

2012

Internship Report



“Business Installment Loan in SME banking
Of Standard Chartered Bank”

Internship Report

Prepared For

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Mahtab Faruqui

Senior Lecturer,

BRAC Business School,

BRAC University

Dear Madam,

With the passage of time, I've completed my Internship Program (BUS 400) under your guidance. As a part of my internship program requirement and learning, I've finalized the project on the "performance of Business Installment Loan in SME Banking Of Standard Chartered Bank." Vividly enough, my research comprises adequate endeavors. But no doubt, my contribution will be best evaluated on your sharp scale of acceptance and remarks.

Consequently, I am transmitting my Project Report to your very concern. Hopefully, you will appreciate my well-researched, informative and innovative approach of presentation. In case of any further clarification, I would be honored to consult with you and furnish you with further details.

Thanking You,

With best regards,

.....

Rumana Rahman

ID: 07204034

Acknowledgement

We are grateful to many individuals for the completion of the report successfully. They are both from Standard Chartered Bank and BRAC University who provided guidance and information for this study.

First of all, I would like to take this opportunity to express my heartfelt gratitude to my honorable instructor Mahtab Faruqui, Senior Lecturer, School of Business, BRAC University. I would like to extend my gratitude to her for her expert supervision, constant guidance, and inspiration during the preparation of the report.

I also like to thank Eshita Alam, Credit Analyst, Wholesale Banking, Standard Chartered Bank who helped me a lot by providing all the necessary internal information about Standard Chartered Bank.

Furthermore, I want to thank all the concerning officials of the organization for furnishing me with all the vital information and advice. I am heartily apologizing of any omitted name whose contribution was also complimentary for any possible aspect.



Executive Summary

This report governs around the performance and procedure of BIL product in Credit unit of Standard Chartered Bank. Standard Charter Bank is one of the leading multinational banks of Bangladesh. They have several effective SME products. Among them BIL presently practiced in SME Credit Control Department under SME Banking, Credit & Collection Unit, Consumer Banking Division of Standard Chartered Bank.

In this report the details of this BIL product, procedure of approval, purpose has been explained to get a clear understanding of its whole procedure. However this report also addresses all credit approval issue & requirements and efficient delivery systems of Standard Chartered Bank while not compromising any credit risk issues and policy parameters.

Moreover, the details of BIL performance and analysis of its important criteria also discuss in this report. What are problem they are actually facing with this product and how they can able to recover that issue with effective action also has been explained.

The purpose of this study was to represent the scenario of whole aspect of BIL product of SME banking and how it can huge contribution on Standard charted revenue and well being for the society

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Chapter- One

Introduction

- ❖ Origin of the Report
- ❖ Objective of the report
- ❖ Methodology of the Study
- ❖ Data Collection
- ❖ Limitations

1.1 Origin of the Report

This report originated as a partial requirement of Internship under BBA program, BRAC University. The host organization is Standard Chartered Bank. For internship purpose I was attached with the Credit Department of SME Banking for three months duration as from October 2 to December 31, 2011. The project is titled: A Case Study on Business Installment Loan of Standard Chartered Bank.

1.2 Objective of the Study

SME Credit Control Unit represents the execution aspect of the BIL Credit approval management process for the business. It defines practices in terms of process, competency, productivity, Accuracy, benchmarking and control for a business to ensure that the standards are met and complied with. The primary and specific objectives of this study are as following:

Primary Objective

The prime objective of this study is to get an overall idea of Business installment product of Standard Chartered Bank including its Performance, Target customer & focusing Industry.

Specific Objectives

- To get the idea on Standard Chartered Bank, their product & services.
- To know the details information on Business installment loan with purpose, criteria and credit approval process.
- To analyze the performance of BIL product and represents the whole scenario to gain the knowledge practically.

1.3 Methodology of the study

In order to meet the needs of fulfilling the objectives of the report, both primary and secondary data are required. The study was conducted using the participatory method. To know the in-depth information, the topic was discussed with the expert professionals related to the company for several times and other related secondary information.

1.4 Data Collection

Data have been collected from two sources. These are as under:

- Primary source:
 - ✓ Direct observation (3 months)
 - ✓ Opinions of experts of

- Secondary source
 - ✓ Official website
 - ✓ Operational Manual
 - ✓ Different database & report developed by credit unit.

1.5 Limitation

As nothing is perfect, I've also faced some difficulties during preparing the report. However, I've tried to complete my report properly excluding that information. The limitations are as following:

- Due to confidentiality issue, it was not possible to collect in-depth information of the BIL portfolio or performance report.
- Mostly all the analysis executes on the report are based on my own interpretation. So there can be some biases as lack of knowledge & depth of understanding might hinder me to produce an absolute authentication & meaningful report.

Finally though facing some limitation, I was able to make a suitable report after giving sincere effort.

Chapter- Two

Organization

Standard
Chartered

- ❖ Organizational Overview
- ❖ Historical Background
- ❖ Mission & Vision
- ❖ Company Image and Brand Identity
- ❖ Standard Chartered bank in Bangladesh
- ❖ No. of Branches
- ❖ SWOT Analysis

2.1 Organizational Overview

The Standard Chartered Bank PLC is an international banking group that is incorporated in the United Kingdom, with its headquarters in London. The group focuses its activities in Asia, Africa and the Middle East and its operation is segmented under six regions: UK & US, Middle East and South Asia (MESA), South East Asia, North East Asia, India and Africa. Globally, the key resources of Standard Chartered Bank include:

- ✦ A network of over 600 offices in 48 countries
- ✦ A staff of about 25,000 people managing assets of around 47 billion pounds
- ✦ Standard Chartered Bank's international businesses in Personal Banking, Corporate Banking and Standard Chartered Markets are its special strengths.
- ✦ Standard Chartered Bank also maintains correspondent relationship with over 600 banks in 157 countries around the world

2.2 Historical Background

Standard Chartered Bank has a history of about 150 years. The name "Standard stems from the two original banks from which it was founded - the "Chartered Bank" of India, Australia and China and the "Standard Bank" of British South Africa.

History of Standard Bank

The "Standard Bank" was founded by another Scot, John Paterson in 1862. He immigrated to Cape Province in South Africa and became a successful merchant before founding "*The Eastern Province Herald*" which is still published today. Coming from a similar background as Wilson, he also saw great trading possibilities between Europe and his adopted country, and together with local business interest he founded the bank.

History of Chartered Bank

The "Chartered Bank" was established in 1853 by a Royal Charter granted by Queen Victoria of England. The main person behind the Chartered Bank was a Scot, James Wilson who had also started "*The Economist*" still one of the most eminent publications today. He foresaw the

advantages of financing the growing trade links with the areas in the east, which no other financial institution was doing at that time.

Standard Chartered Bank: The Merger

The two banks expanded and prospered with time and decided to merge in 1969. On January 30, 1970 the new shares of the Standard and Chartered Banking Group Limited were listed in the London Stock Exchange. The original building of the Chartered Bank at 38 Bishop Gate was demolished in June 1980 and new headquarters of the Standard Chartered Bank PLC was opened on the same site by Queen Elizabeth II on March 20, 1986. Becoming stronger after the merger, Standard Chartered Bank embarked upon serious expansion in Europe and the United States, The Standard Chartered Merchant Bank was built up from a number of acquisitions made during the 1990s. In the last thirty years, Standard Chartered Bank has experienced continuous growth, which led to its becoming one of the top 100 listed banks in the world. It was also judged the best bank in the Asia-Pacific region in 1993 and 1994 for its rate and excellent service.

2.3 Mission, Vision of Standard Chartered Bank

Mission

The mission of the bank is to become a highly competitive modern and transparent institution comparable to any of this kind at home and abroad. To be the premier financial institution in the country providing high quality products and services backed by latest technology and team of highly motivated personnel to deliver excellence in banking.

Vision

A Bank with Vision is the motto of Standard Chartered Bank. The vision is to be the most efficient financial intermediary in the country. The relentless journey to achieve that vision started in 1995, since the very inception of the Bank. The journey still continues and will never stop. Standard Chartered Bank sets a high standard for itself and every achievement of the bank is a striving agent to reach a new height.

2.4 Company Image and Brand Identity

Standard Chartered Bank is a solid, forward looking, and modern bank with a long record of sound performance. It is discarding its erstwhile conservative mould and in response to the current dynamic trends in worldwide financial activities, adopting an aggressive customer focused banking system. The effort that Standard Chartered Bank makes in order to portray the Bank as a brand image is very strong and successful. The bank strives to portray in its brand image their five core values:

- ✎ Trustworthy
- ✎ Responsive
- ✎ International
- ✎ Courageous
- ✎ Creative

The bank rejuvenated its 150-year-old logo in 2003 by bringing in colors of green and blue. The logo shows the letters 'S' in blue and 'C' in green, twisted and curled with one another. The logo of the bank depicts the merger of two banks.

2.5 Standard Chartered bank in Bangladesh

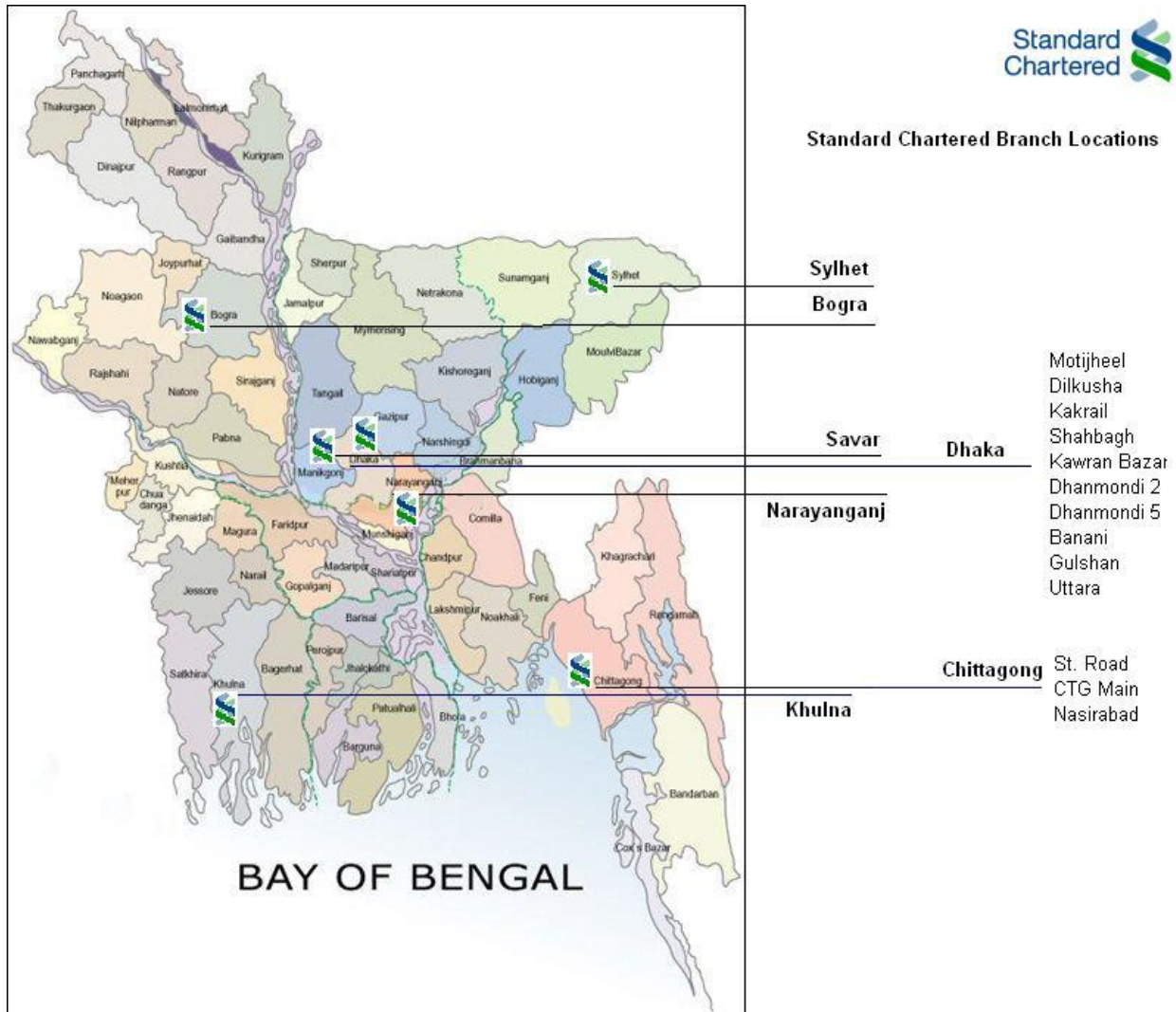
Opening a branch in Chittagong, The Chartered Bank started operating in Bangladesh in 1948. The branch was opened mainly to facilitate the post-war reestablishment and expansion of South and Southeast Asia. The Chartered Bank opened another branch in Dhaka in 1966, where it is still headquartered. After the merger of the Chartered Bank with the Standard Bank in 1969, the Standard Chartered Bank took up a program of expansion.

It increasingly invested for people; technology and premises as its business grew in relation to the country's economy. The Bank presently has 18 outlets in 5 cities serving over 1, 25,000 customers in the country.

Core Business in Bangladesh

Wholesale Banking (WB) and Consumer Banking (CB)

2.6 No. of Branches Standard Chartered Bank in Bangladesh



Number of Branches of standard chartered bank in Bangladesh

2.7 SWOT Analysis

STRENGTH	WEAKNESS
<ul style="list-style-type: none"> • Strong corporate Identity • Wide range of Financial Product Offerings • Local Knowledge with Global Capability • Strong employee bonding and belongingness • Young Enthusiastic Workforce • Free Exchange of Communication • Strong Operating and Branding Activities • Achievement of High Customer Confidence • Value addition through Acquisition • More Experienced & Managerial Know-How 	<ul style="list-style-type: none"> • Too Many Contract Workers • Low Remuneration Package for Entry Level Officers • Very Little Active Account Being Maintained Till the End • No Transparency Regarding the Decisions Taken By Upper Management
<ul style="list-style-type: none"> • High Demand of Housing Loans • Rules and Regulations Becoming Easy and Relaxed • Growing Awareness among People toward Quality of Service and Technology • Growing Customer Consciousness about The Risk Management Capability of The Banks 	<ul style="list-style-type: none"> • Upcoming Banks • Low Foreign Exchange Reserves in The Country • Stricter Regulations against the Foreign Banks • Standardized Product Offerings from The New Local Private Banks • Slowdown In Global Economy
OPPORTUNITY	THREAT

Chapter- Three

Business Installment loan

- ❖ SME Banking in Standard Chartered Bank
- ❖ Different product of small business
- ❖ Business Installment Loan
- ❖ Target markets
- ❖ Purpose
- ❖ Eligibility Criteria
- ❖ Exception
- ❖ Required Document
- ❖ BIL process in Standard Chartered Bank

3.1 SME Banking in Standard Chartered Bank

Standard Chartered Bank started financing in the SME segment in September 2003. It was known as Business Financial Services (BFS). Under BFS, several products were offered – installment loan, which later became known as Business Installment Loan (BIL), Loan against Properties.

3.2 Types of products of small business offered by STANDARD CHARTERED BANK

- ✓ Business Installment Loan
- ✓ Loan against Property
- ✓ Orjon

Under Saddique,

- ✓ Finance against Property
- ✓ Business Installment Finance

Although SME has several products, I have tried to gather some experience by working with BIL team. Bellow I will try to put forward all the important steps or the process of BIL in STANDARD CHARTRED BANK.

3.3 BIL (Business Installment Loan):

Business Installation loan (BIL) is a partially loan secured loan facility given to any business concern for any reasonable purpose. The loan has to be 100% secured. The security for the loan must be in readily cashable form.

Product slogan: “You start off small

We’ll help you grow”

3.4 The target markets for BIL Products are:

- ✓ Professional Sector (Doctors, Engineers)
- ✓ Business Sector (Advertising Agencies, Consultants)

- ✓ Trading Sector (Retailers, wholesalers, supply chain)
- ✓ Manufacturing Sector

3.5 Purpose for Business Installment Loan (BIL)

Business Installment Loan can serve the customer with following purposes:

- ✓ Long term working capital finance
- ✓ Assets Finance(Plant & Machinery)
- ✓ Business Expansion
- ✓ Office Premises Renovation
- ✓ Purpose of medical equipments& office equipments

3.6 Eligibility Criteria for BIL

- ✓ Business or self employed Professional not within the exclusion or restricted list of Standard Chartered Bank
- ✓ Annual Turnover (sales) 1 crore 20 lack
- ✓ Net income from the business more than BDT 56000 per month (reflected on the bank statement)
- ✓ At least 3 years of business or professional experience in the same business
- ✓ Business should be in its own or rented premises for 3 years and they can change once their premises within last two years
- ✓ Business and proprietor's residence must have land phone
- ✓ Age of proprietors or major share holder should not be less than 25 and not more than 60 years
- ✓ Debt Burden Ratio should exceed 60%
- ✓ Required loan amount should be between 10 lack to 1 corer.
- ✓ 30% cash security required for 12 month borrowing relationship customer and 50% for new to bank customer
- ✓ Two top –up allowed for a BIL and each of them should be given after 12 months of last approval

- ✓ Maximum Unsecured portion of loan for a single customer under consumer banking is 30 lacks for new bank customer and 40 lack for 12 months borrowing relationship customer except credit card limit.

3.7 Exception

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

3.8 Required Document for Applying BIL

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

3.9 BIL process in Standard Chartered Bank

Sourcing: BIL applications can be sourced by both branches and sales people. Branch people mainly target the existing customers where as sales people go door to door to find new customer for BIL. Although Standard Chartered Bank has four sales team but their area of operations is not limited by geographic area. Any sales people can source customer from any area who met minimum requirements for the loan. While analyzing BIL application credit worthiness has to be more careful about the loan, which is sourced by sales people, as there is a chance of miss selling.

Initializing: Before submitting the loan to credit support, Sales Team Manager or Branches Sales & Service manager is responsible to check whether the documents are in order or not. If the documents are in order, they send the file to credit support & upload information in loan locator.

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

Credit: Then the application sends to credit. In credit all the documents checked very carefully. Credit also talks to customer to get further comfort about the nature of business and profit margin. If the document found in order, credit calculates Debt Burden Ratio (DBR). If DBR supports loan, credit send the file for verification. If further documents required clarifying the business or any other information required, credit deferred the application. If DBR don't support loan or analyst has doubt about the loan Applicants ability, they can decline the loan. In both deferred and decline cases, source can appeal. But in case of declined loan, source has to appeal to higher authorities. In deferred cases, when the application resubmitted with proper documents, credits re-examine the loan and send for verification. Credit has to keep several MIS to measure portfolio performance and keep track of application. Credit also has to update Loan Locator so that any authorized staff can know the current status of application from any

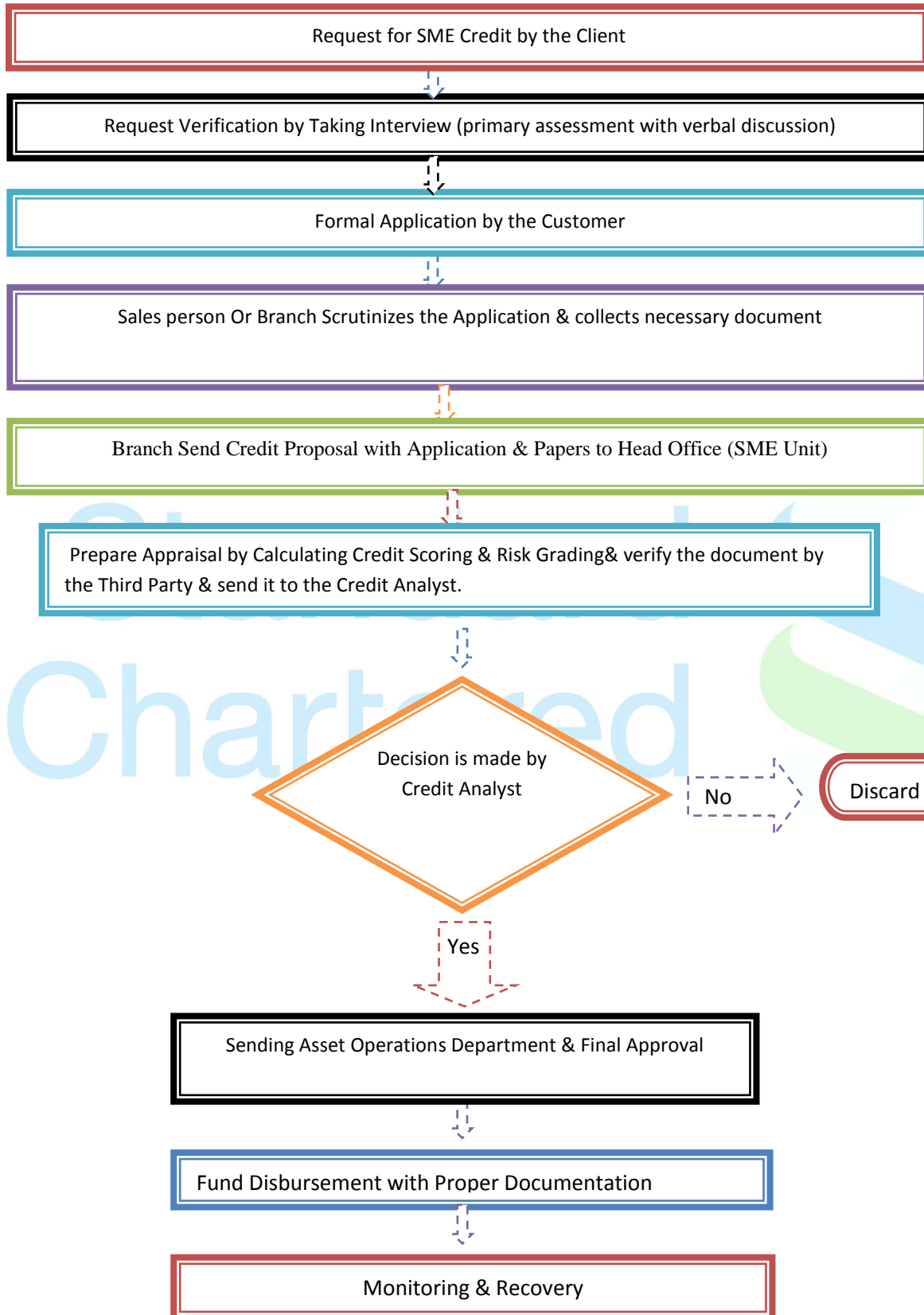
computer of STANDARD CHARTRED BANK. Mostly once the application is declined it rarely can be applied for further process.

Verification: Verification process is done by the external agencies. In this process agency verified the customer information and provide a summary. Agency people verify bank statement and collect credit report from other concern banks. CIB report also collected from Bangladesh Bank to identify all the existing credit facilities availed by the customer. If all the report found in order, then approval checklist is prepared by credit. Otherwise the loan application can be deferred or decline again. De-duplication check is done by credit so that the customer can't take more than one loan at a same time. To clarify the business condition of the client to the credit department, the verification agencies take photographs of business premises and send them with the customer information summary.

Approval: If all the documents have positive results, than approval checklist is prepared by credit, which include summery of all reports and all calculation. Then include the checklist at the top of the file. All other documents are also including in the file. Afterwards the person prepared the checklist and signs it. Then another credit officer checks & signs the documents to support it. Then a senior officer with proper credit approval authority signs the document to approve the loan. The applications, which have some deviation from the Standard Chartered Bank can be approved under level 2 or level 3 depending of degree of variation.

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

Credit Approval process at a glance



Chapter- Four

Internship Experience

❖ Overview of Credit Assessment

❖ My Specific Job

❖ Critical Observation

4. Job Description

I was assigned to work with credit department of SME banking. My assigned tasks were mainly related with the preparation of the Database of all BIL products for research purpose. Besides that, I've also helped in Credit Support department to synchronizer all loan documents so that analyst can go for the approval process of the loan.

Before going to the details of my job description, the brief information about the Credit unit is described below

4.1 Overview of Credit Assessment

Receipt of Application

Upon receipt of application from source, the support staff of Credit and Collection Unit (CCU) puts acknowledgement on the control sheet, inputs the data in CCU Application Tracker.

Application Screening

The applications are screened by Credit Analyst to check if the application form has been properly filled out, all necessary documents have been sent, and the applicant meets the minimum criteria for processing. If loan applicant meets the minimum requirements and other relevant documents are attached, it is sent for Bank Statement assessment. If the applicant does not meet the minimum requirements the application is declined and sent back to source. If there are areas that need clarification and can be ratified than, it is deferred back to the source for the discrepancies/ deviations to be clarified/ corrected.

Income Assessment and Appropriated Loan Amount

Except for fixed income applicant's (salary, rent etc.), calculation of Monthly Credit Turnover & Average Balance is done by support staff. The credit analyst completes the assessment of the application.

An appropriated loan amount is derived by considering all other monthly installments (if applicable) within the specified DBR parameter. There are three possible outcomes at this stage:

- I. If DBR does not allow new/ additional loan then the application is declined and sent back to source.
- II. If full or substantial amount (50% or above) of loan amount applied for can be offered (derived from appropriated loan amount), a Credit Checklist is prepared and the loan application is sent for Contact Point Verification by Third Party Agency. If other bank statements are involved, bank statement verification and/or credit reports from the other banks are asked for.
- III. If the amount that can be offered is significantly lower (Less than 50%) than the amount applied for, the application is deferred back to the source for applicant's consent. If the applicant agrees to the lower amount, the application is re-received by CCU and sent for verification as in the previous case.

CPV, bank statement authentication and/or Credit Report

I. Except for the following categories, a physical verification is done in all cases.

- STANDARD CHARTERED BANK Staff
- Existing unsecured customer
- Top-up/ additional loans
- Priority Customers
- Salary A/C with STANDARD CHARTERED BANK

ii. The Third party verification agency verify the following

- Residence Address along with type of residence (Own, Family owned etc.)
- Office Address along with position/ designation (Proprietor/ Partner etc.)
- Residence Telephone (if any)
- Office Telephone (if any)
- Mobile Telephone (if any)

iii. Other bank statement(s) authentication and Credit Report (if applicable) are also collected by Verification agency. CCU members monitor the activities of the verification agencies and randomly perform quality check.

iv. After verification is done and bank statement authentication and credit report (where applicable) is obtained, they are checked by Credit Analyst to ensure CPV, bank statement authentication are done properly and credit report reflects good standing of the applicant. If these are found satisfactory applications are placed for approval.

v. If there is discrepancy between customer declaration and CPV report, CPV report is analyzed to identify the reasons behind such discrepancy. If it can be resolved applications are forwarded for approval with a clarification note.

vi. In cases where it is obvious that there was intent for misinformation, applications are declined and added in the negative list of CCU. Any false documentation (i.e. forged bank statement) purposely submitted by the applicant will be considered as fraudulent activity and applicant will be added in the negative list.

Approval & Documentation of Approved Applications

Applications are placed before appropriate signatory for approval mentioning all deviations (if any). If all criteria are met applications are approved. Support staffs make copies of the approval sheet and application form and forward the original approval sheets to Asset Operation. The application form along with a copy of the approval is sent back to source for subsequent processing.

4.2 My Specific Job

As an intern I was assign in a friendly environment in credit unit of SME banking. During my internship period I was assigned some specific tasks. The details are given bellow:

First two month:

In first 2 month of my internship programs, I've just preparing a database of 2500 BIL file so that it can go for further research. Here I collect

- ✓ Account number
- ✓ Company name
- ✓ Loan type
- ✓ Net income
- ✓ Annual turnover
- ✓ Profit Margin
- ✓ Age of the owner
- ✓ Nature of the company
- ✓ Latest trade license (in year)
- ✓ Debt burden ration
- ✓ PDD Deviation & reason
- ✓ Approved level & reason
- ✓ Business Location
- ✓ Channel
- ✓ Bureau information

Last month

Last month I was working with credit support department. Here I prepare those tasks in daily bases.

- ✓ Update loan locator
- ✓ Calculation of loan
- ✓ Plus the loan
- ✓ CPV & Credit report

- ✓ Database of total decline, deferred & approve loan with reason and name of analyst
- ✓ Negative listing

4.3 Critical Observation

During the course of my internship program, I'd got a chance to observe the functions of Credit unit and identified the regular tasks of this unit. I'd got a chance to know the hard workings of application screening, income assessment and appropriated loan amount analysis and other related activities.

I'd also got the chance to witness the procedures of the loan approval process in credit unit of SME Banking. How the various MIS help to detect any negative listing or corrupted customer and make the procedure more smoothly and biased free.

I had also observed how all the concerned personnel are interdependent for approval of a loan. I had overseen the interrelation between third party agency and other bank with Standard Chartered Bank to get correct CIB report of the valuable customer and their bank statement.

During this internship period, I've found some critical issues which are as following:

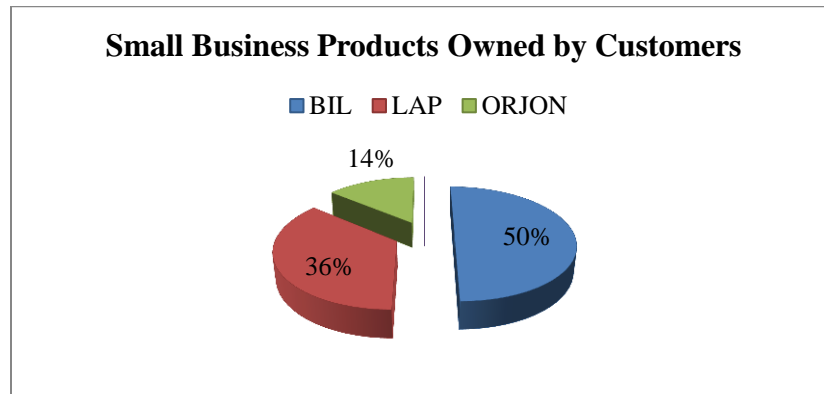
- ✓ Limited workforce in credit support department
- ✓ Problem occurring due to delay on the calculation process of applicant bank statement
- ✓ Mismatch of correct document
- ✓ Lack of cooperation from the customer for CPV verification
- ✓ Hide of CIB

Chapter- Five

Analysis & Finding

Standard Chartered

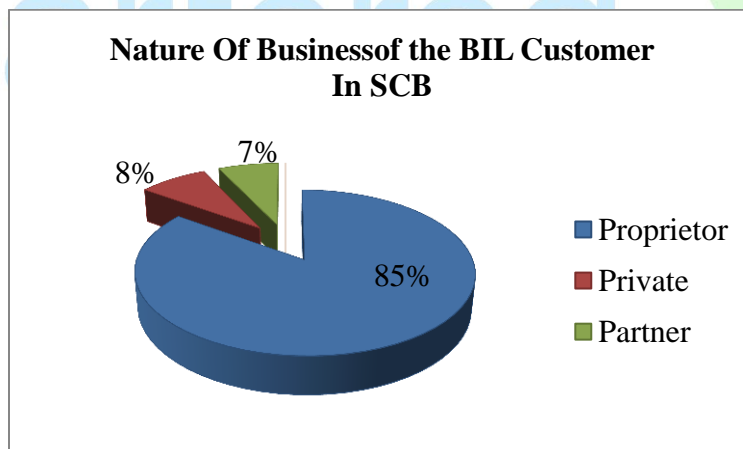
5.1 Type of Small Business Products Owned by Customers:



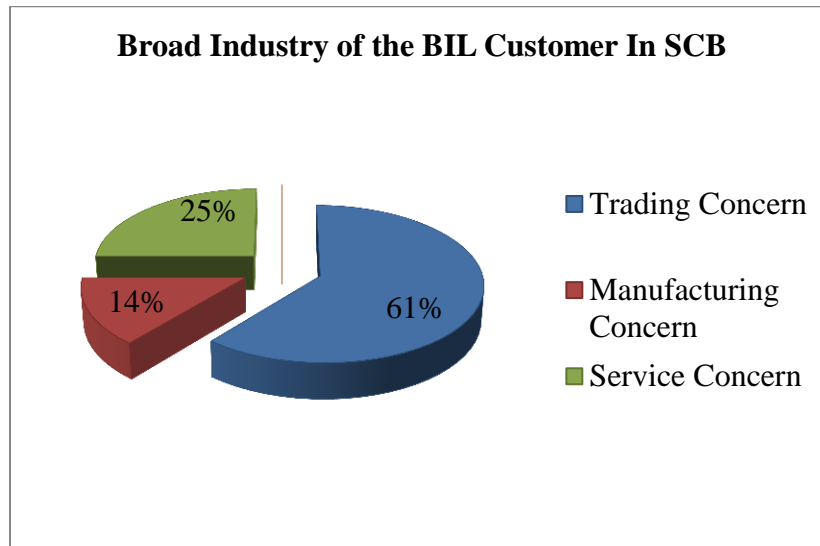
Finding: This Graph represents that under the small business of SME, 50% are Business installment loan and 36 % are Loan against Property loan and 14% are Orjon. So, from the findings it can be said that among all the Small Business products, BIL is disbursed most (50%) to the Small Business customers.

So, most of the BIL customers monthly income are (26%) in between tk. 160000-250000.

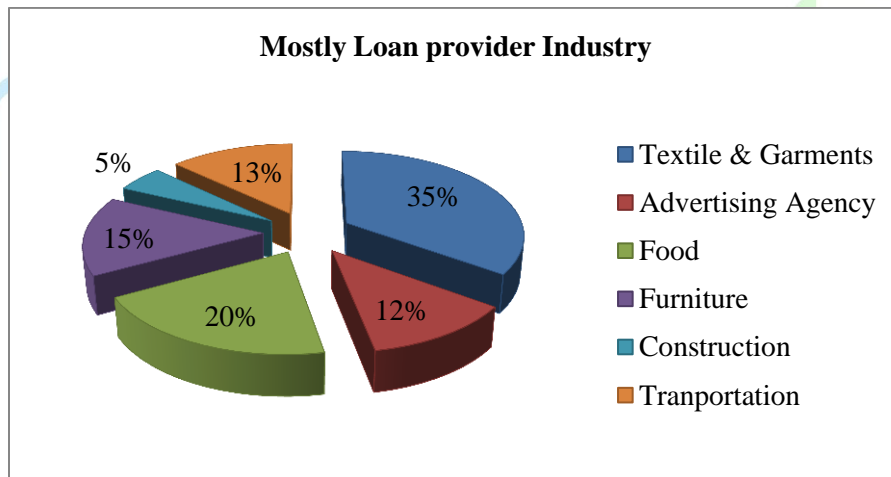
5.2. Analysis of Business Pattern of BIL Customers:



Finding: This Graph represents that 85% BIL customer are sole proprietorship, 7% partnership & 8% are from Private Company. So, Standard Chartered Bank is mostly providing the loan to sole proprietor most.

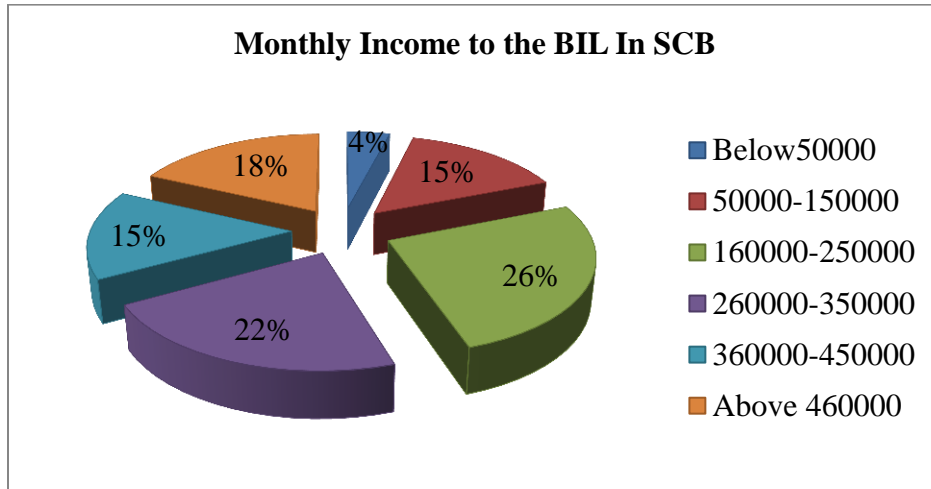


Finding: Among the BIL customer business 61% are Trading Concern, 25% Service Concern & 14% are Manufacturing Concern. So, in Standard Chartered Bank most of the loans are in trading concern industry holder.

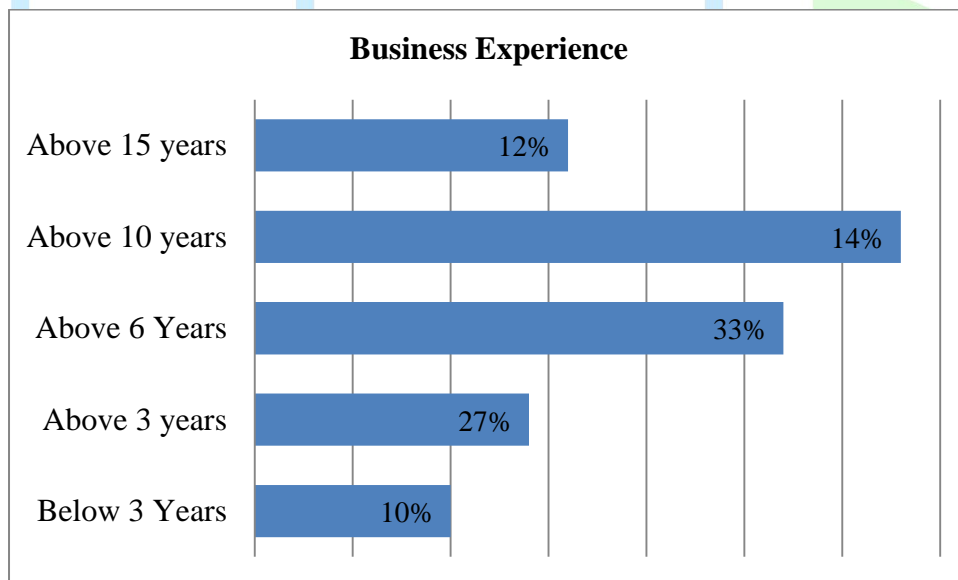


Finding: This graph represents that among the BIL customer business 35% are from Textile & Garments, 12% are from Advertising Agency, 20% are from Food Industry, 15% are the manufacturer of furniture, 5% are from Construction Business & 13 % are from Tranportation Business.

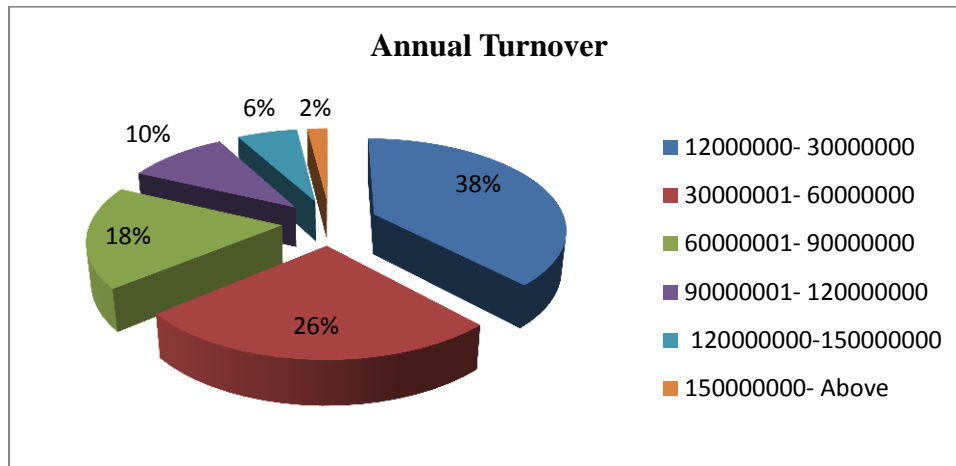
5.3 Analysis on Customer



Finding: From the graph it is found that, 4% of the respondents are earning monthly below Tk 50000, 15% are earning monthly in between Tk 50000-150000, 26% are earning in between tk160000-250000, 22% are earning monthly in between Tk 260000-350000, 15% are earning in between Tk 360000-450000 and SME customers earning more than Tk 450000 is 18%.

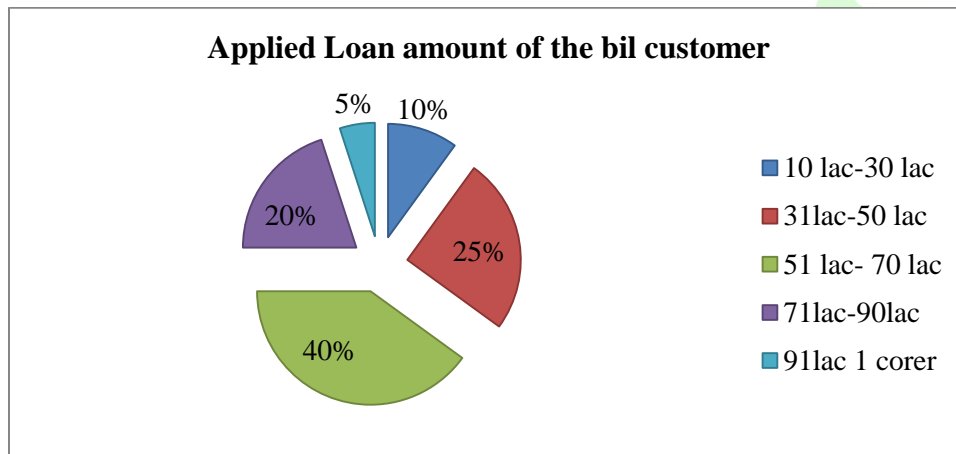


Finding: This Graph represents that 10% of BIL customer has less than 3 years experience, 27% has above 3 years experience, 33% has above 6 years experience, 14% has above 10 years experience & 12% has Above 15 years experience.

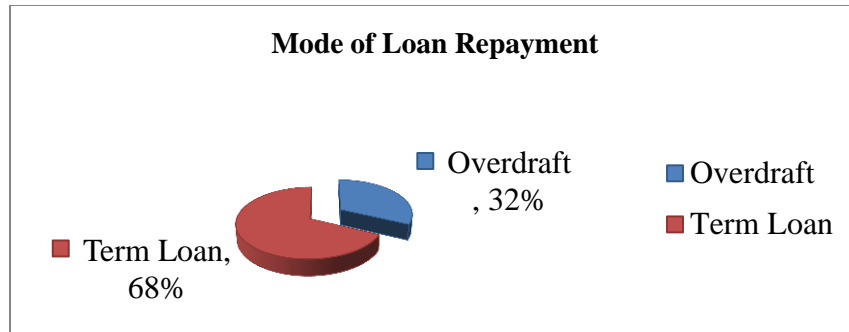


Finding: This graph shows that highest number of respective customer’s annual turnover is between 1corer 20 lacks to 3 corers. Than 26% are between 3 corer to 6 corer, 18% between 6 corer to 9 corer, 10% between 9 corer to 12 corer, 6% between 12 corer to 15 corer & 2% above 15 corer.

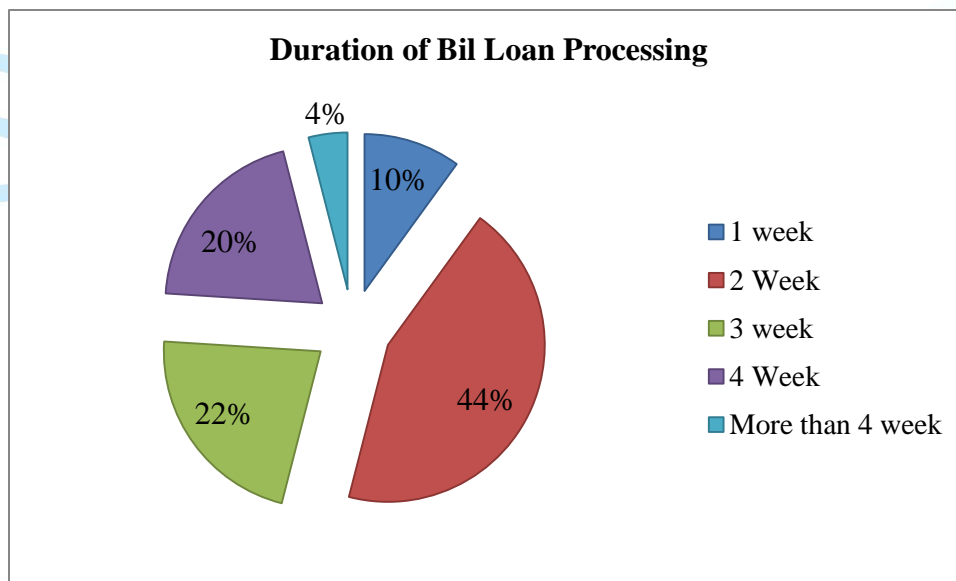
5.4 Analysis of Customers’ Credit Information



Finding: Loan amount is decided based on the Business Turnover condition of the Small Business Customer, not on the basis of collateral value. So this graph shows that 10% applicants applied for 10 lacks to 30 lacks, 25% applicants applied for 31 lacks to 50 lacks, 40% applied for 51 lacks to 70 lacks. 20% applied for 71 lacks to 90 lacks & 5% applied for 91 lacks to 1 corer loan amount.



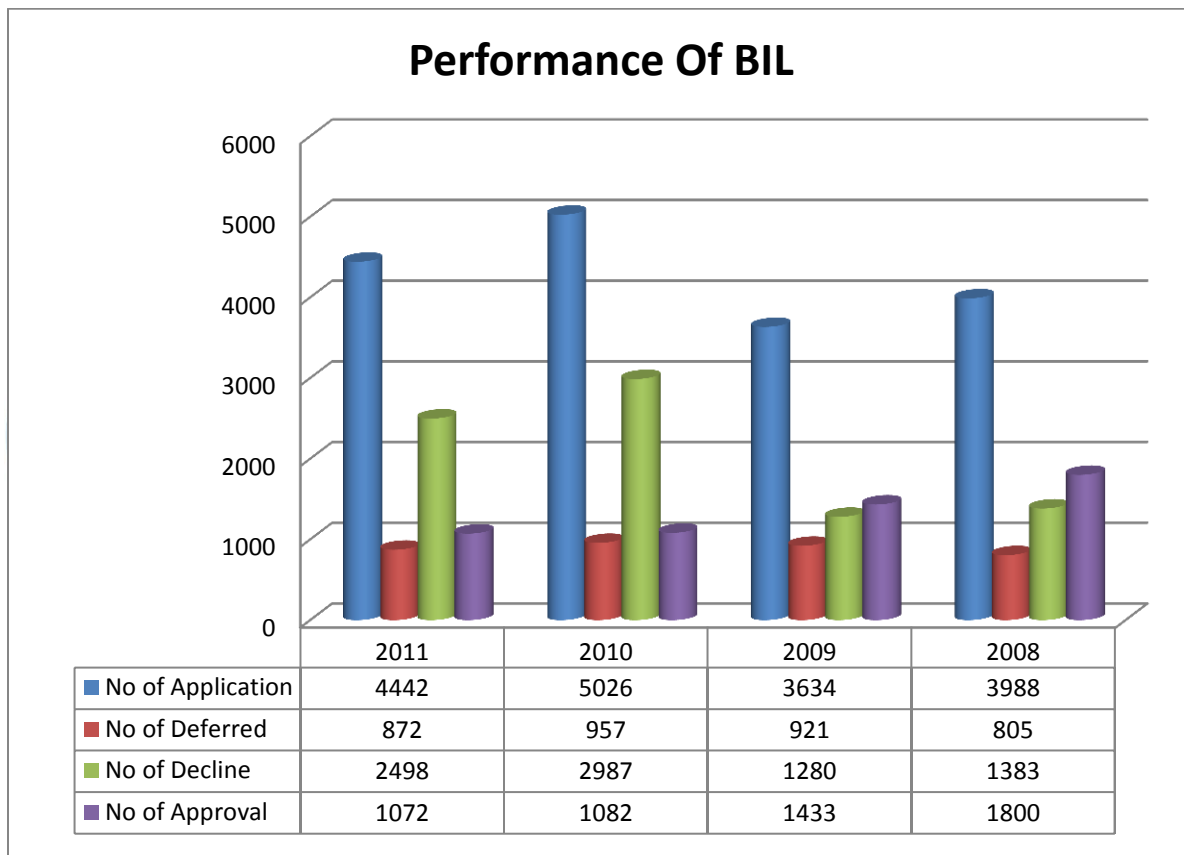
Finding: Among the customer, 68% makes their loan repayment through term basis & 32% through continuous basis.



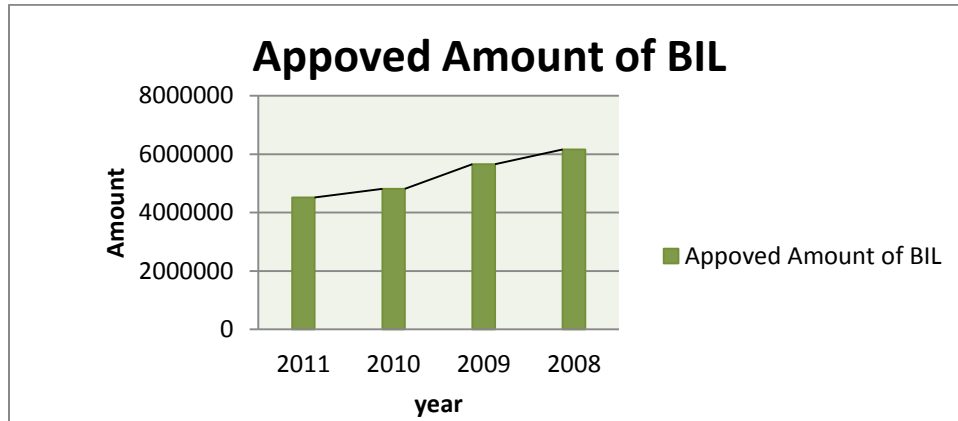
Finding: This Graph shows that 10% Customer obtained BIL loan within One Week, 44% obtained within two week, 22% obtained within three week, 20% obtained within four week and 4% customer need more than four week to obtain BIL.

5.5 Analysis of BIL Performance

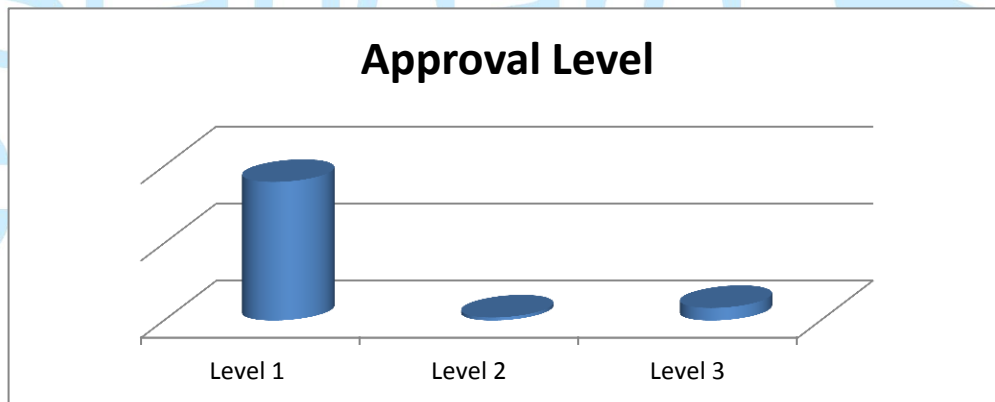
Year	No of Application	No of Deferred	No of Decline	No of Approval	Approval Amount
2011	4442	872	2498	1072	4520919
2010	5026	957	2987	1082	4819812
2009	3634	921	1280	1433	5661525
2008	3988	805	1383	1800	6162852



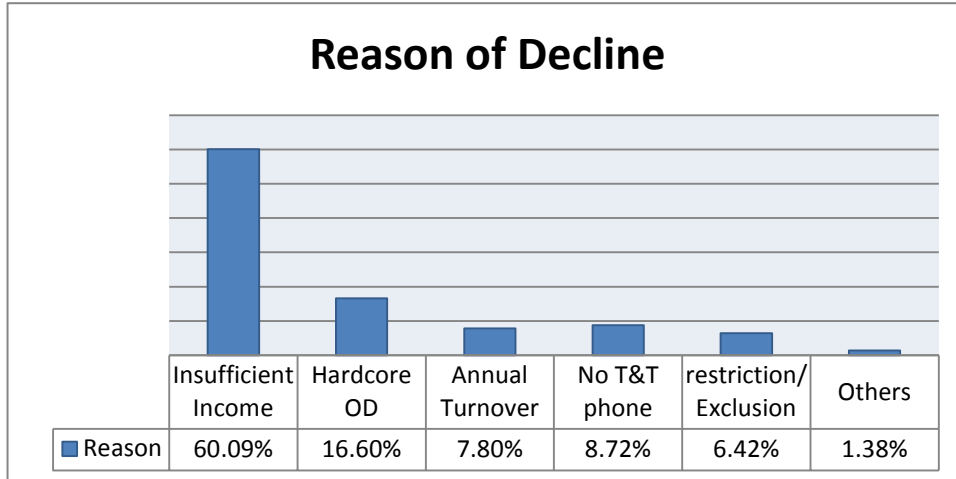
Finding: This Graph represents consecutive 4 years analysis of BIL products. It shows that in 2010 the number of applicant is very high and in 2008 no of approval is very high.



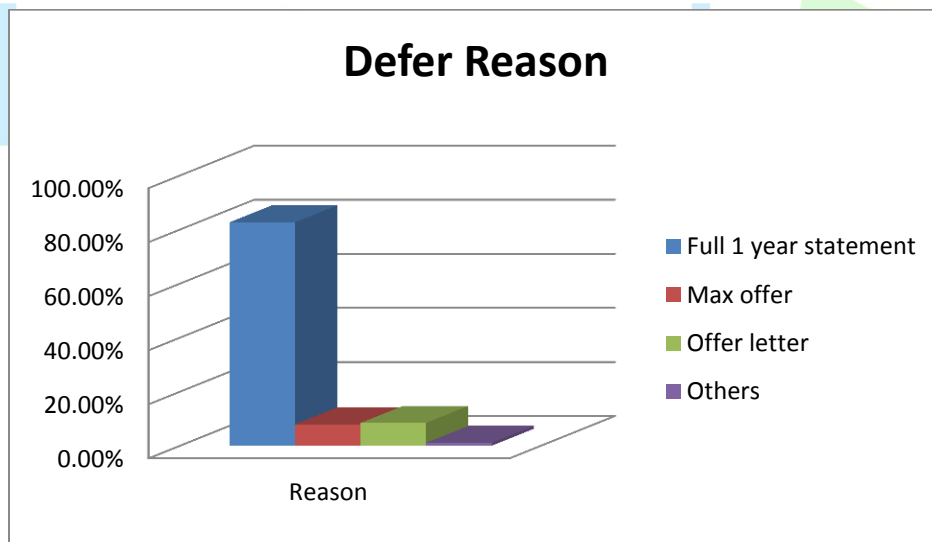
Finding: This Graph represents consecutive 4 years analysis of BIL products approval performance. It shows that gradually from 2008 to 2011 the approval amount has decreasing. It indicates that the growth rate of BIL is decreasing.



Finding: This Graph represents the approval level of the BIL product. It indicates most of the BIL products approved on Level 1. That indicates the loan borrower fulfill all criteria.



Finding: This Graph represents the reason of decline of BIL Loan. 60.09% loan decline because of insufficient income, 16.60% decline because of hardcore overdraft, 7.80% decline because of Annual Turnover, 8.72% decline because of no of T & T phone 6.42% restriction / exclusion area & 1.38% for other reason. That highest decline reason is insufficient income of the customer.



Finding: This Graph represents the reason of defer of BIL Loan. 82.63% loan defer because of proper statement, 7.89% offer letter, 8.42% because of Maximum Offer & 1.05% for other reason.

5.6 Problems of BIL Products of STANDARD CHARTERED BANK

- ✓ **Higher amount of Security as collaterals:** According to the policy of Standard Chartered Bank 30%-50% securities are required for any loan amount. However sometimes it becomes very difficult for the applicants to fulfill. So they divert their decision to other financial institution.
- ✓ **Higher interest rate**The interest rate of Standard Chartered Bank is pity high compare to other financial institution. That's why the number of BIL customer is decreasing. So recently credit policy has been changed. Now the interest rate is 17%. Before it was 19.5%.
- ✓ **Higher Loan processing fee:** The loan processing fees of Standard Chartered Bank is 1.5% of total loan size +VAT. But the processing fees for most of the financial institution is 1% of total loan size +VAT .So loan processing fees are higher in Standard Chartered Bank.
- ✓ **Extra time for Verification & CIB:** Verification team sometimes takes more time to submit report which makes the process longer. However delay submission of CIB report another cause of making the process longer.
- ✓ **Relevant Document:** Very few applicants come with all relevant documents at the first submission. Sometimes Fraud and Negative listing applicants become very high.
- ✓ **Training Programs:** No formal training programs are given to the credit employees. New employee takes more time to understand the work process and loan process become slower.
- ✓ **SME unit:** Standard Chartered Bank has no SME unit for BIL. Only 26 Branches working for all type of product.
- ✓ **Strict Documentation Procedure:** Strict documentation procedure makes the approval amount lower. So disbursement amount will be low. Performance of BIL becomes decreasing.

Chapter- Six

Standard Chartered

Recommendation & Conclusions

6.1 Recommendation

Business Installment Loan of Standard Chartered Bank has some threats and weaknesses that will turn down the operation of this bank to a great extent. It is been seen that customer complaint has increased recently than before for this reason it is high time that the employees are trained up more to avoid future mishaps. Some recommendations are proposed below.

- ✓ According to the analysis on BIL, as it's a very demanding product of Standard Chartered Bank, they should decrease their interest rate and loan processing charges in order to prevent the loss of customer.
- ✓ Analysis shows that they are more focusing on trading concern. But it is a very riskiest industry. So they should more focus on financing to manufacturing and service concern business.
- ✓ The most business experience customer groups are from above 6 years, which is very less. It's make the loan more risky. So, Standard chartered bank should try to finance higher business experience customer.
- ✓ More training programs should be given to sales people and credit support employees so that they can ensure quality submission. In that way they can decrease their deferred amount of applicants. Also the credit process will be efficient.
- ✓ The minimum loan amount loan should be less than 10 lacks to attract more BIL Business more effectively.
- ✓ However they are more financing the textile & garments industry. Targeting only one industry makes the business more risky and target customer will be low. So they should finance more other industry.
- ✓ The performance of verification agency should be monitored tightly in order to reduce verification time.
- ✓ They should finance those customers who has higher turnover so that they can ensure the payments of loan
- ✓ They should appoint more employees in SME department. As number of the employees against the loan application is very low. So it makes the loan processing system slower.

6.2 Conclusion:

In this new era of business environment, information accessibility and its efficient utilization is vital to any business entity. With new tools and sophisticated but easy use technology, businesses can gain enormously and streamline its operation to capture untapped markets. Standard Chartered Bank has been set their standards as biggest foreign bank in Bangladesh. SME growth in Bangladesh offer bright prospects for creating large-scale employment and income earning opportunities at relatively low cost for the unemployed. To strengthen the efforts and sustained economic growth Standard Chartered Bank should enhance their focus more on BIL product. Based on their research results some innovative idea can make their BIL product more appealing to their customer as it is generating 30% revenue in consumer banking.

Through supporting the innovative activities of the entrepreneurs, bank is ensuring the progress of society as well as the diversification of credit portfolio. Therefore it can be said that, Standard Chartered Bank will bring progress not only of the bank but also of the society through their BIL product. So, Standard Chartered Bank should disburse the BIL credit to potential customers for ensuring growth of the bank and society.

7. References

a) *Personal Contact:*

➤ ***Shafin Md Imran***
Credit Support Executive
Standard Chartered Bank

➤ ***Shihab Kazi Dewan***
SME Policy
Credit Department
Standard Chartered Bank

b) *SME credit Policy Manual -SCB*

c) *SME credit procedure manual –SCB*



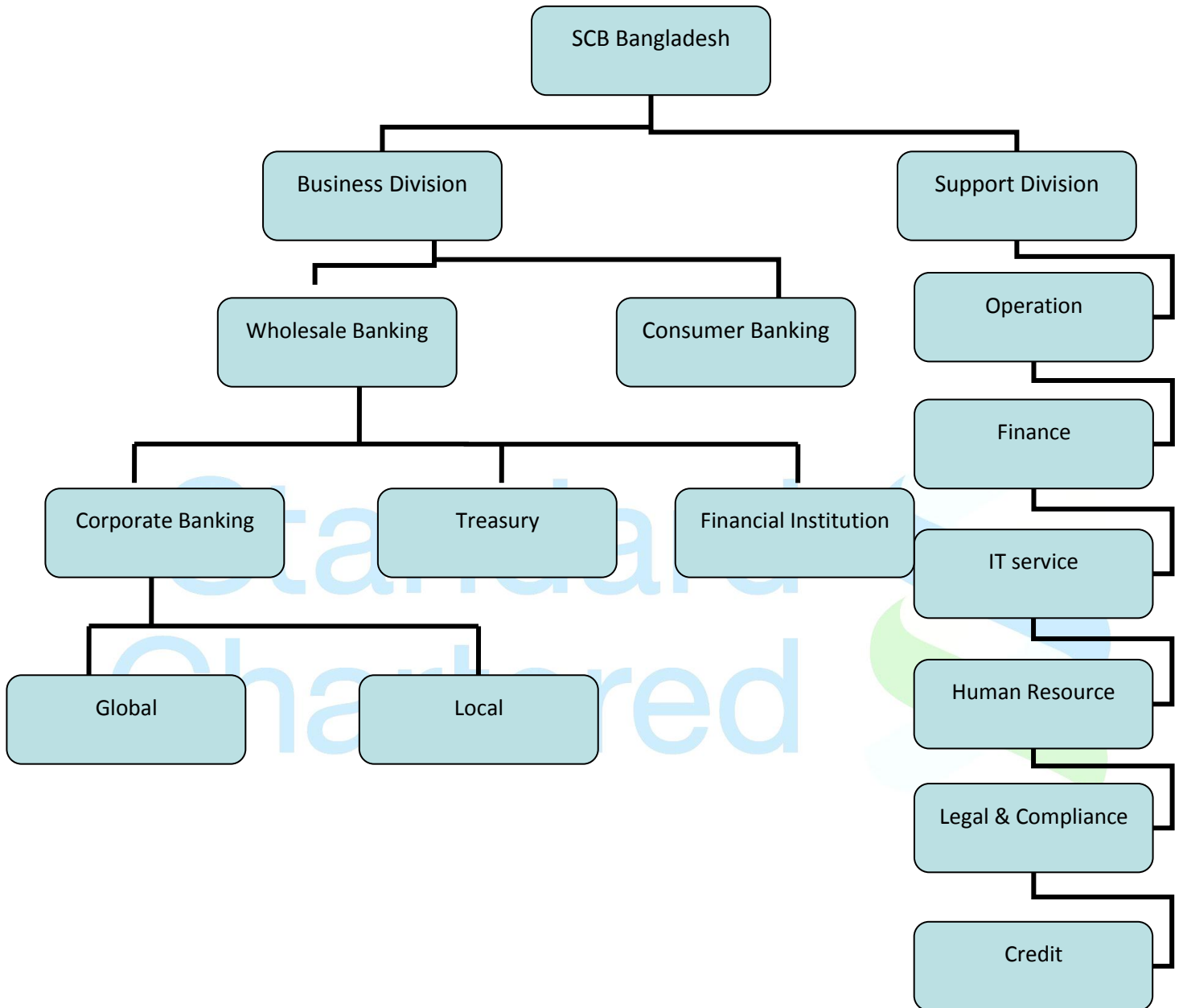
Web Site:

1. <http://www.standardchartered.com/bd/sme-banking/business-installment-loan/en/>
2. <http://www.standardchartered.com/en/about-us/index.html>

APPENDIX

Customer Name	Customer Age	Monthly Income	Nature Of the Business	Broad Industry	Annual turnover sale	Business Experience	Applied Amount Of Loan	Mode Of Loan payment	Approval Level	Reason
Moinul Islam & Company	34.5	10000	Proprietorship	Trading Concern	71006452	Above 10 years	200000	Term Loan	Level 1	
Arif Packaging Industry	53	50000	Proprietorship	Manufacturing Concern	30139957	Above 10 years	400000	Term Loan	Level 1	
Hoque Motors	54	20000	Proprietorship	Trading Concern	76260094	Above 15 years	500000	Term Loan	Level 1	
Asian Oceanic Lines	60	80000	Proprietorship	Trading Concern	130125694	Above 15 years	600000	Term Loan	Level 1	
Allah Dan Paper Store	45	16000	Proprietorship	Trading Concern	81940199	Above 10 years	800000	Term Loan	Level 1	
Jalalbad Cane Furniture	29	5000	Proprietorship	Trading Concern	25468199	Above 6 years	700000	Term Loan	Level 1	
Mollah Textiles	42	15000	Proprietorship	Trading Concern	32905620	Above 15 years	300000	Term Loan	Level 3	Business Address Change > 2 times
Platinum Tours & Travels Agency	32	18000	Proprietorship	Service Concern	40128573	Above 3 years	200000	Term Loan	Level 1	
Spread Cargo Service	32	25000	Proprietorship	Service Concern	35690988	Above 6 years	200000	Term Loan	Level 1	
Shahanur Enterprrise	29	5000	Proprietorship	Manufacturing Concern	38431405	Above 3 years	500000	Term Loan	Level 1	
Nokia Cells	39	18000	Partnership	Trading Concern	7190195	Above 3 years	800000	Term Loan	Level 1	
M/S Chadni Enterprise	36	30000	Private Ltd	Trading Concern	94465127	Above 6 years	600000	Term Loan	Level 1	
Computer Solutions Inc.	35	18000	Proprietorship	Trading Concern	95977480	Above 10 years	400000	Overdraft	Level 1	
Shahdowlla Business	35	28000	Proprietorship	Manufacturing Concern	13062928	Above 6 years	900000	Term Loan	Level 1	
Fida Enterprise	46	30000	Proprietorship	Trading Concern	54063081	Above 10 years	300000	Term Loan	Level 1	
Grameen Jewellers Ltd	46	35000	Private Ltd	Trading Concern	47298560	Above 6 years	300000	Term Loan	Level 1	
Air Channel International	50	30000	Proprietorship	Trading Concern	70557794	Above 3 years	300000	Term Loan	Level 1	
M/S Alam Electronics	42.3	5000	Proprietorship	Trading Concern	17423270	Above 6 years	300000	Term Loan	Level 1	
M/S Cott Tex Associates	46	35000	Partnership	Trading Concern	26011368	Above 10 years	300000	Term Loan	Level 1	
M/S Momin Store	60	20000	Proprietorship	Trading Concern	22558596	Above 15 years	300000	Term Loan	Level 1	
T R Trading	35.4	5000	Proprietorship	Trading Concern	83489263	Above 6 years	1000000	Term Loan	Level 1	
M/S Shahjalal Business Centre	46.9	40000	Proprietorship	Service Concern	41740802	Above 10 years	300000	Term Loan	Level 1	
Fashion & Trade	41.5	40000	Proprietorship	Trading Concern	36029900	Below 3 years	100000	Term Loan	Level 3	Business Age<3 years
Prime Fabrics	41.11	20000	Proprietorship	Trading Concern	28172502	Above 10 years	500000	Term Loan	Level 1	
Asyan Sky Shop	40.1	40000	Proprietorship	Trading Concern	28085500	Above 3 years	200000	Term Loan	Level 1	
M/S Soronika Trade	39.11	10000	Proprietorship	Trading Concern	17029069	Above 10 years	400000	Term Loan	Level 1	
City Automobiles & Car Palace	41.7	80000	Proprietorship	Service Concern	22544690	Above 10 years	300000	Term Loan	Level 1	
New Master Shoe	59.7	20000	Proprietorship	Trading Concern	22774499	Above 15 years	300000	Term Loan	Level 1	
M/S M Islam Surgical	31.3	15000	Proprietorship	Trading Concern	77771617	Above 3 years	700000	Term Loan	Level 1	
Moon Tea Trading & Co.	35.2	40000	Private Ltd	Trading Concern	65993900	Above 3 years	300000	overdraft	Level 1	
Meem Electronic	44.3	50000	Proprietorship	Trading Concern	152360066	Above 10 years	800000	Term Loan	Level 1	
Cotton World	51.6	80000	Proprietorship	Service Concern	28384809	Above 6 years	800000	Term Loan	Level 2	DBR<50
M/S M R Trading	43.6	15000	Proprietorship	Trading Concern	26454503	Above 3 years	700000	Term Loan	Level 1	
New Sign	37.9	9000	Proprietorship	Service Concern	30859419	Below 3 years	900000	Term Loan	Level 3	Business Age<3 years
Labtaech Trading Company	45.6	12000	Proprietorship	Trading Concern	59194948	Above 10 years	300000	overdraft	Level 1	
H T Cargo Service	34.4	16000	Partnership	Service Concern	26111450	Above 10 years	300000	overdraft	Level 1	
M/S Deshi Textiles	52.1	80000	Proprietorship	Manufacturing Concern	37043379	Above 15 years	200000	Term Loan	Level 1	
M/S Mollah Enterprise	43	25000	Proprietorship	Trading Concern	133034807	Above 6 years	100000	Term Loan	Level 1	
Ananna Electronic	51	9000	Proprietorship	Trading Concern	39395747	Above 6 years	250000	Term Loan	Level 1	
United Carry & Care	31	12000	Proprietorship	Trading Concern	2225400	Below 3 years	350000	Term Loan	Level 3	Business Age<3 years
M/S A Bari Khan	44	20000	Proprietorship	Trading Concern	128980700	Above 15 years	350000	Term Loan	Level 1	
M/S A Rafique Re- Rolling Mills	37	12000	Proprietorship	Manufacturing Concern	41302403	Above 6 years	550000	Term Loan	Level 1	
Aster Label & Accessories	31	10000	Proprietorship	Trading Concern	15299900	Above 3 years	1000000	Term Loan	Level 1	
M/S J. T Enterprise	42	18000	Proprietorship	Trading Concern	128668150	Above 10 years	100000	Term Loan	Level 1	
China Palace	55	15000	Proprietorship	Trading Concern	19605154	Above 6 years	400000	Term Loan	Level 1	
M/S A K Enterprise	41	80000	Proprietorship	Service Concern	14571052	Above 15 years	300000	Overdraft	Level 1	
Crescent Selection	43	20000	Proprietorship	Manufacturing Concern	25328251	Above 10 years	500000	Term Loan	Level 1	
Shilpo Technic (PVT)Ltd	28	30000	Private Ltd	Manufacturing Concern	215015635	Above 10 years	1000000	Term Loan	Level 1	
M/S Bhai Traders	36	50000	Proprietorship	Trading Concern	41302403	Above 6 years	400000	Term Loan	Level 1	

The Organization Structure



Banking Services of Standard Chartered Bank in Bangladesh

