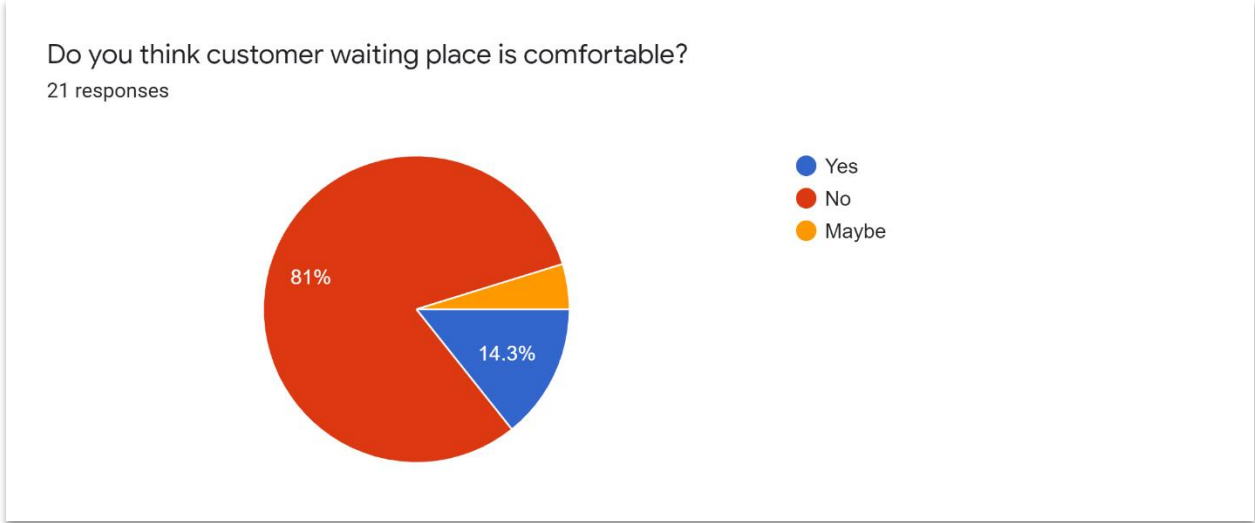


Figure 42: Do you think customer waiting place is comfortable?

In figure-7, the customers are asked about the waiting place of the Jamuna Bank Ltd., Mohakhali branch. Almost 81% of the respondents are not satisfied with the waiting place. Jamuna bank Mohakhali branch is located in the ground and first floor of Altaf Tower. The customers are requested to sit in the ground floor and there are sofas for an arrangement of sitting around 12 people. This arrangement is not enough because many customers come there and for taking service, they need to wait a bit. The different external parties of export and import does sit on those sofas and for general customers there are few seats no seats at all.

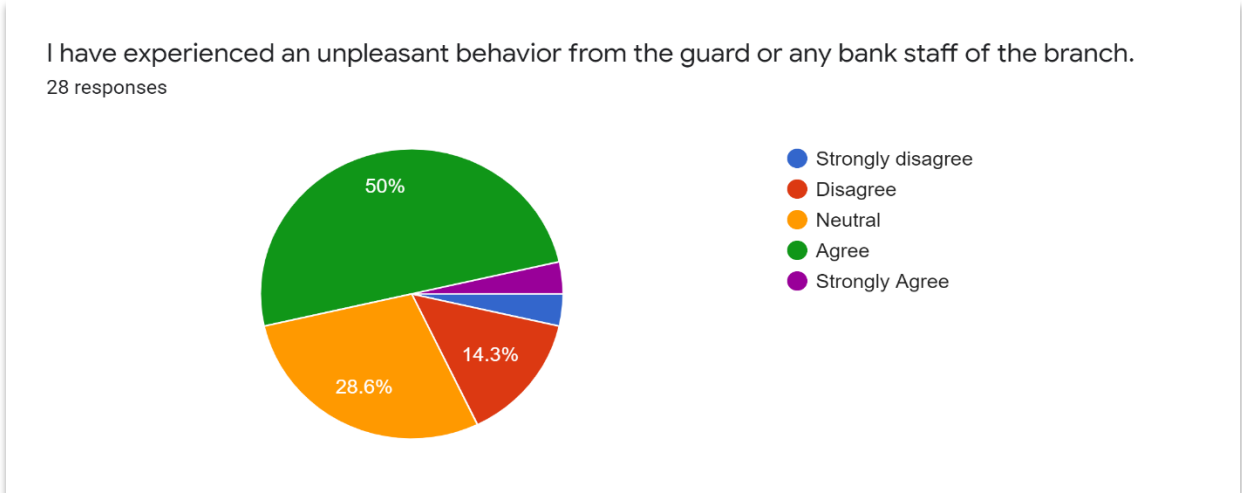


Figure 43: I have experienced an unpleasant behavior from the guard or any bank staff of the branch

In figure-8, customers are asked about the behavior of bank employees towards them. More than 50% of the respondents are unsatisfied with the behavior of the guards and staffs. A few of them are satisfied with the behavior. It dictates, almost every customer of this branch has been in a situation where he/she has been treated rudely. Those who are satisfied with the behavior, are the biggest corporate clients of the bank who brings largest amount of interest income for the bank.

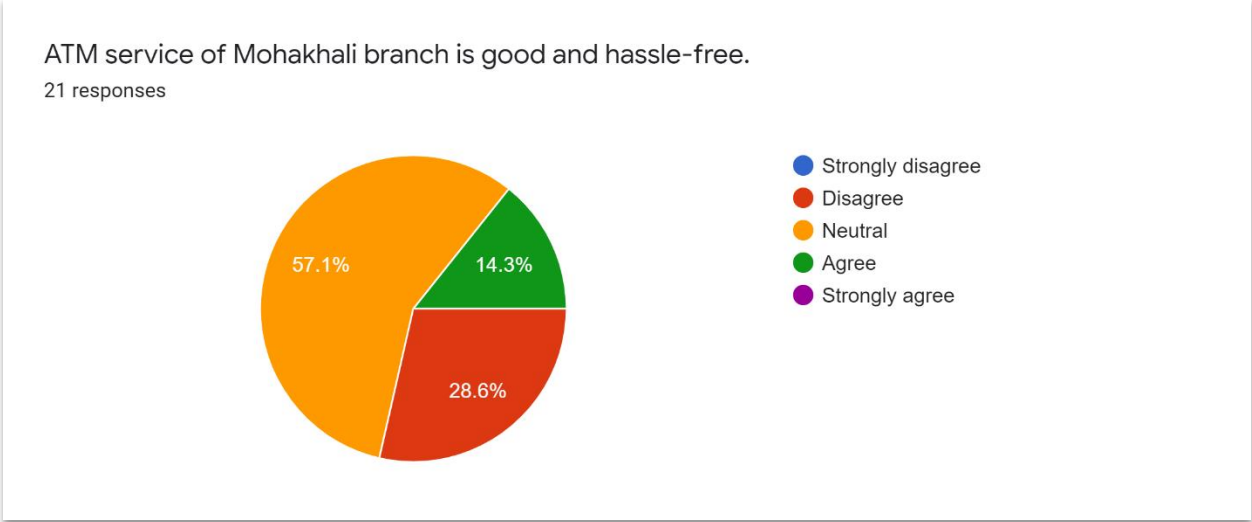


Figure 44: ATM service of Mohakhali branch is good and hassle-free

In figure-9, it is about the ATM service of Jamuna Bank Ltd., Mohakhali Branch. More than half of the customer does have neutral position against the ATM service of Jamuna bank. The institutions those who give salaries through Jamuna bank, only those portion of people are well aware of the Jamuna bank ATM services. However, they do have some complaints regarding the ATM service. If there are any complaints, the respective authority of card branch is too slow to solve the problems. Even customers do not get solution of their problem in weeks. Moreover, many eligible customers are not aware about the suitable ATM locations and to some extent, they remain in a fix that whether they can withdraw money or not. The marketing department of card division is not doing well to fix the problems and they do not even initiate their promotion well for the cards.

Mohakhali branch always informs you in advance about any issue which is necessary for you to know.

24 responses

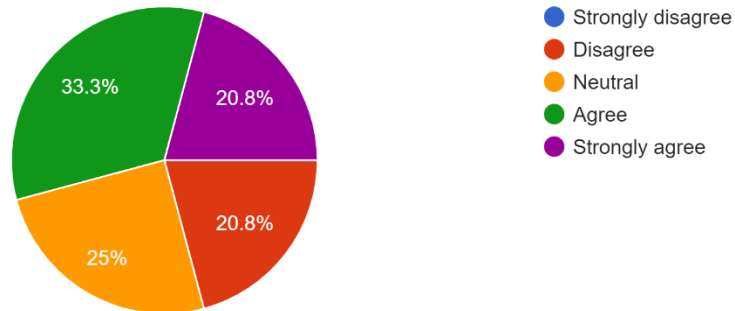


Figure 45: Mohakhali branch always informs you in advance about any issue which is necessary for you to know

Figure-10, we can easily observe, more than 50% of the respondents are agreed with fact with the Mohakhali Branch's immediate approach to any setbacks for the customers. Basically, over the last five years, the banking industry have experienced many money-laundering cases along with lack of transparency. As a result, the central bank (Bangladesh Bank) has taken various steps to increase the security of both the customers and banking staffs by making a clear compliance with them. For this reason, both government and private commercial banks are aware about customer's and trying to make sure to contact with customers for any kind of banking needs. In this case, Jamuna Bank Ltd., Mohakhali branch is actually very transparent.

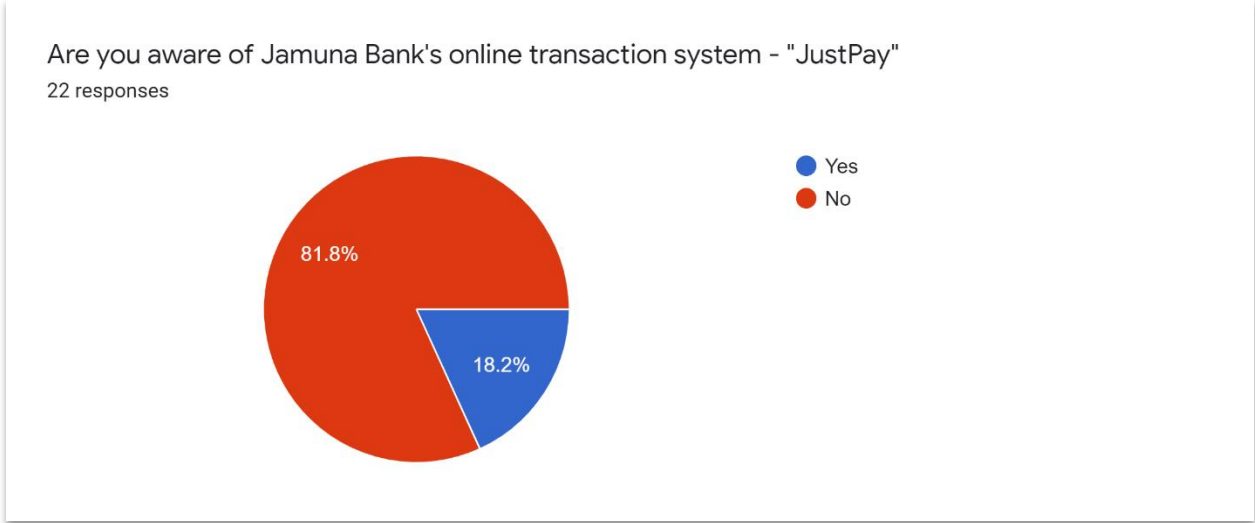


Figure 46: Are you aware of Jamuna Bank's online transaction system - "JustPay"

More than 80% respondents are not aware of the online transaction system of Jamuna Bank Limited. "JustPay" is the name of the app by which any account holders of Jamuna bank can easily transfer their money within a certain limit except the current account holders. Lack of awareness creating programs are the reason for this kind of scenario. Though the branch is getting profits, but the figure-11 shows how unsuccessful the authority is in terms of making awareness of this app. The app has started its journey last year and very few customers are using this app for transaction. Besides, the country's Mobile Financial Service provider "Bkash" is also adjusted with the app system to pay utility bills and making transactions.

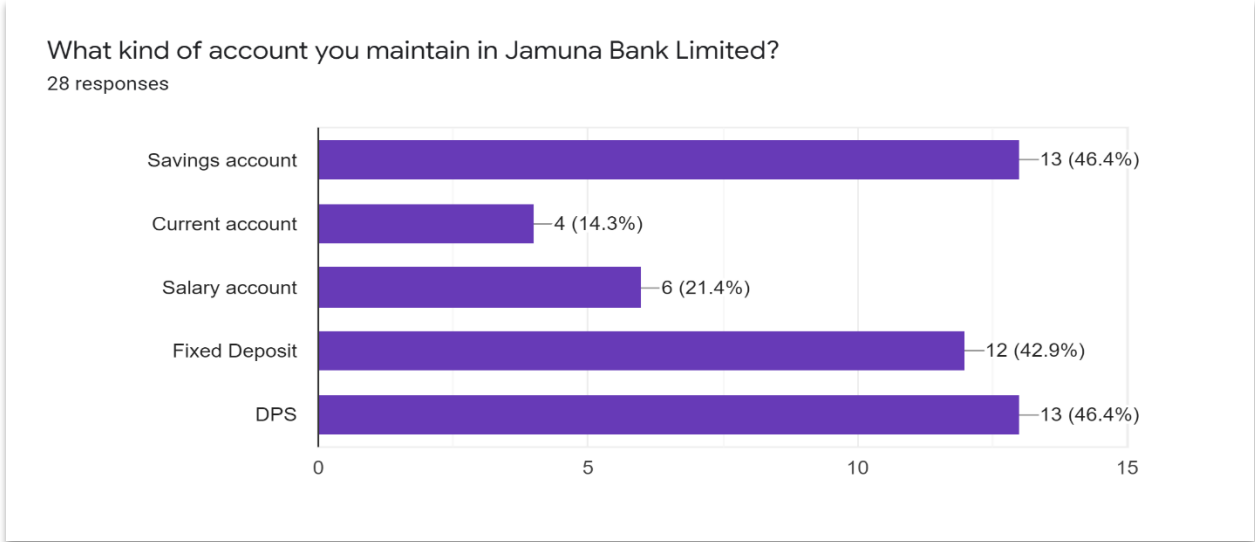


Figure 47: What kind of account you maintain in Jamuna Bank Limited?

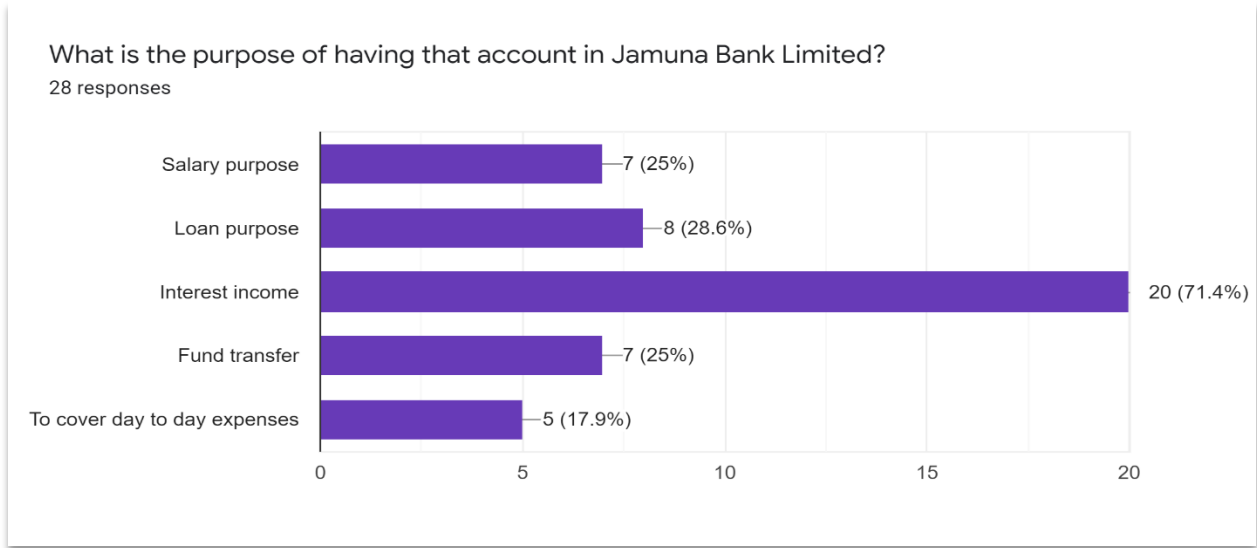


Figure 48: What is the purpose of having that account in Jamuna Bank Limited?

Figure- 12 and 13 shows, the different type of accounts of Jamuna bank Ltd. and the purpose of having those accounts. It is easily observable that most of the respondents do have the DPS and savings account. Basically, those who are long-term customers tend to have both DPS and savings account in this branch. However, these long-term customers do have FDR's also in this branch. Current account and salary account basically for the corporate clients. As the researcher has already discussed that this branch has many corporate clients and for this reason there is a big portion of portfolio is comprised by those clients. Most of the customers keep accounts and deposits for interest income. There is a mix trend of purposes as expected from these accounts.

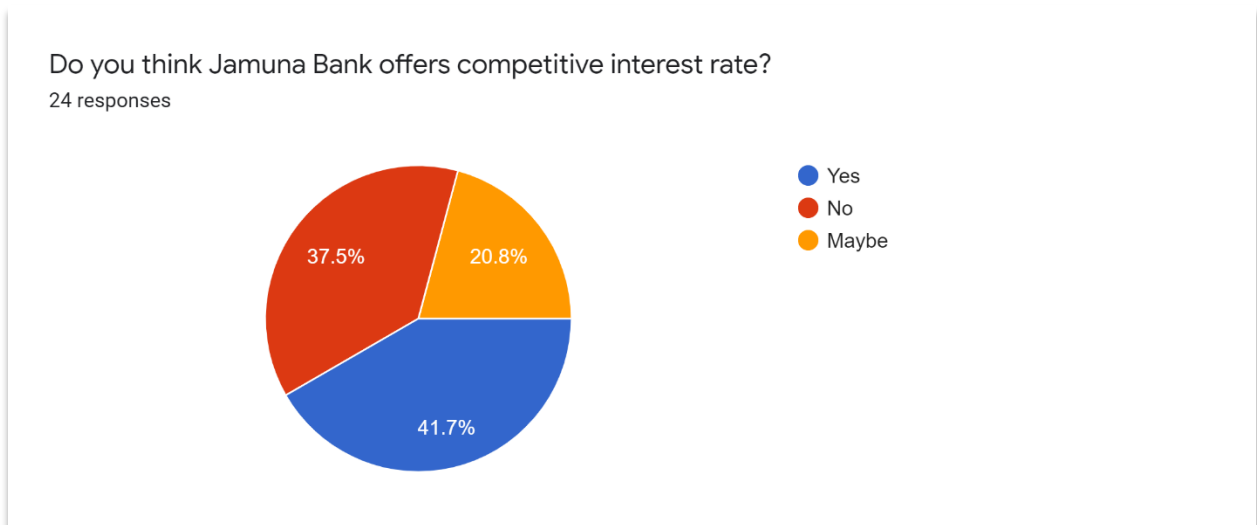


Figure 49: Do you think Jamuna Bank offers competitive interest rate?

Figure-14, around 42% respondents think Jamuna Bank does provide competitive interest rate whereas more than one-third respondents think it does not provide expected interest rates. So, there is a mix response to this question. However, the Covid-19 situation and excess liquidity is going to decrease the interest rates even lower. Moreover, the treasury yields also decreased significantly in last 8-9 months. As a result, banks are bound to give lower interest to the customers.

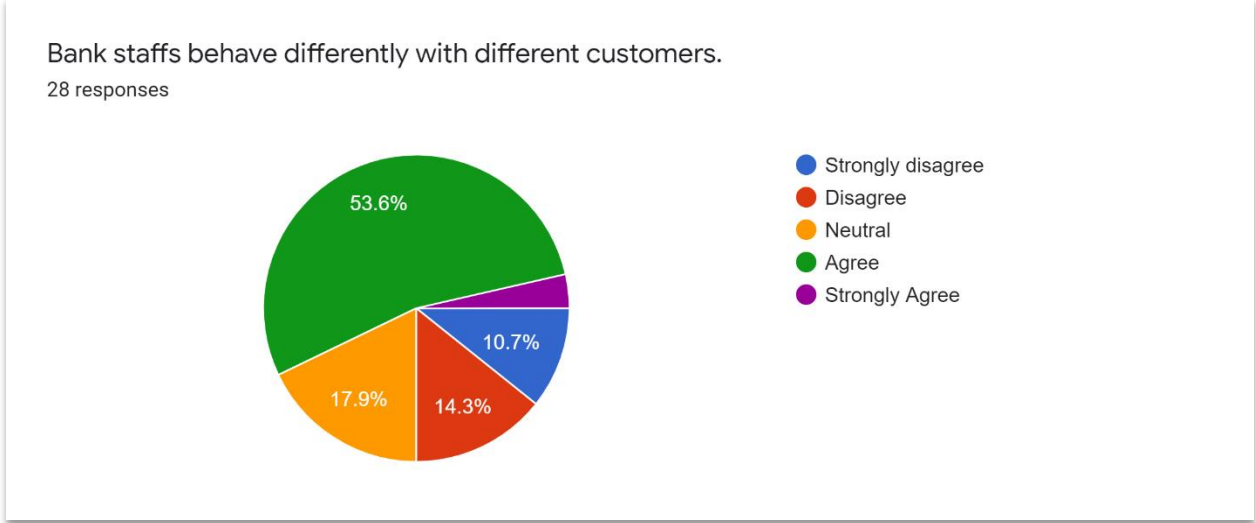


Figure 50: Bank staffs behave differently with different customers

Figure-15 is the expression of discrimination felt by the customers. More than 50% respondents think that bank staffs behave differently with different customers. The number of respondents who think the staffs are quite cooperative, are the customers with big business or corporate clients. The staffs tend to give service to the big corporate clients in an urgent basis whereas customers with small amount of money withdrawals tend to stand in a long queue and sit for a long time in the waiting areas.

Would you recommend your friends or colleagues or relatives to use Jamuna Bank's service?
28 responses

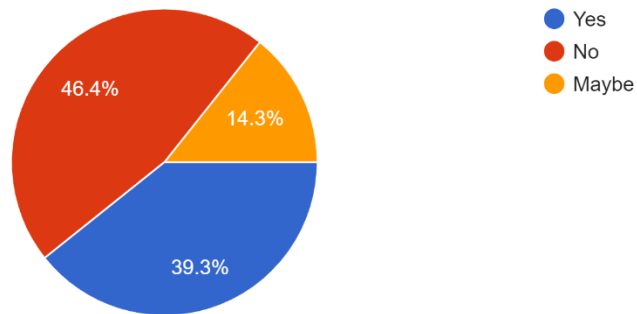


Figure 51: Would you recommend your friends or colleagues or relatives to use Jamuna Bank's service

What do you feel about overall service of Jamuna bank Limited?
28 responses

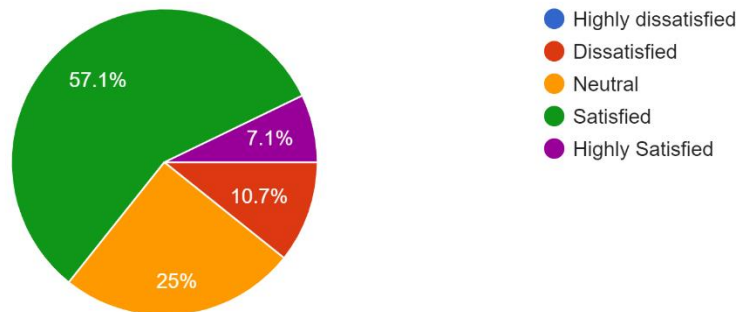


Figure 52: What do you feel about overall service of Jamuna bank Limited?

Figure- 16 and 17 are the two important factor to consider for this whole survey. Around 46% respondent give response about not to recommend Jamuna Bank Ltd. to their relatives or friends. 39% respondents will recommend Jamuna bank Ltd. However, this survey figure is very open and customers tend give immediate response considering the fact what recent unpleasant situation they faced from the branch. So, this result is not completely right to consider but it is acceptable in general survey basis. The last survey summary expressively tells us about the customer's

feelings about the Mohakhali Branch. Around 57% respondents are satisfied with the overall service of the Mohakhali Branch. Long-term customers and their word-of-mouth are the main factors for this satisfied result. Though one-fourth customers are neutral about the overall service but the percentage of dissatisfied customers are very low in numbers.

3.2.4: Summary, Recommendations and Conclusion

3.2.4.1: Summary

Jamuna Bank Ltd. is doing well in compare to other banks. The customers are well served and they are working on the customer satisfaction level. The customer satisfaction level has many complications and it is clearly observed in the survey. Many customers feel indifference in terms of treatment they get. Though the overall management efficiency is marked as “good” in CAMEL rating, but there is lot of things still need to be solved in terms of making a customer journey invaluable. The bank is doing well in terms of capital requirement and it has maintained a good compliant relationship with Bangladesh Bank. The shareholders of the bank are served with good dividends and the board of directors are experienced enough to tackle any bizarre situation.

3.2.4.2: Recommendations

Since Jamuna Bank Ltd. is doing very good in terms of capital adequacy, asset quality management, management efficiency, earnings quality and liquidity management, the bank need to sustain the performance in near future. Its portfolio consists with lot of corporate client and it needs to focus on retail clients and small entrepreneurs. The loan products need to be advertised properly to the customers. Many business owners are not aware of this products so that they can reap the benefits out of it. Jamuna Bank Ltd. is not properly giving efforts on digital advertising and they are yet to receive many responses. Moreover, the customer satisfaction level need to be reorganized because the growing concern over the lack of customer experience might affect the Bank’s image in the long-run.

3.2.4.3: Conclusion

The journey of internship in Jamuna Bank Ltd. Mohakhali Branch is very good and it was very challenging to do physical internship in this Covid-19 pandemic situation. The branch is well supervised and the maintenance of security is praiseworthy. Though customers' satisfaction level is yet to be improved, the scope for providing better customer experience is still there to retain maximum volume of customers. On the other hand, the overall financial performance of Jamuna Bank Ltd. is very satisfactory and the way they operate their activities in all divisional branches is really much appreciated. Since the customer base is much deeper in the portfolio, the bank has the opportunity to dive into more to retain the small business owners in the portfolio. Covid-19 situation has decreased the revenues for many companies and the amount of business transactions along with the use of loan products also decreased. Jamuna Bank Limited is successful enough to tackle this complex situation into their overall balance sheet and profit-loss statements. Finally, the experience I have gained from the internship will help me a lot to start a corporate career after my graduation as I have experienced the corporate environment in Jamuna Bank Limited.

Appendix

1. Your age range-
 - Below 30
 - 30-40
 - 41-50
 - Above 50
2. Gender-
 - Male
 - Female
3. Income range?
 - Below 20,000 Tk
 - 20,000 – 50,000 Tk
 - 50,001 – 1,50,000 Tk
 - Above 1,50, 000 Tk
4. What do you look for in a bank when you start a relationship with a bank?
 - Interest Income
 - Customer Service
 - Quick Response
 - Product Range Offered
 - Ambiance
 - Other
5. Are you satisfied with the location of Jamuna Bank Limited Mohakhali Branch?
 - Highly Dissatisfied
 - Dissatisfied
 - Neutral
 - Satisfied
 - Highly Satisfied
6. The cash counter is efficient enough to provide you a quick service.
 - Strongly Disagree

- Disagree
 - Neutral
 - Agree
 - Strongly Agree
7. Do you think customer waiting place is comfortable?
- Yes
 - No
 - Maybe
8. I have experienced an unpleasant behavior from the guard or any bank staff of the branch.
- Strongly Disagree
 - Disagree
 - Neutral
 - Agree
 - Strongly Agree
9. ATM service of Mohakhali branch is good and hassle-free.
- Strongly Disagree
 - Disagree
 - Neutral
 - Agree
 - Strongly Agree
10. Mohakhali branch always informs you in advance about any issue which is necessary for you to know.
- Strongly Disagree
 - Disagree
 - Neutral
 - Agree
 - Strongly Agree
11. Are you aware of Jamuna Bank's online transaction system- "JustPay"?
- Yes
 - No
12. What kind of account you maintain in Jamuna Bank Limited in this branch?

- Savings account
 - Current account
 - Salary account
 - Fixed deposit
 - DPS
 - Other
-

13. What is the purpose of having that account in Jamuna Bank Limited?

- Salary purpose
- Loan purpose
- Interest income
- Fund transfer
- To cover day to day expenses

14. Do you think Jamuna Bank offers competitive interest rate?

- Yes
- No
- Maybe

15. Bank staffs behave differently with different customers.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

16. Would you recommend your friends or colleagues or relatives to use Jamuna Bank's service?

- Yes
- No
- Maybe

17. What do you feel about overall service of Jamuna Bank Limited?

- Highly Dissatisfied
- Dissatisfied

- Neutral
- Satisfied
- Highly Satisfied

Glossary

ALCO = Asset Liability Committee
ATM = Automated Teller Machine
AT-1 = Additional Tier-1 Capital
AD = Authorized Dealer
BAS = Bangladesh Accounting Standard
BEFTN = Bangladesh Electronic Fund Transfer Network
BCBS = Basel Committee on Banking Supervision
CAR = Capital Adequacy Ratio
CRR = Cash Reserve Requirement
CSR = Corporate Social Responsibility
CRAB = Credit Rating Agency of Bangladesh Limited
CD = Certificate of Deposit
CRM = Credit Risk Mitigation
EPS = Earnings Per Share
FY = Fiscal Year (july-june)
GDP = Gross Domestic Product
HFT = Held for Trading
IFC = International Finance Corporation
LC = Letter of Credit
LCR = Liquidity Coverage Ratio
NPL = Non Performing Loan
NIM = Net Interest Margin
RWA = Risk Weighted Assets
SME = Small and Medium Enterprises
SLR = Statutory Liquidity Requirement
VAR = Value At Risk

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