

ANALYSIS
ON
MICRO CREDIT LOAN
(RRDH)



INTERNSHIP REPORT

ON

“ANALYSIS ON MICRO CREDIT LOAN OF TRUST BANK LTD (KAFRUL BRANCH)”

Submitted to:

Ms. Samina Haque

Lecturer

Submitted by:

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Dept: B.B.S.



BRAC UNIVERSITY

BBS DEPARTMENT.

LETTER OF TRANSMITTAL

12th August, 2011

To

Ms. Samina Haque
Lecturer
BBS Department
School of Business
BRAC University

Subject: **Submission of the Internship Report**

Dear Madam,

It is my pleasure to submit the report on my internship program. It was a great opportunity to me to acquire knowledge and experience in respect of the report “Analysis on Micro Credit Loan of Trust Bank LTD”.

I have concentrated my best effort to achieve the objectives of the study and hope that my endeavor will serve the purpose. I will be grateful and oblige if you accept my report and evaluate it with your sagacious judgment.

Yours Sincerely,

Nafis Anjum

ID: 07104008

Dept: B.B.S.

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ACKNOWLEDGMENT

This report is the outcome of the contributions and sincere cooperation of different persons. For the fear of sounding like a vote of thanks speech, I could not possibly thank all of those marvelous people who have contributed something of them directly or indirectly in preparing this report successfully. They are off course some very special people who cannot go without mention. It gives me immense thank them for their cordial cooperation and encouragement.

First of all, I would like to thanks Almighty Allah and I express heartfelt gratitude to my respected madam Ms. Samina Haque.

It will be an honor and I would feel proud to thank the authority of Trust Bank Ltd for allowing me to do internship program in this organization. I have received help and active cooperation from supervisors, executives and officials in every stage. Specially, I am very much grateful to Mr Abdullah Al Mamun (Officer), Mr Mohsin Ali Reza (Credit in charge), Mrs Tamim (Account in charge), for giving me the opportunity and cooperating and helping me in collection of necessary data and in the preparation of this report.

In spite of sincere and denoted efforts, there might be some mistakes in the study report. I take the entire responsibility for such unintended errors and omissions.

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Executive Summary:

Trust Bank Limited is one of the leading private commercial banks having a spread network of 52 branches, 7 SME centers, 45 ATM Booths and 48 Branch POS across Bangladesh and plans to open more branches to cover the important commercial areas in Dhaka, Chittagong, Sylhet and other areas in 2011. This bank is sponsored by Army Welfare Trust and the bank mainly focuses on providing quality services to its customers. TBL have various ranges of deposit and retail product and it also have various credit cards designed to fulfill customers' needs. My internship placement was in TBL Karul branch. Karul branch have 18 officers and 5 sub-staffs in total and there is also five departments. Through my internship, I have worked in Accounts department and Credit department. The report is mainly based on RRDH loan and analysis through questionnaire for getting insight on customer's perception on necessary sectors needed to be improved. The procedure of RRDH loan, limit and installment amount, required documents and regulation and other aspects are covered. In findings and recommendation, some points of improvement and observation have been pointed out on the basis of overall bank situation. An analysis has been given in the report on the basis of the response of RRDH customers on the questionnaire. Graphical analysis has been used to show the ratio of people on the response of the questions. By this analysis, I have sorted some findings and recommendation on RRDH loan. Though TBL have some back draws in aspect of marketing, management etc. To improve customer service TBL have introduced Consumer Durable Scheme", "Free of cost ATM Card", "Security Deposit based Locker Service" on flexible term and conditions and also Western Union Money transfer to facilitate the foreign currency transfer by the members of armed forces working in the UN and emigrant Bangladeshis instantly.

Introduction:

1.1 ORIGIN OF THE REPORT:

An internship is real life experience in a business organization that required after completion of the academic courses in order to complete the Bachelor of Business Administration Program in BRAC University. My internship position was in Trust Bank Limited (Kafrul Branch) and the topic of my report was proposed and approved by the internship supervisor appointed from University. With her approval and conscience this report was prepared.

1.2 OVERVIEW OF THE REPORT:

The internship report is mainly about focusing on Microcredit Loan provided by TBL Kafrul Branch. The procedures, documentation and other steps of Microcredit loan is described later on the report. There is other areas where I have tried to focus, they are:

- Credit department Overview
- 12 Steps of providing loan
- Loan products
- Description of any 4 loan products

Along with this, organizational overview, my job part and other important aspects are also covered in order to make the report more meaningful and efficient.

1.3 GENERAL OBJECTIVE:

The main purpose of the report is to provide-

- Full knowledge about Microcredit loan and its procedure & findings and recommendation for necessary improvement

1.4 SPECIFIC OBJECTIVE:

The specific objectives of the report are given below:

- Credit department overview
- 12 steps of loan procedure
- Description of any 4 loan products
- Emphasis on Microcredit loan and Analysis
- Findings and recommendation

1.5 SCOPE OF THE REPORT:

This intern report is mainly based on the full overview and emphasis on “*Microcredit Loan and its procedure*”. Some other aspects of the bank are covered as it is mentioned in specific objectives. Also a questionnaire is used to get proper feedback about microcredit loan from consumer and my own perspective is used in recommendation about necessary improvements. This report has been prepared in 3 months of time span which sometimes was a barrier for more in-depth analysis, it would be much better if the time span is extended.

1.6 METHODOLOGY:

The methodology of collecting data for this report is very specific and analytical and observational in nature. The methodology of the report is provided below:

Data collection: The data is collected from two sources. They are:

- **Primary data**
- **Secondary data**

These sources are described below-

Primary Data Sources:

- Face to face conversation with respected officers
- Personal Perspective
- Relevant file study provided by the officers concerned
- Open discussion with Credit Officers
- Customer feedback and perception

Secondary Data Sources:

- Website
- Internet search and study of related topics
- Annual Report of TBL.

Type of research:

A questionnaire was prepared to know and get proper overview on customer's perception on TBL's Microcredit loan in order get proper findings on improvement sectors. This research can be stated as Qualitative Research. For conducting this research I followed Unstructured Interview and Focus Group and Questionnaire to make it more effective. "Unstructured Interviews" are a method of interviews where questions can be changed or adapted to meet the respondent's intelligence, understanding or belief. This type of interview helped me to get more consumer insight on banks this particular service and the sector where consumers think that it should be improved. For this research I used focus group, a focus group is a form of qualitative research in which a group of people are asked about their perceptions, opinions, beliefs and attitudes towards a product, service, concept, advertisement, idea, or packaging. In this report my focus group was the specific consumers of the microcredit loan. The questionnaire was based on open ended questions for getting more insight and knowledge which is provided in the Appendix part of the report.

1.7 LIMITATION:

The limitations of the report are mentioned below:

- Inadequacy and lack of availability of data
- Not enough research within bank is conducted on this topic
- No other discussions were possible with credit officers of other branches to get more insight on their perception and their findings
- Lack of experience
- Short time span.

Organizational Overview:

2.1 COMPANY HISTORY:

Trust Bank Limited is one of the leading private commercial banks having a spread network of 52 branches, 7 SME centers, 45 ATM Booths and 48 Branch POS across Bangladesh and plans to open more branches to cover the important commercial areas in Dhaka, Chittagong, Sylhet and other areas in 2011. The bank, sponsored by the Army Welfare Trust (AWT), is first of its kind in the country. With a wide range of modern corporate and consumer financial products Trust Bank has been operating in Bangladesh since 1999 and has achieved public confidence as a sound and stable bank. The idea of setting up a Bank by Bangladesh Army was first conceived in 1987 and on November 29, 1999 the first branch of the Trust Bank Ltd came into operation. Composition of the Board of TBL consists of Ex-officio Directors of in-service senior Army personnel, with the Chief of Army Staff as its Chairman and the Adjutant General as its Vice-Chairman. In addition to ensuring quality customer services related to general banking the bank also deals in Foreign Exchange transactions. In the mean time the bank has extended credit facilities to almost all the sectors of the country's economy. The bank has plans to invest extensively in the country's industrial and agricultural sectors in the coming days. In January 2007, Trust Bank successfully launched Online Banking Services which facilitate Any Branch Banking, ATM Banking, Phone Banking, SMS Banking, & Internet Banking to all customers. Customers can now deposit or withdraw money from any Branch of Trust Bank nationwide without needing to open multiple accounts in multiple Branches. Trust Bank is a customer oriented financial institution. It remains dedicated to meet up with the ever growing expectations of the customer because at Trust Bank, customer is always at the center.

2.2 CORPORATE INFORMATION OF TRUST BANK LTD:

The corporate information regarding Trust Bank Ltd is given below:

➤ Registered Name of the Company	Trust Bank Limited
➤ Certificate of incorporation	June17, 1999
➤ Certificate of Commencement of business	June 17, 1999
➤ First branch licenses	August 09, 1999
➤ Formal inauguration	November 29, 1999
➤ Listed with DSE	September 25, 2007
➤ Listed with CSE	September 24, 2007
➤ Sponsor Shareholders	Army Welfare Trust
➤ Number of Branch	52

2.3 VISION & MISSION OF TRUST BANK LIMITED:

2.3.1 Vision:

“We aim to provide financial services to meet customer expectations so that customers feel we are always there when they need us, and can refer us to their friends with confidence. We want to be a preferred bank of choice with a distinctive identity.”

2.3.2 Mission:

“Our mission is to make banking easy for our customers by implementing one-stop service concept and provide innovative and attractive products & services through our technology and qualified human resources. We always look out to benefit the local community through supporting entrepreneurship, social responsibility and economic development of the country.”

2.4 CORE VALUES OF TRUST BANK LIMITED:

In all types of banking activities Trust Bank Ltd follows six core values. In any way the bank does not compromise with any of these values. The bank believes the values are the guidelines in its banking operation and building relationships with customers. The core values of the bank are as follows:

- **Dependable**
- **Professional**
- **Dynamic**
- **Reliable**
- **Trustworthy**
- **Fair.**

2.5 MANAGERIAL HIERARCHY OF TBL:

The managerial hierarchy of Trust Bank Ltd. starts from Junior Officer and ends to the Managing Director. The Managing Director holds the supreme power of TBL. The overall hierarchy is given below:



2.6 NATURE OF THE BANK'S BUSINESS

Trust Bank Ltd offers full range of banking services that include:

- Deposit banking
- Loans & advances
- Export
- Import
- Financing inland
- International remittance facilities

2.6.1 Deposit Products and Schemes: The list of Deposit products, schemes and other services are listed below:

Deposit Products:

- Current Deposit Account
- Savings Deposit Account (interest calculated on monthly minimum balance of Tk.2000 and above) Fixed Deposit (1 month, 3,6,12 months & Above)
- Savings Certificate (Govt. Bond)
- Trust Smart Savers Scheme(TSS)
- Trust Money Double Scheme(TMDS)
- Trust Money Making Scheme(TMMS)
- Trust Education Scheme(TES)
- Monthly Benefit Deposit Scheme (MBDS)
- Lakhopati Savings Scheme (LSS)
- Interest First Fixed Deposit (IFFD)

Retail Products:

- Car loan
- Household Durables loan
- Doctors Loan
- Advance against salary
- Education loan
- Travel loan
- Hospitalization loan
- Any purpose Loan
- Apon Nibash Loan
- Trust Micro Credit for Renovation & Reconstruction of Dwelling Houses (RRDH)
- CNG conversion loan
- Marriage loan
- Loan against TMDS

Credit Cards:

- Visa Gold Local
- Visa Classic Local
- Visa Classic International
- Visa Gold International
- Visa Dual Card (operate able in both inside or outside Banglaesh)

Other Services:

- Trust Tele Banking
- Trust SMS Banking
- Trust Internet Banking
- Locker Service
- SME financing

2.7 TRUST BANK LIMITED (KAFRUL BRANCH):

Trust Bank Kafrul Branch is one of the reputed branches in TBL because of its performance and advancement towards success in a short time of its establishment. TBL kafrul branch is in Dhaka Cantonment (Kafrul) for covering and providing more effective services to Army personnel and also civil customers. It's been three years of this branch's establishment and within this short period of time this branch is effectively competing with Millennium branch and Principal Branch which is very reputed branch in TBL also seen as benchmark for other branches performance. TBL kafrul branch have quite a huge number of deposit and loan amount of 30 crores taka and expanding. Kafrul branch have 18 officers and 5 sub-staffs in total. There are five departments, they are:

- ✓ Cash department
- ✓ Clearing department
- ✓ Account Opening department
- ✓ FCAD department (supply and logistics)
- ✓ Credit department

Mr Bisharot Hossain is the manager of this branch and he is the superior in decision making along with Mr Shahed Kabir Chowdhury who is the sub-manager of the branch. There are department head to which they officers are accountable and the department head or in-charge is accountable to Manager. The department heads are:

- ✓ **Mr Mohsin Ali Reza** – Credit in charge
- ✓ **Mrs Tamim**- Account in charge
- ✓ **Mr Saiful**- Cash in charge
- ✓ **Mrs Dil Arzu**- Clearing in charge
- ✓ **Mr Masud Bin Abdullah**- FCAD in charge

TBL kafrul branch provides all types of banking services to its customers effectively and efficiently to maintain competition with other bank's like: Sonali Bank, Pubali bank. My internship placing was in Trust Bank Kafrul Branch and through this placing it was an opportunity to learn about banking and customer services and managing.

Job Part:

3.1 JOB DESCRIPTION:

The internship program in TBL kafrul branch can be divided into two parts according to department switches. My first job positioning was in Accounts department. I worked under Kamrunnessa Mutkta, officer of Account Opening. My responsibility was to help her to complete and prepare the accounts of Army soldiers in the bank. After that I have been provided orientation of different account opening jobs and for one month I was in account opening department providing help to the officers of accounts department. The next job positioning was in Credit Department and there I worked with Mr. Mohsin Ali Reza (in charge of credit dept) and Mr Abdullah Al Mamun. The work in credit department was diversified and exciting. For first few days I have been provided orientation and familiarization of different jobs of credit department in full detail. Then I was assign to provide Microcredit Loan (RRDH) and all its responsibilities. Also I learnt about making different month end statements like: Fox-Pro, Monthly Loan Assessment etc. I also learnt about dealing with different customers with different approaches and building relationships. Also I helped with preparing CIB (credit information bureau) and other important documents for loan approval and procedure. I worked in credit department for two months under Mr Abdullah Al Mamun to provide necessary support required and also to do my assigned task.

3.2 JOB RESPONSIBILITY:

The job responsibility in my internship program can be mainly divided into 2 parts. They are described below:

3.2.1 Account's Department:

- Preparing KYC, SBS and Accounting Opening forms for Army Soldiers account in TBL KB
- Opening new accounts

- Providing CRM numbers in new account and also account number
- Operating Flora Banking System for account opening (CRM number, Account Number)
- Providing Online- Banking Permission to existing and new accounts
- Providing application for Debit card and Cheque book requisition of savings, current and salary account.
- Providing information to customers of different account and required documents for each account to be submitted.
- Helped to provide “Western Union Money Transfer” services to customers

3.2.2 Credit Department:

- Preparing Sanction and offer letter for Microcredit loan (RRDH)
- Loan account opening
- Dealing with customers of RRDH loan
- Providing information to customers about different sort of loan
- Helping officers of Credit department to make month end statement of the dept
- Preparing CIB, NOC and other documents important for loan
- Providing “Bank Statement” of the accounts to the customers when required
- Prepared week-end position of Government accounts for FCAD dept

3.3 OBSERVATION:

There is some critics and observation which I noticed through my internship program. If those problems are solved, the internship program can be more effective for students willing to complete their program in TBL kafrul branch. They are:

- A new intern have to be in account opening dept in starting month and sometimes interns have to start and finish their whole program in account opening. This time period sometimes make interns feel bored and gets uninterested about the job.
- Interns should be given the opportunity to do complex banking jobs in minimal way to make them feel more devoted towards job.

- Intern's should have the opportunity to work in all department to get full overview on bank
- Spending way too much time in Account Opening dept level down the opportunity of intern to learn more about other departments
- One of the major observations from my program will be the behavior of the officer. They behave very well and friendly with the interns and make them feel comfortable and also willing to provide any type of help regarding job and also in internship report by providing necessary information's.
- Another observation will be about account opening department. Some of the officers in account opening dept don't help interns at all with their report. Also there were some situations where those officers used interns to do their assigned jobs and take credit for that. This sort of behavior may let interns to get demotivated towards the job.
- The overall treatment with intern in bank in terms of behavior, helping in quite good and friendly. Officers of different dept ex: credit, clearing, cash encourages the intern to their job properly; also provide help and support of their jobs which is very remarkable.

Overview on Credit Department

4.1 CREDIT DEPARTMENT OF TBL KF:

During my internship period I have was also assigned into credit department and worked there for 2 months. Loans or credits comprise the most important asset as well as the primary source of earning for the banking institutions. On the other hand, loan/credit is also the major source of risk for the bank management. In Trust bank kafrul branch the total amount of loan is around 30 crore taka. There are three officers who work dedicatedly in this department and try to provide the best services to its customers. There are some principals which are followed by the bankers in terms of lending to the customers. They are:

- Background, Character and ability of the borrowers
- Purpose of the facility
- Term of facility
- Safety
- Security
- Profitability
- Source of repayment
- Diversity

4.2 LENDING PROCEDURE IN TBL KF:

The lending procedure of Trust Bank Ltd. starts with building up relationship with customer through account opening. Control of credit operations is done at branch and Corporate Office Level. There are twelve steps in the lending procedure of TBL which are as follow.

Step 1: A loan procedure starts with a loan application from a client who must have an account with the Bank. At first it starts from the branch. Branch receives application from client for a loan facility. In the application, client mentions what type of credit facility he/she wants from the bank including his personal information and business information. Branch Manager or regarding Officer in-charge of credit department conducts the initial interview with the customer.

Step 2: After receiving the loan application form, the bank sends an official report about the loan to Bangladesh bank for obtaining a credit inquiry report of the customer from there. This report is known as CIB (credit information bureau). This report is usually collected when the loan exceeds 50 thousand tk for checking whether this client have taken loan from other banks or not.

Step 3: If Bangladesh Bank sends positive CIB report on that particular borrower and if the Bank thinks that the prospective borrower will be a good one, the bank will inspect the documents. In this stage, the Bank will look whether the documents are properly filled up and signed. Credit in charge of the relevant branch is responsible to know about the ins and outs of the client's business through discussing with him.

Step 4: Bank officially inspects the project for which the loan is applied. Project's existence, distance from bank office, viability, monitoring cost and possibilities are examined.

Step 5: Any loan proposal needs to be evaluated on the basis of financial information provided by the applicant. Experienced personnel of Credit department in Trust Bank do an analysis through Credit Risk Grading Score. It is a ranking whose total score are 100. Among this score, minimum score is 75 to grant any commercial loan. For individual borrower this score is not required. This step is mainly conducted by the Head office (Motijheel).

Step 6: Then comes the processing stage of loan. In this stage, the Bank will prepare a Proposal. The proposal contains following relevant information.

- ✓ Name of the Borrower/borrowers
- ✓ Nature of Limit
- ✓ Purpose of Limit
- ✓ Extent of Limit
- ✓ Collateral

- ✓ Margin
- ✓ Rate of Interest
- ✓ Repayment
- ✓ Validity

Step 7: If the proposal meets Trust Bank's lending criteria and is within the manager's discretionary powers, the credit line is approved. The manager and the sponsoring officer sign the credit line proposal and issue a sanction letter to client. If the value of the credit line is above the branch managers' limit then it is sent to head office or zonal office for final sanction with detailed information regarding clients, business or purpose of the loan, security papers.

Step 8: Head office processes the credit proposal and afterwards puts up a note to credit committee. The credit committee reviews the credit proposal and accepts or rejects the proposal.

Step 9: After approval by the Credit Committee, head office or zonal office gives an approval letter to the branch and branch gives a sanction letter to the client. The client should accept sanction with seal, which will prove his agreement with the terms and condition offered by the bank.

Step 10: After the sanction advice, Bank will collect necessary charge documents. Charge documents vary on the basis of types of facility, types of collateral.

Step 11: Finally loan is disbursed and monitoring of the disbursed loan starts as well.

4.3 QUALITATIVE ANALYSIS BY BANKERS:

A *Qualitative analysis* is conducted by the bankers about customers before providing loan. The bankers also call it as “analyzing key risk factors”. This analysis can be classified according to five C’s of credit. They are:

1. Character:

Character refers to the borrower’s honesty and trustworthiness. A banker must assess the borrower’s integrity and subsequent intent to repay. If there are any serious doubts, the loan should be rejected.

2. Capital:

Capital refers to the borrower’s wealth position measured by financial soundness and market standing. It helps cushion losses and reduces the likelihood of bankruptcy.

3. Capacity:

Capacity involves both borrower’s legal standing and management’s expertise in maintaining operations so the firm or individual can repay its debt obligations. Under capacity an individual must be able to generate income to repay the cash.

4. Condition:

A condition refers to the economic environment or industry specific supply, production and distribution factors influencing a firm’s operations. Repayment sources of cash often vary with the business cycle or consumer demand.

5. Collateral:

Collateral is the lender’s secondary source of repayment or security in the case of default. Having an asset that the bank can seize and liquidate when a borrower defaults reduces loss, but does not justify lending proceeds when the credit decision is originally made.

4.4 RETAIL PRODUCTS OVERVIEW:

The retail products provided in trust bank kafrul branch is given below:

- ✓ Marriage Loan
- ✓ CNG Conversion Loan
- ✓ Apon Nibash Loan
- ✓ Any Purpose Loan
- ✓ Advance against Salary
- ✓ Hospitalization Loan
- ✓ Education Loan
- ✓ Car Loan (New)
- ✓ Car Loan (Recond)
- ✓ Car Loan (Minibus, Trucks)
- ✓ Household Durables Loan
- ✓ Doctors' Loan
- ✓ Travel Loan
- ✓ Any Purpose Loan (Defense)

This is the retail products available in trust bank kafrul branch. These products are designed to meet all the need of customers who are in need of loan. As I have mentioned this branch is a growing branch, so there isn't high demand of all retail products. The requirements and other aspects of highly demanded retail product of this branch are described below:

- CNG conversion loan
- Car Loan

- Any Purpose loan

This is mainly the highly demanded loan by the customers in kafrul branch. There are other loan products which also have high demand but due to its complexity those products aren't discussed. The above mentioned retail products that will be discussed below:

4.4.1 CNG conversion loan:

CNG Conversion Loan is a loan to provide financial supports for converting the vehicle from carbon based fuel system to CNG system. This is an unsecured loan because no additional security is arranged against this loan.

Product Communication Points

- CNG Conversion Loan is to convert the vehicle from carbon based fuel system to CNG system.
- Financing 90% of the cost of conversion is allowed.
- Tenor for this loan is maximum 18 months.

Market Segments: The targeted customers are Service Holders, Businessman, Professionals (owner of the vehicle or valid user of the vehicle) & Corporate Clients (for more than one car).

Requirements: The requirements are given below

Eligibility	:	Confirmed Service Holders, Businessman
Rate of Interest	:	15%
Limit	:	3.00 Lac
Down Payment	:	20%
Loan period	:	3 Years
Security & Required Papers	:	1. Two Personal guarantees 2. Undated Cheques 3. Employer Certificate For Service holder 4. Photocopy Of Trade License

5. Tin Certificate
6. Bank Statement of Last six Months
7. Photocopy Of Passport & Telephone Bill If Any
8. Evidence thereof submitted
9. Age of Applicant must be within 25-40

4.4.2 Car Loan:

Car Loan is a terminating loan facility for the middle class to upper class people of the cities where the bank has its branches to buy a car for their personal usage. Under this scheme, the vehicle is registered in the name of the Bank under Hire Purchase mode only.

Product Communication Points:

For Any New or Reconditioned Car, Microbus, Jeep, Minibus, Truck, Pick-up, Covered van etc.

Loan Amount:

- For New car - Loan Limit up to Tk. 20 lac for maximum 5 years
- For Reconditioned car - Loan Limit up to Tk. 20 lac for maximum 4 years
- For Microbus - Loan Limit up to Tk. 15 lac for maximum 3 years.
- For Minibus, Trucks, Pick-up, Covered van - Loan Limit up to Tk. 50 lac for maximum 5 years
- Minimum 20% down payment required.

Requirements: The requirements are given below:

Eligibility	: Confirmed Service Holder, Businessman
Rate of Interest	: 15%
Limit	: 20.00 Lac
Down Payment	: 20%
Loan period	: 5 Years

Security & Required Papers

1. Two Personal guarantees
- : 2. Undated Cheques
4. Photocopy Of Trade License.
5. Tin Certificate
6. Bank Statement of Last six Months
7. Photocopy Of Passport & Telephone Bill If Any.
8. Registration Of The Vehicle
(Name Of The Bank Under Hire Purchase Mode)
9. Comprehensive Insurance Policy
10. Employer Certificate For Service Holder
11. 02 Copy Photograph
12. 01 Copy Photograph of each Guarantor
13. Photocopy of National ID Card
14. Photocopy of Service ID Card
15. Other Income if Any
16. Photocopy of National ID card of 1st Guarantor
17. Employer Certificate of 1st Guarantor

4.4.3 Any purpose loan (civil and defense):

Any purpose Loan is a terminating facility offered by the Retail Banking Unit of the Bank to individual salaried persons living in the cities/towns where the Bank has its own branches. It is a clean or unsecured loan in the sense that only security in this type of loan product is:

- Letter of introduction from employer
- Two Personal Guarantees, acceptable to the Bank preferably earning person from family member and an individual having minimum solvency/income not less than that of the customer.

Any Purpose loan which means the applicant does not have to declare the purpose for which he/she is taking the loan hence there will be no hypothecation over the asset to be purchased but the loan is obviously not allowed for any unlawful purpose.

Market Segments for any purpose loan: Employees of reputed MNCs .large local corporate, employees of mid-range local companies, reputed Educational institute, Banks/Financial Institutions, Diagnostic center, Hospital, Hotels, Restaurant, Telecommunication, Airlines, Real-

Estate Developers of repute, Insurance companies, NGOs, Aid agencies, UN Bodies, and all other salaried employees including Government Employees , Defense personnel, etc.

Requirements: The requirements are given below

Eligibility	: Confirmed Service Holders (i.e.fixed income people) and army officers
Rate of Interest	: 15% and 13% for defense
Limit	: Up to 5 Lac(civil) & up to 3 Lac (defense)
Down Payment	: Nil
Loan period	: 3-4 Years (civil) & 2 years (defense)
Security & Required Papers	: <ol style="list-style-type: none">1. Two Personal guarantees2. Undated Cheques3. Employer Certificate For Service holder4. 02 Copy Photograph5. Tin Certificate6. Bank Statement of Last six Months7. Photocopy Of Passport & Telephone Bill If Any8. 01 Copy Photograph of each Guarantor9. Photocopy of National ID Card10. Photocopy of Service ID Card11. Other Income if Any12. Photocopy of National ID card of 1st Guarantor13. Employer Certificate of 1st Guarantor14. Photocopy of National ID card of 2nd Guarantor

This is the demanded retail products in tbl kafrul branch along with Apon Nibash Loan and Household Durables Loan. Because this two loans require more expertise and knowledge and the process is very complex and confidential.

Micro-credit Loan (RRDH):

5.1 MICROCREDIT LOAN (RRDH):

Micro-credit loan is a retail product of TBL and this product is mainly designed for non-ranking officer of army, navy and air force. Micro-credit loan is also known as RRDH which stands for “Reconstruction and Repairing of Dwelling House”. The credit officers of TBL see this loan as goodwill gesture towards the customers. Up to this year the number of customers received this loan is around 1125. During my internship in Credit department I was assigned to provide this loan to customers. The procedure, requirements and other aspects are discussed below:

5.2 LIMIT AND INSTALLMENT AMOUNT OF RRDH:

The limit and instalment of RRDH is divided according to the rank of the soldiers. The limit and instalment amount is given below:

Rank	Loan Amount	Instalment (taka)
1. JCO	150,000	3220
2. Sergeant	120,000	2576
3. Corporal	100,000	2147
4. Lance Corporal / Snk	70,000	1503
5. Others and Civil	50,000	1075

One of the major requirements of this loan is that, soldiers must have the salary account in the bank from where they are willing to take the RRDH loan. But in case of emergency, soldiers can take loan from any TBL branch in spite of not having salary account on that branch. In this case the officer of credit department contacts with the other branch where the soldier have the account for checking the validity of the information and then the loan is provided.

5.3 DOCUMENTS AND REGULATIONS OF RRDH:

There are some regulations and documents to be checked before providing RRDH loan to soldiers. They are described below:

- ✓ Signature Requirement in form:
 - Commanding officer (CO) - 5 signs
 - Guarantor- 4 signs
 - Borrower- 13 signs
- ✓ Three copies of passport size photo from borrower and one copy from guarantor is required. The required photos must be certified.
- ✓ Photo-copy of national ID card and office ID card from both guarantor and borrower is required. If national id is missing, it is required to have official note from CO about the situation.
- ✓ Original Pension certificate of borrower is required and should be collected from Record office from their respected unit.
- ✓ Borrower must be ten years in the service and also have 5 years left before retirement.
- ✓ The soldiers should have a forwarding letter from respected unit mentioning their name, time span of their service and the amount of loan required with CO's sign.

5.4 REQUIREMENTS OF STAMP:

In the RRDH loan application form adhesive and revenue stamps are used for certification. Customers (soldiers) have to pay for this amount when they are submitting the form. The requirements are given below:

- ✓ Revenue Stamp: 25tk (5tk X 5)
- ✓ Adhesive Stamp:
 - Letter of Revival- 50tk
 - Letter of Guarantor-150tk (colleague)

5.5 STEPS OF PROVIDING RRDH LOAN:

There are several steps to be followed in RRDH loan. They are given below:

- ✓ Customers bring forwarding letter which consists of name, time span of their service and the amount of loan required with CO's sign.
- ✓ After analyzing the forwarding letter and if all the criteria's are meet, they are permitted to take RRDH loan application form by providing 20tk which is the price of the form that bank charges
- ✓ When the soldiers return the form with all required documents, they are provided with a date to come to the bank and receive the loan amount.
- ✓ The next step is to prepare an offer sheet and sanction letter for approving the loan. RRDH loan proving authority completely belongs to the bank because the amount is small.
- ✓ Next step is to use Flora Banking System to create loan account for the customers by using the CRM number of the salary account. In this loan account all the personal information and information on loan. The information of loan is given below:
 - Loan/ Advance type: Loan
 - Interest rate: 11%
 - Instalment size: fixed
 - Code for the loan: Term loan up to 5 years and House Financing (303)
 - Instalment amount: (according to loan amount)
 - Number of instalment: 60
 - Instalment period: Monthly
 - Sanction number: tbl/kfr/rrdh/2011/ (last 3/4 digits of loan a/c)
 - Expire date: (five years from the approval)

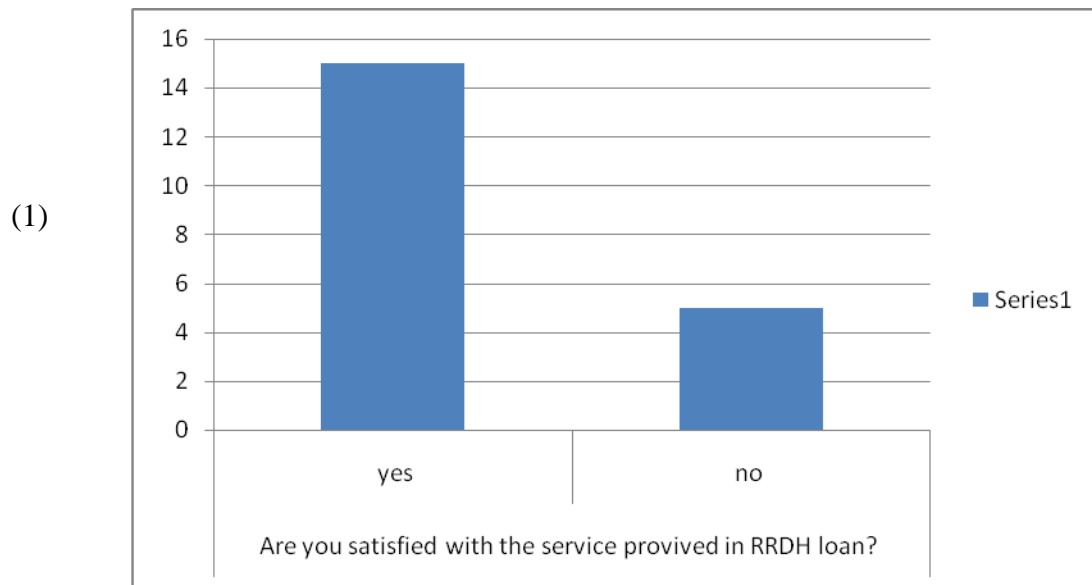
- ✓ The offer sheet and sanction letter requires the sign of an officer of credit department, sub-manager and manager.
- ✓ After preparing the documents and when customers arrive, one sanction letter is provided to the customer where the loan account number is written and another copy is signed by customer and remains in the dept as “office copy”.
- ✓ Then they amount of loan is disbursed in the salary account of the customer and the limit is set for the loan, vat on banking service and the service charge is cut from the customer’s account.

This is the whole procedure of providing RRDH loan. The major point that is to be analyzed that the customer who is taking RRDH loan from Kafrul branch shouldn’t have loan from any other branch.

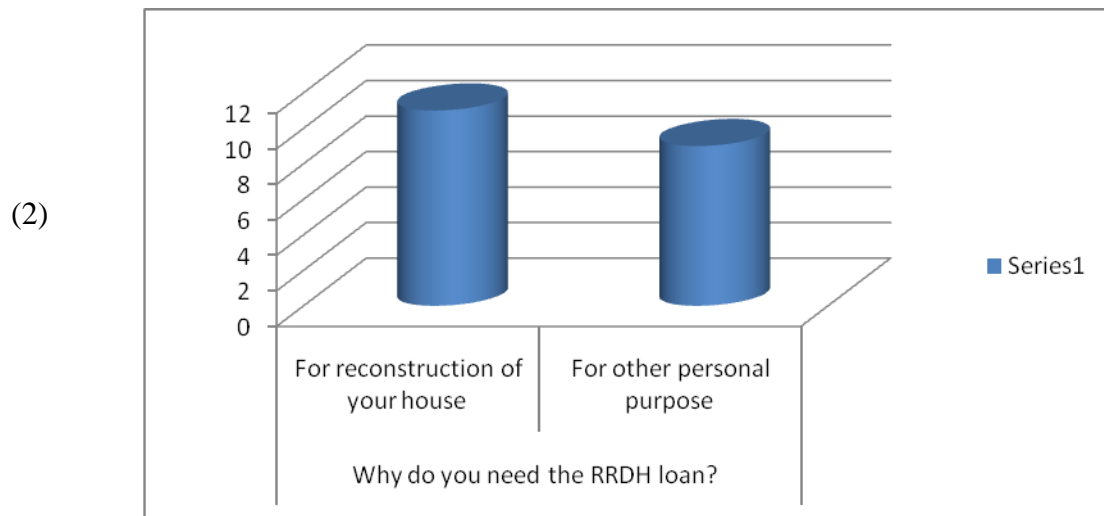
Analysis:

6.1 ANALYSIS ON QUESTIONNAIRE:

For getting a proper knowledge on the customers perception towards the services provided in RRDH loan, a survey has been conducted. A questionnaire was prepared and asked to 20 customers of RRDH loan to get more insight on which sectors to be improved. The graphical analysis is given and described below on the basis of response of some important questions asked to the customers from the prepared questionnaire.

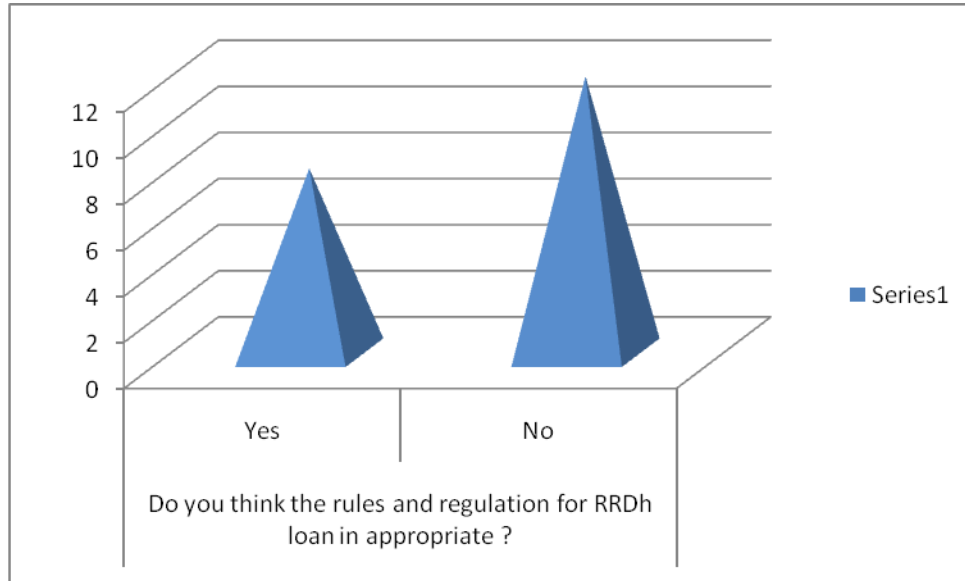


This graphical analysis is based on the question of the satisfaction on the service provided in RRDH loan. Among 20 customers, 15 of them were satisfied with the service and the remaining 5 people think that the service should be improved.



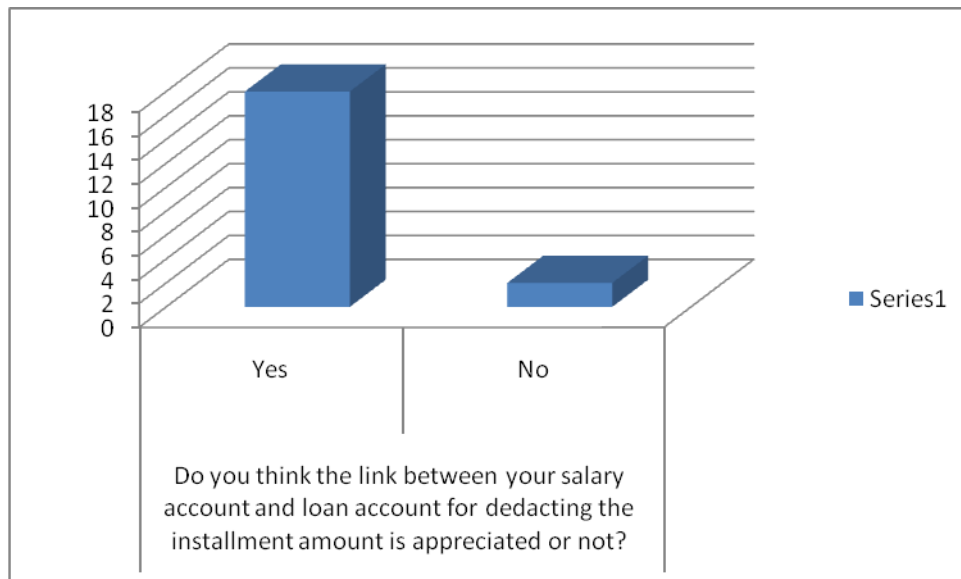
This second graphical analysis is based on the question “Why do you need the RRDH loan?”. Among 20 people 11 of them responded that, this loan is required for construction of house and remaining 9 people responded that this loan is for personal use.

(3)

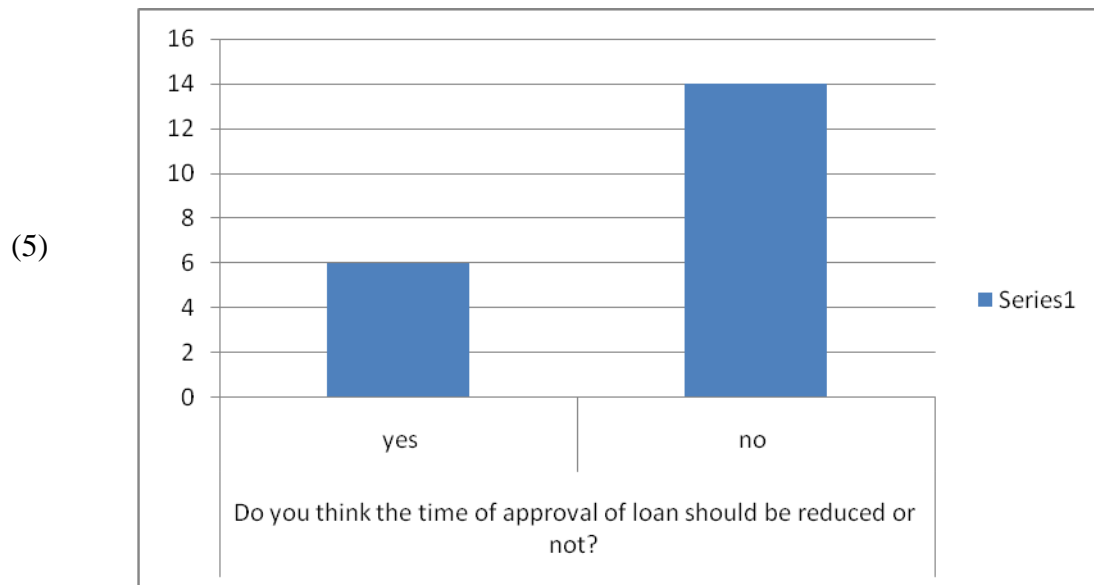


The third graphical analysis is based on the question reflecting on the perception of customers on rules and regulation of RRDH loan. The response was “yes” for 8 people and “no” for 12 people. This was an open ended question and it was required to answer if its “no”. The response of 12 people was to change the regulation for time span required to eligible for RRDH loan. They think that the times span of being in service should be reduced from 10 years.

(4)

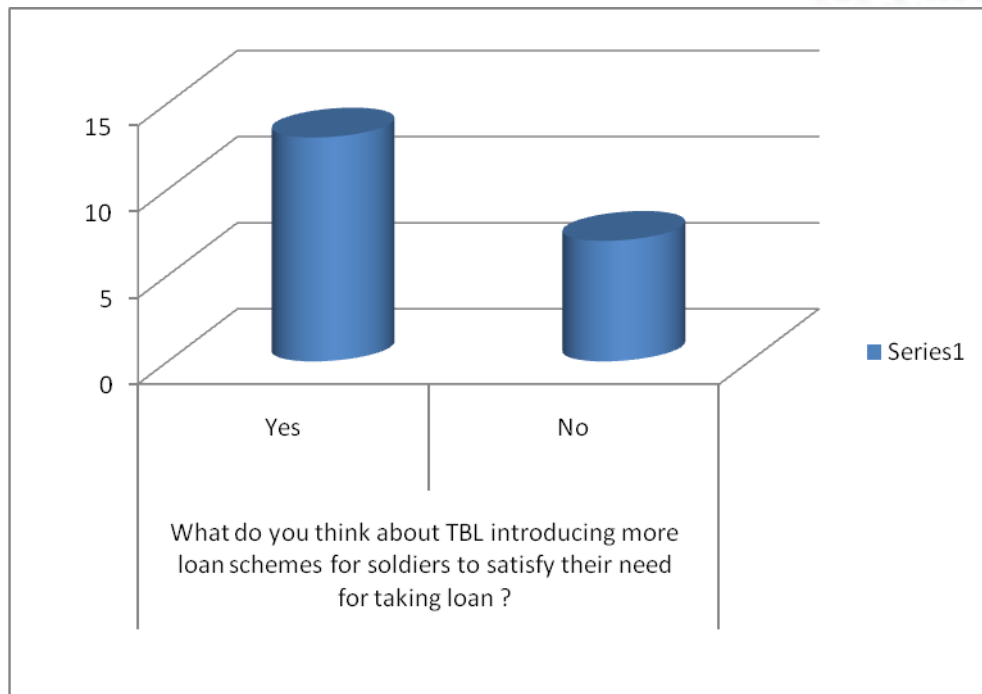


This fourth graphical analysis is based on the question of “Do you think the link between your salary account and loan account for deducting the installment amount is appreciated or not?”. Among 20 people, 18 appreciated this decision and 2 people didn’t because they think by this they cant be able to keep track how much installation they provided to bank. The people who appreciated this decision says that by this procedure they can save their time required to provide installment in the bank and also they reduce the chance of providing penealty in case of late submission.



This fifth graphical analysis is based on the question “Do you think the time of approval of loan should be reduced or not?”. As I have mentioned before that after returning the form it takes 15 days to provide the approval of the loan. Among 20 people, 6 people thinks that the time of approval of loan is ok and other 14 people says no on this question. The perception of this 14 people is that the time should be reduced because the amount is small and on the other hand it the time of necessity it creates problem.

(6)



This sixth graphical analysis is based on the question on “What do you think about TBL introducing more loan schemes for soldiers to satisfy their need for taking loan ?”. Among 20 people 13 of them thinks that TBL should introduce more loan schemes to satisfy their needs and other 7 people thinks that RRDH loan is appropriate.

This are the six main question which have been used to get proper insight on customers perception on RRDh loan. On the basis of this analysis I have found out some findings in RRDH loan. This findings are given below:

6.2 Findings on Microcredit loan:

- ✓ The major findings in RRDH loan will be on one of the rules and regulation of the procedure. The time span required to be eligible for this loan is too broad and for this in the edge of emergency some soldiers can’t get the loan because they don’t have 10 years in service and 5 years left before pension.
- ✓ Another finding will the complexity of the loan application form. Sometimes this creates problem for soldiers because they aren’t well educated.

- ✓ There is another finding in RRDH loan is the installment amount is automatically cut from their salary account. For this service the customers are happy and they appreciate this decision.
- ✓ The services provided in RRDH loan by credit officers are very good and appreciated by the customers.
- ✓ The credit officers build good relationship with the customers (soldiers) which helps the bank to get more deposit and loan for word of mouth influence between soldiers
- ✓ Another finding was discovered from customer's point of view. The finding is on the amount of time taken for providing RRDH loan. According to bank policy, RRDH loan should be provided to soldiers after returning the form is 15 days. So according to customers this time span should be reduced because in crisis the soldiers can't get the loan for this rule and run into trouble.
- ✓ Customers think that more loan schemes should be introduced for them at different amount because the only loan that gets sanctioned for them is RRDH loan.

6.3 RECOMMENDATION:

On the basis of the findings the recommendation is given below:

- ✓ In RRDH loan, TBL should try to reduce the time span required to be eligible for RRDH loan for soldiers.
- ✓ The complexity of RRDH loan form should be at minimum level because the customers think that this complexity leads them to confusion
- ✓ TBL should provide more loan schemes like RRDH loan to fulfill the needs of soldiers. EX: marriage loan, education loan etc with small scale amounts and low interest rate
- ✓ An officer should be totally devoted for RRDH loan, because of the huge pressure. The loan amount is less than other retail products but the amount of customer is huge in number. So by introducing a single officer on RRDH loan can be very helpful for bank as well as kafrul branch in terms of customer service and efficiency.

Findings and Recommendation:

7.1 FINDINGS:

Through my internship program, I have some findings and recommendation which are described below:

- ✓ The bank created an image to its customers that it is a bank for defense personnel which sometimes de-moralizes customers in taking banking service from TBL
- ✓ Because of in-efficient logistics support, TBL can't provide its services to its customers as promised in some cases. EX: in the time of the salary of army soldiers, because of insufficient ATM booth it gets harder to provide their salary and it also hampers the regular banking service given to regular customers.
- ✓ The software used in TBL is Flora Banking System which is by definition good banking software but it is not updated. There are many flaws in the software and often it hampers banking services because of the server for the software gets down.
- ✓ The banking software isn't capable for preparing the statement required for Head Office and for Bangladesh Bank at Monthly, Quarterly & Half-Yearly. These statements are done manually by the officers and it takes huge time to prepare.
- ✓ In kafrul branch, one of the major findings was customer service. The accounts department takes long time to provide service and sometimes it harasses the customers.
- ✓ In kafrul branch the services provided by credit department are highly appreciated and customers are very satisfied with the services.
- ✓ More officers should be provided in kafrul branch because of the growing pressure in the banking activities within the branch

- ✓ There is less number of ATM booths of Trust Bank around Dhaka and this creates problems for customers to get one stop banking service from the booths.
- ✓ The Debit card which are provided against Salary account for soldiers are Q-cash. In Q-cash, the card can only be used in TBL ATM booths which are a major problem in terms of getting services from bank for soldiers. Because the soldiers get posted from one cantt to another and finding ATM booths of TBL sometimes gets messy because soldiers may find the distance problem and also availability.
- ✓ The environment of the bank is very friendly and also have good working environment.
- ✓ The deposit rate offered by TBL of its various products & schemes are very low comparing to the contemporary banks. The clients can hardly find the best alternative of particular products.
- ✓ Newly launched TBL products doesn't get much attention in-spite of having good potential for attracting customers for its offerings because of lack of proper advertising and acknowledgement by the bank.
- ✓ TBL overall have few branches around the country comparing to other banks like Standard-Chartered, EBL, Prime Bank etc.

7.2 RECOMMENDATION:

The recommendations are given below:

- ✓ TBL should work more on transforming their image to customers as they are not only the bank of Defense personnel but also for general customers
- ✓ The management should impart more emphasis on the advertisement of the bank in different electronic and printing media.
- ✓ TBL should work more on converting the image of “Bank of Army”, because it sometimes creates misconception that this bank provides its best services to defense personnel.

- ✓ TBL should concentrate more in increasing their logistics support to back-up their marketing plan. Ex: there aren't many ATM booths in Cantonment and all the accounts of the army units are in TBL branches (there are 3 branches in cantonment). The salary of soldiers of every unit in cantonment comes into the account opened in TBL branches. When the salary is paid to the soldiers the whole situation gets haywire because of lack of ATM booths and this also affects the regular banking services. So by increasing ATM booths this problem can be solved.
- ✓ The Flora Banking System should be updated to provide more efficient banking services to its customers and to save time in making needed statements by Bangladesh bank and Head Office.
- ✓ The manager in kafrul branch should take initiative to increase efficiency of account opening officers for providing more efficient services to its customers.
- ✓ As mentioned in the findings on Q-cash Card situation, the soldiers should be provided with Visa Card with their salary account. By using Visa Card, the soldiers can get access to any booth of any bank to get necessary banking services and this initiative will bring more customer loyalty towards bank.
- ✓ TBL should also focus on increasing their branch for expanding their business in all over Bangladesh
- ✓ More products of varied interests should be introduced for the diversified client group
- ✓ Trust bank Kafrul branch should provide more emphasis on brining corporate accounts in their branch to build a good image among its customers that the branch is dealing all sort of deposits
- ✓ Trust bank holds huge reserves and fund that are not utilized. As a result, huge opportunity cost is incurred by TBL. So TBL should provide more loans to the profitable credit line.
- ✓ In the credit department, strict supervision is necessary to avoid loan defaulters. The bank official should do regular visit to the project.

Conclusion:

Trust Bank Limited (TBL) is a scheduled commercial bank, in spite of its being a sole initiative of the Army Welfare Trust (AWT). The profit earned by the bank is used to the welfare activities of the Trust. The economic service of the bank is open to all caste and class of people. The bank is formatting and accomplishing various welfare projects and activities for the socio economic infrastructural development of the country and the active participation to the upgradation of the comparative feeble class of the society, in stead of accumulating profit. It has introduced various schemes to create long term deposit investable to development activities of the country and short term deposit for availing the opportunity of saving propensity. To improve the standard of living, it has introduced “Consumer Durable Scheme”, “Free of cost ATM Card”, “Security Deposit based Locker Service” on flexible term and conditions. It has also belinked with many foreign banks & foreign money Exchanger like “Western Union Money Transfer” to facilitate the foreign currency transfer by the members of armed forces working in the UN and emigrant Bangladeshis instantly. The financial performance of the bank in recent years is pretty well. Moreover, any laxity in operational ground can considerably be compensated through the cordial services provided by a staff of talented officers or employees. To improve customer service TBL have introduced

Appendix:

QUESTIONNAIRE:

1. What is your rank in Army?

- a. JCO
- b. SGT
- c. CPL
- d. LCPL/SNK
- e. Others and Civil

2. For how many years you have been in Army?

.....

3. Are you satisfied with the service provided by Trust bank (kafrul branch) ?

- a. Yes
- b. No

4. Why do you need the RRDH loan?

- a. For reconstruction of your house
- b. For other personal purpose

5. Are you satisfied with the service provided in RRDH loan?

- a. Yes
- b. No

6. Do you think the rules and regulation for RRDh loan in appropriate ?

- a. Yes
- b. No

If no, justify (maximum response was no only in terms of the time span regulation)

7. Do you think the loan application form should be more simplified ?

- a. Yes, it creates confusion
- b. No, it is appropriate

8. Do you think the link between your salary account and loan account for deducting the installment amount is appreciated or not?

- a. Yes
- b. No

9. Do you think the time of approval of loan should be reduced or not?

- a. Yes
- b. No

10. What do you think about TBL introducing more loan schemes for soldiers to satisfy their need for taking loan ?

- a. Definetly
- b. No need

11. If new loan schemes are introduced, the intersest rate and installment amount should be charged less than conventional loans, what do you think?

- a. Yes, it will be very helpful
- b. No, the RRDH loan is appropriate



FORMAT OF SANCTION LETTER:

TBL/KFR/RRDH/2011/

July 21, 2011

801369 HEAD CLERK MD ANWAR HOSSAIN

901 CENTRAL WOKSHOP

Dhaka Cantt.

Dhaka

**SUB: SANCTION OF CREDIT FACILITY OF TK 150,000.00 ONLY UNDER RRDH LOAN SCHEME
A/C: 801369 HEAD CLERK MD ANWAR HOSSAIN**

Dear Sir,

With reference to your proposal, please be informed you that we have sanctioned a credit facility under the following terms and conditions:

Tk. 150,000.00

(Taka ONE LAC FIFTY
THOUSAND Only)

: **05** years term loan under "RRDH Loan" facility,

Rate of interest

: 11.00% p.a. or as advised by Head office from time to time. Interest to be charged and paid at quarterly rests.

LOAN PR FEE

.50%

Mode of Repayment

: Repayment will be made in **60 equal** monthly installments each of **Tk. 3220.00** outstanding, if any, will be adjusted with the last installment.

Expiry

: **05-years** from the date of disbursement.

Security

: 1) Standard set of Charge and other documents duly signed and submitted by the borrower.

(ii) Assignment of Pension Benefits with Trust Bank Limited.

(iii) Personal Guarantee.

Terms and Conditions

: Borrower must not enjoy any RRDH credit facility from any branch of Trust Bank Limited without adjusting this facility

If the above terms and conditions are acceptable to you, please return the duplicate copy of this sanction letter duly signed by you as a token of your acceptance.

Sincerely yours,

Abdullah Al Mamun
Officer

Md. Shahed Kabir Chowdhury
EO & Sub-Manager

Md. Bisharot Hossain
VP & Manager



FORMAT OF OFFER SHEET:

Trust Bank Limited
Kafrul Branch, Dhaka

Offer Sheet

DATE: 10.08.2011

Customer's Name : 801369 HEAD CLERK MD ANWAR HOSSAIN
Office Address : 901 CENTRAL WOKSHOP, DHAKA CANTT
Account No. :
Debt Structure :

Nature of Facility	Proposed Amount	Total Exposure
Micro Credit (Reconst & Repairing of Dwelling House)	Tk 150000.00	Tk 150000.00
Total :	Tk 150000.00	TK 150000.00

01. Security:

Nature of Security	Description
Primary	i) Basic Charge Documents
Cash Collateral	Nil
Collateral	Nil
Additional Comfort	Nil
Others	Personal Guarantee of CS 801392 UDC MD ABDUL KHALEQ ii) Commutation Benefit Certificate

02. Documentation Status:

i)	All basic charge documents have been signed by the client.
ii)	Branch Sanction Advice has been accepted by the client.

6. Approval Authority: Branch Authority.

7. Comment of the Supervising/ Approving Officer: On the basis of Clients request through proper authority and with proper documentation status, we may sanction of the loan amount as per our credit circular.

.....
Abdullah Al Mamun
Officer

Recommended and placed for approval

Md. Shahed Kabir Chowdhury
Sub-Manager

Md. Bisharot Hossain EO &
VP & Manager