

*“A Study on the Products of Local  
Collection Unit (LCU) of Standard  
Chartered Bank Ltd Bangladesh.”*

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Standard  
Chartered



**Prepared for:**

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## *Letter of Transmittal*

12<sup>th</sup> March, 2014

To

Mohammad Rezaur Razzak  
Associate Professor & Director  
BRAC Business School  
BRAC University

Subject: Submission of Internship Report on “A Study on the Products of Local Collection Unit (LCU) of Standard Chartered Bank Ltd. Bangladesh”.

Dear Sir,

I would like to inform you that I have completed the internship report on “A Study on the Products of Local Collection Unit (LCU) of Standard Chartered Bank Ltd Bangladesh”. This paper has provided me the opportunity to relate theories with practical operation. Moreover it was a great experience to be a part of an organizational culture of a prominent banking organization of the country.

In this regard, I have done my best to complete the report within the specified time and with the quality of your expectation. It would be my immense pleasure if you find this report useful and informative to have an apparent perspective on this issue.

Sincerely Yours,

Tasnim Tabassum

ID: 09104120

BRAC Business School (BBS)

BRAC University



## *Acknowledgement:*

To prepare this internship report considerable thinking and information input from various sources were involved. But at the beginning I would like to convey my sincere appreciation to the almighty Allah for giving me the strength and the ability to finish the task within the planned time. Then I would like to express my sincere gratitude to everyone who contributed towards preparing and making this study successful.

Firstly, I would like to thank my honorable internship supervisor, Mr. Mohammad Rezaur Razzak for his kind patience, guideline and support for the preparation of this report. I will always be grateful to him for the valuable suggestions and the time that he had spent for guiding me through the report.

I would like to thank my supervisor Mr. Jaheed Abdullah (Manager, Local Collection Unit), my all time well-wisher M. A. Wazid (Senior Manager, Collections), Chowdhury Fahim Farhad (Manager, Local Collection Unit), Abu Mohammad Arifuzzaman (Assistant Manager, Local Collection Unit), Nishat Fatema (Assistant Manager, Local Collection Unit). I would also like to thank Mahbubur Rahman, Nawshad Jahan, Sani Poddar, Alam Ashraf, Nazia Tasneem, Sakti Prasad for all the support and motivation.

My peers and colleagues had also been very helpful and they made my internship more enjoyable and eventful. I also want to thank all the employees of Cash Management Operations with whom I have come across face to face throughout my internship period.

Finally I want to thank my parents who gave special attention to me from the very beginning and during the preparation of report and the internship program.



## *Executive Summary*

The internship report is on the Standard Chartered Bank one of the country's leading multinational banks operating now for more than 150 years. The report has been organized in five major sections.

In the first part which is the "Introduction" part; the objective of writing the report, its scope, sources of collected information, & limitation faced while writing the report has been mentioned.

The second part of the report is about "The Organization: Standard Chartered Bank". Here brief history of the bank, about Standard Chartered Bank in Bangladesh, Its Strategic Intent, Brand Promise, Vision, Mission, Objectives, Values & most importantly SWOT analysis has been discussed.

In the next section there is a brief discussion about the Unit named Local Collection Unit (LCU) which falls under the department named Cash Management Operations (CMO) of the Standard Chartered Bank. After that the four products of Local Collection Unit has been discussed thoroughly. In the end of this section - how to improve cash management practice in Bangladesh & the advantages of the Local Collection Unit has been included.

In final two sections the report was concludes with few of the recommendation that I thought can make the process more efficient and ends with references of some of the sources that have supported me in finishing this report.

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# *1. Introduction*

## **1.1 Origin of the Study:**

Internship is a practical part of academic studies. This is a reflection of academic knowledge through practical work experience. Thus this internship study aims to reflect the professional view of real world working environment. Internship is mandatory for the successful completion of Bachelor of Business Administration (BBA) degree.

According to BRAC University, after finishing all the text-based courses, a student will have to work as a trainee in an organization for 90 days; this period is known as Internship. The basic objective of this program is to make students known to how the next life would be and how much relation a job life is having with the theoretical experience that s/he had faced in the last four years.

The report has been prepared as requirement of BBA Program. After completion of 3 months (from 8<sup>th</sup> October, 2013 to 7<sup>th</sup> December, 2013) organizational attachment at Standard Chartered Bank this report has been prepared.

I was placed in a unit named Local Collection Unit (LCU) under the department Cash Management Operations (CMO) of the bank, under the direct supervision of Jaheed Abdullah, Manager of LCU of the department CMO at SCB, Dhaka.

Successful completion of internship is the submission of internship study to the academic supervisor. So as per the academic requirement here is the study topic- **“A Study on the Products of Local Collection Unit (LCU) of Standard Chartered Bank Ltd Bangladesh.”**



## 1.2 Objectives:

### a) Primary Objective:

The main objective of the report is to briefly observe “The Products of Local Collection Unit”, of the department Cash Management Operations (CMO) of Standard Chartered Bank in the banking sector.

### b) Secondary Objective:

- To analyze the history of Standard Chartered Bank
- To gain insights about The Products of LCU.
- To know about the management style and Department LCU structure of SCB.
- To identify the problem and weakness of the banking system of SCB.

## 1.3 Scope:

The scope of the study is limited to the detail description of the products of Local Collection Unit of SCB Ltd. Bangladesh which also explains the group practice framework.

## 1.4 Methodology:

The method I have employed to do my study on SCB is by observation; I also took the help of the officials of the “Cash Management” to clarify my quarries and used secondary data like the SCB website, the World Wide Web, SCB’s internal website and presentations and publications available in the bank. I also had one to one discussion on my selected topic with the people responsible of managing the section in SCB.

### a) Primary Source of Information:

- Conversation with officials of SCB

### b) Secondary Sources of Data:

- Previous reports and journals relevant to the banking industry





- Other published documents of Bangladesh Bank
- Relevant SCB paper, presentations and published documents

### 1.5 Limitation:

As I took the initiative to write a detail of LCU products, I came across a lot of difficulties, which slowed me down and in some case changed my way to writing. As I gradually came to understand that deriving data from this department of SCB Bangladesh is a sort of severe breach of law within the SCB code of conduct. As a result, my project part could not be backed-up by data of any sort and also I might not present the current picture of SCB Bangladesh's LCU products. Some other limitations I faced are:

- Large scale research was not possible due to constraints and restrictions posed by the organization.
- In many cases, up to date information could not be presented.
- Getting relevant papers and documents were strictly prohibited.
- To protect organizational loss in regard of maintaining confidentiality, some parts of the report are not in depth.
- Rush hours and business was another reason that acts as an obstacle while gathering data.



## *2. About Standard Chartered Bank*

### **2.1 Standard Chartered Bank- the Organization:**

Standard Chartered Bank (SCB) PLC is an international banking group, incorporated in the UK with its Headquarters in London. The group operations are mainly concentrated in Asia, Africa and the Middle East. Globally, the SCB group owns an array of key resources that includes:

- A network of 1600 branches & outlets and 5,500 ATMS in more than 70 countries.
- A staff of about 80,000 people serving the clients all over the world.
- Globally, SCB specializes in personal, corporate and institutional finance and custodial services. The bank excels in providing the most efficient, consistent and timely services and is one of the major multinational banks in the Middle East, South Asia and North African regions.
- SCB maintains correspondent relationships with over 600 banks in 157 countries around the world.
- At the global level, SCB operates with some key strategies that are quite unique in respect to other banks such as:
  - ▶ To build and grow strong businesses in Middle East, South Asia and Far East Asia
  - ▶ Capitalize on the good track record created by its more than 150 years of operations in these regions by building unique position and image among the target customer segment and being responsive the needs and serve the needs better than the competitors.
  - ▶ Concentrate operations in those activities that bear direct impact on the communities of the countries and help the country and its economy prosper and in the same time earn profit in an ethical way.



## 2.2 Brief History of Standard Chartered Bank:

SCB has a history of more than 150 years. The name “Standard” stems from the two original banks from which it was founded-“Chartered Bank” of India, Australia and China and ‘Standard Bank’ of British South Africa.



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, where no other financial institution was present at that time.

Standard Bank was founded by another Scot, John Peterson 1862. He immigrated to Cape Province in South Africa and became a successful merchant before founding “The Eastern Province Herald” which still is published today. Coming from similar background, he too like Wilson saw great opportunity through linking business between Europe and South Africa.



The merger between these two banks occurred in 1969. On January 30, 1970 the shares of the newly formed Standard Chartered Banking Group Limited were listed in the London Stock exchange. After the successful merger, Standard Chartered Bank embarked on a vigorous mission to expand its business in Europe and the USA. 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 judged to be the best bank in the Asia-Pacific region in 1993 and 1994 for its rare and excellent service.



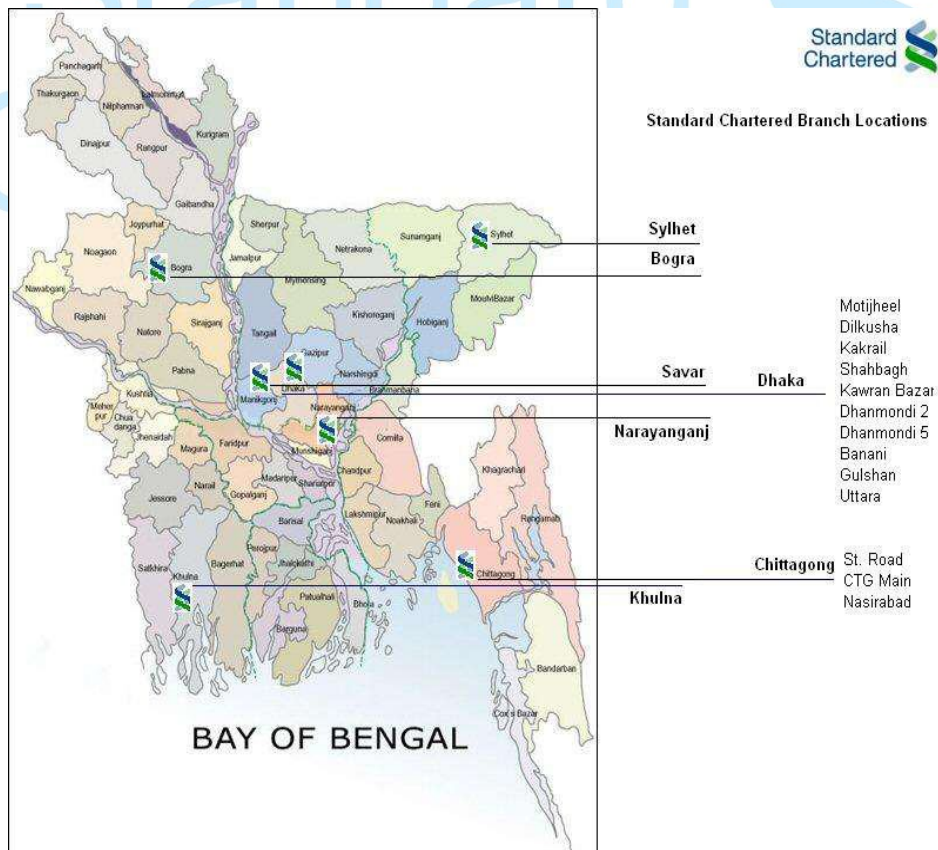
## 2.3 History of Standard Chartered Bank in Bangladesh:

The Chartered Bank opened in Chittagong in 1948, which was, at that time, the eastern region of the newly created Pakistan. The branch was opened mainly to facilities the post-war re-establishment and expansion of South and South East Asia. The Bank opened its first branch in Dhaka in 1966 and shifted its headquarter from Chittagong to Dhaka after the birth of the Republic of Bangladesh in 1971.

The network of Standard Chartered Bank in Bangladesh includes:

- 16 Branches in Dhaka
- 6 Branches in Chittagong
- 1 Branch in Khulna
- 1 Branch in Sylhet.
- 1 Branch in Bogra
- 1 Branch in Narayanganj

Branches of SCB all over the country:



## 2.4 Strategic intent, Brand promise, Vision, Mission, Objectives & Values of Standard Chartered Bank:

To be and being a market leader Standard Chartered Bank set their vision, mission, objectives and values for their employees and stakeholders.

### a) Strategic intent

- The world's best international bank
- Leading the way in Asia, Africa and the Middle East

### b) Brand promise

- Leading by Example to be The Right Partner

### c) Vision

The vision of SCB describes the whole economy of world and they want to be a partner to economic growth of world. Vision of SCB – “We have a key role to play in stimulating economic and social development through the services we provide and by being a force for good. The success of our business depends on this.”

### d) Mission

Over the 150 years of quality services that SCB has provided to its customers, the Bank has had various mission Statements. However this is the one that is currently being followed by the 17 organization. Mission of SCB is- “To offer outstanding value to our customers by providing knowledgeable, efficient and reliable services in a personal, helpful and responsive manner.”

### e) Objective

Their objective is to benefit all of their stakeholders including their shareholders, customers, staff and the communities in which they operate. They strongly support the trend towards delivering shareholder value in a socially, ethically and environmentally in a responsible manner.



## f) Five values of SCB

Standard Chartered Bank has five values and these values are keys to their success. These values determine how the employees achieve their goals, the way they work together and how it feels to be a part of Standard Chartered Bank. In brief these values are:

**i) Courageous:** Being courageous is about confidently doing what's right. Often the task may seem insurmountable but with courage and tenacity, the odds can be overcome. A truly courageous act both inspires and builds character.

**ii) Responsive:** How employees respond to our customer will influence their belief in our commitment to them. A proactive response is often unexpected and more effective for that. It clearly demonstrates our willingness to go beyond the unexpected.

**iii) International:** As a member of global village employees view the world from the widest perspective. Employees are all global citizens and the world is full of new opportunities and exciting possibilities. Employees also deliver world class products and services.

**iv) Creative:** Creativity belongs to those of us who are excited by challenges and engage them in fresh thinking and an open mind. Creative thinkers are not limited by convention but allow their minds to soar beyond predictable solutions.

**v) Trustworthy:** Trust is the foundation of every successful relationship. Employees trust because employees believe in the sincerity of our promise. Building trust can take forever. Losing takes only moments.



## 2.5 Standard Chartered Bank's Logo:

The following logo Standard Chartered Bank is using as their trademark globally.





## 2.6 SWOT Analysis:

The SWOT analysis comprises of the organization's internal strengths & weaknesses and external opportunities & threats. SWOT analysis helps to identify the current position of the organization. A SWOT analysis of Standard Chartered Bank Bangladesh has been given below:

<p><b>STRENGTHS:</b></p> <ol style="list-style-type: none"> <li>1. First class management</li> <li>2. Low customer base ensures dedicated attention to each customer</li> <li>3. No hidden cost</li> <li>4. Strong internal coordination</li> <li>5. Have skills, expertise &amp; experience to deliver value-added solutions to customers.</li> </ol>	<p><b>S</b></p>	<p><b>W</b></p>	<p><b>WEAKNESSES:</b></p> <ol style="list-style-type: none"> <li>1. Heavily dependent on head office for decision making</li> <li>2. Most of the branches are situated in urban areas</li> <li>3. Low rate of interests on deposits</li> <li>4. Very few ATM Booths</li> <li>5. Not enough promotional activities</li> </ol>
<p><b>OPPORTUNITIES:</b></p> <ol style="list-style-type: none"> <li>1. Enlarging business by opening new branches in different cities of our country</li> <li>2. Innovation of new services</li> <li>3. Increasing demand for import, export &amp; L/C through proper promotional activities</li> <li>4. Expanding business through their 4 Corrbanks.</li> </ol>	<p><b>O</b></p>	<p><b>T</b></p>	<p><b>THREATS:</b></p> <ol style="list-style-type: none"> <li>1. Increased competition by other foreign &amp; local banks</li> <li>2. Forecast of low growth in the end of the last year (2013) because of political unrest.</li> <li>3. Strong promotional activities of other banks operating in this country. As Example, "City Bank Ltd."</li> <li>4. Higher service charges.</li> </ol>





## **2.7 SCB Acquires American Express Bank's Business in Bangladesh:**

On June 2005, Standard Chartered formally announced that it has signed an agreement to acquire the commercial banking business of American Express Bank Limited in Bangladesh. Finally on 31 July 2005, Osman Morad, Chief Executive Officer of Standard Chartered Bank Bangladesh and Qamar Hussain, Senior Country Executive of American Express Bank Ltd signed the documents for their respective organizations on the completion of the purchase process following relevant statutory approvals.

## **2.8 Key Success Factors of Standard Chartered Bank:**

- a) It is the second largest private bank of the country having a market dominance of roughly 67% among foreign banks.
- b) Provider of the highest range of products and strategic points of delivery.
- c) It has one of the largest capital bases.
- d) Its portfolio includes the biggest names.
- e) Long standing presence in the Asia, Africa and the Middle East and therefore longest standing relationships.
- f) It has a technological edge over its competitors.
- g) It has the widest distribution network among foreign banks through its own branches and correspondent banks.

## **2.9 SCB, the Leading Bank for Development Organizations in Bangladesh:**

Standard Chartered maintains banking relationships with major development organizations, embassies and high commission in Bangladesh:

- a) UNICEF
- b) World Bank
- c) Asian Development Bank (ADB)
- d) Japan International Corporation Agency (JICA)
- e) Japan Bank for International Corporation (JBIC)



- f) British Council
- g) SIDA
- h) CIDA
- i) Delegation of European Commission
- j) World Vision Win rock International Action Aid
- k) Terre Des Hommes
- l) Proshika
- m) Grameen

## 2.10 Organizational Structure of SCB Bangladesh:

The Standard Chartered Bank in Bangladesh has its headquarters and 26 branches across the country. While the full range of services is available at the headquarters, other branches offer specific services appropriate for the location. At the headquarters, the bank mainly consists of two divisions:

- Business
- Support

The business division has the following departments:

- Origination & Client Coverage (OCC)
- Consumer Banking (CB)
- Financial Institutions (FI)
- Global Markets (GM)

The Support division provides assistance to the above business activities and consists following departments:

- Operations
- Finance, Administration and Risk Management
- Information Technology Center



- Human Resource Department
- Legal and Compliance
- External Affairs
- Credit



*Figure: SCB Bangladesh- Organization Structure*

*Source : Internal Website*



## ***3. Literature Review***

### **3.1 Local Collection Unit (LCU):**

Local Collection Unit (LCU) is a unit under the department Cash Management Operations (CMO). Cash management is the stewardship or proper use of an entity's cash resources. It serves as the means to keep an organization functioning by making the best use of cash or liquid resources of the organization. LCU provides a variety of informative and timely reports to make sure that account holders know what funds are being collected, when and how – to make the most effective decisions regarding company's finances.

LCU informative reports will-

- To deposit collections timely.
- Help to make better plan for cash flows
- Support customer credit control process
- Help to reconcile receivables quickly & efficiently
- To properly time disbursements. Some payments must be made on a specified or legal date, such as Social Security payments. For such payments, there is no cash management decision.

In short, National Collection Services is a simple and reliable solution for countrywide receivables collection requirements.

Local Collection Unit collects local cheque of other bank. When local cheques are received by local cheque collection unit then the following steps are followed:

- a) Receive other bank local cheque
- b) Verify details
- c) Reject / input cheque transaction
- d) Check and approve transaction
- e) Generate and send payment message

### 3.2 Offers Provided by Cash Management Services:

The following is a list of services generally offered by banks and utilized by larger businesses and corporations:

#### a) Account Reconciliation Services:

Balancing a checkbook can be a difficult process for a very large business, since it issues so many checks it can take a lot of human monitoring to understand which checks have not cleared and therefore what the company's true balance is. To address this, banks have developed a system which allows companies to upload a list of all the checks that they issue on a daily basis, so that at the end of the month the bank statement will show not only which checks have cleared, but also which have not. More recently, banks have used this system to prevent checks from being fraudulently cashed if they are not on the list, a process known as positive pay.

#### b) Advanced Web Services:

Most banks have an Internet-based system which is more advanced than the one available to consumers. This enables managers to create and authorize special internal logon credentials, allowing employees to send wires and access other cash management features normally not found on the consumer web site.



### 3.3 Products of LCU:

In service sectors, “services” of the organization are called “product”. Local Collection Unit (LCU) of Standard Chartered Bank has mainly four products. Those are discussed below:

#### a) Centralized Collection for Cheque:

The LCU centralized collection process flow is as follows:

- i. LCU Team receives all customer deposits (local, upcountry & direct collection) through direct deposit by customer at LCU Desk, designated courier representative from Correspondence Bank (IBBL, IFIC, NBL, AGBL) branches, PSB Courier, Branch mail from Standard Chartered Bank branches.
- ii. Local cheques received at LCU are processed and sent to item processing (for Dhaka) with the LCU System generated Cheque Delivery Log Sheet for placing to the Clearing House on the next working day.
- iii. Outstation cheques received at LCU are processed and segregated based on clearing location and attached with LCU system generated schedules for respective locations. These are couriered to SCB (for Khulna, Bogra, Sylhet, Narayanganj, Chittagong) / correspondent banks (IBBL, IFIC, NBL, AGBL) respective branch or sent to the respective Drawee bank branch directly at locations which not covered under any arrangement (non-guaranteed / direct collections).
- iv. The customer’s account is credited with the value date of as per the pre-specified credit agreement.

#### b) Decentralized Collection for Cheque:

The LCU decentralized collection for cheques process flow is as follows:

- i. All the SCB branches are designated Correspondence Bank branches receive all LCU deposits (local, upcountry cheques) from customers.
- ii. Local cheques received at SCB / Correspondence Bank branch are processed at the respective locations. In the case of SCB branches, the cheques are verified and



sent for outward clearing. A copy of deposit slip with deposit summary, are faxed to LCU for processing. In the case of a Correspondence Bank branches, the cheques are verified and sent for outward clearing. A copy of the deposit slip is provided to the designated LCU courier representative to fax the slips with deposit summary to LCU Desk for processing. If there is no designated courier in the Corrbank location, then the Corrbank branch sent fax to LCU Desk (if they have the fax facility), otherwise sent the original deposit slip to LCU Desk.

- iii. Outstation cheques received at Corrbank locations are sent to LCU through designated Courier representative. Outstation cheques received at SCB branches are sent to LCU through Branch mail. SCB Narayangonj & SCB branches of Dhaka, send the Dhaka Clearing cheques directly to Item Processing and a copy of the slip to LCU Desk for processing.
- iv. The customer's account is credited with value date of as per the pre-specified credit agreement.

**c) Decentralized Collection for Cash:**

The LCU decentralized collection for cash process flow is as follows:

- i. All the SCB Branches & designated Correspondence Bank Branches receive LCU cash deposits from all LCU customers.
- ii. Cash received at SCB / Corrbank branches are processed at the respective locations. In case of Corrbank branches, a copy of the deposit slip is provided to the designated LCU Courier representative to fax the slips with deposit summary to LCU for processing. If there is no designated courier in the Corrbank location, then the Corrbank branch sent fax to LCU (if they have the fax facility), otherwise sent the original deposit slip to LCU. In the case of SCB branches, a copy of the deposit slip with the deposit summary is faxed to LCU for processing and the original slip is sent through Branch mail.
- iii. The customer's account is credited with value date of as per the pre-specified credit agreement.

**d) Post Dated Cheque (PDC):**

The LCU PDC process flow is as follows:

- i. NCS Team receives all customers PDC deposits (local, upcountry & direct collection) through direct deposit by Customer at LCU Desk, PSB Courier, Branch mail from Standard Chartered Bank branches.
- ii. LCU Team member will scrutinize the PDC instrument for validity and process in LCU System, if there is no problem with the physical instrument.
- iii. After processing in the LCU System, LCU Team member will sort the instruments based on the Maturity Date and retain in safe custody as Safekeeping.
- iv. On the date of maturity, respective PDC instruments are removed from safe custody and sent for Clearing / Collection as per the Drawee location of the instrument. Here the Customer's account is credited with value date of as per the pre-specified credit agreement.
- v. Return cheques are received from the clearing house at the collecting SCB / Corrbank branch and a copy of the return cheque including return memo is faxed or mailed to LCU. Then the "return" is processed by LCU. The original instrument along with memo is sent to LCU Desk by respective SCB / Corrbank for onward delivery to the customer (through PSB Courier, Customer's authorized representative, Bank's designated Courier, SCB branches).

**3.4 Customers' Benefit from Standard Chartered Bank:**

- Dedicated customer service and extensive local knowledge
- Value-added reporting capabilities (including via the internet)
- Consistent service levels – all our offices offering clearing services are ISO accredited
- Automated service delivery – inquiries/matching/cancellations; auto repair and detailed reporting
- Customized billing





### 3.5 How to Improve Cash Management Practice in Bangladesh?

There are, of course, many ways to improve and re-engineer the processes. However, depending on budgets and also to minimize disturbances to the business, the following are the suggested simple and initial steps. Note that the larger the corporation, the more involved the process will be.

- a) **Commit to change:** Recognize the need for improvement and commit to change (this commitment must come from top management and cannot be just lip service).
- b) **Establish a credible project team:** The project team must have a credible and strong project leader and be sponsored by the decision maker(s).
- c) **Study the existing internal financial transaction processes:** This is straightforward and a simple overview. Ask questions such as: Is electronic banking used? To what degree? How are revenues collected and how are payments made? How many staff is dedicated to these functions? What is the decision-making and authorization chain? What information is available from internal management information systems?
- d) **Review services available in the marketplace:** Review existing service providers and other service providers, making initial presentations and discussions with banks and providers. Quickly shortlist potential providers for further in-depth discussions and presentations. Develop a good idea of what solutions, services and products are on offer.
- e) **Establish high-level, practical goals and objectives:** There must be a true desire and commitment to improve and make changes for the better; however, the process should be evolutionary and practical. Take care to ensure goals are not artificially set for easy attainment nor established for ideal perfection so to be unreachable or unrealistic. The goals should be at a higher level than where the company is now and the initial level of improvement. For example, a goal may be to achieve costs savings and efficiency gains



on the process of collecting revenues and reconciling with the accounts receivable system.

- f) **Establish and commit to specific initiatives, sequence and timeframe:** Action points, initiatives and a realistic time frame must be decided for achieving each initiative. Communicate these to the providers. For example, an initiative may include automating and outsourcing vendor payments.
- g) **Obtain simple written proposals from the shortlisted potential providers:** Have providers present proposals and be prepared to ask questions and probe exactly what is being offered and whether the proposed solution, services and products meet your objectives. Look for comprehensive, well thought-out and realistic solutions.
- h) **Review the internal project team and add actual users to help implement the proposed changes:** This process is to help obtain commitment from the bottom up and to gain the buy in of internal users. The bank provider(s) should also have a parallel team to work with your implementation or project team. Also, a mutually designed and agreed schedule and action plan should be established.
- i) **Review, establish and commit to a process for ongoing improvement:** Services should be reviewed once implemented to ensure that the high-level goals and objectives are obtained. There should also be an ongoing emphasis on improvement, and a culture for empowering staff to recommend and look for ways and means to improve cash management services and processes. This needs to be encouraged, especially with the new developments in technology afforded by the Internet. Management and users must commit to the discipline of cash management.



### 3.6 7 P'S of Banking Sector:

It is very important for any bank to identify the 7 P's of services so as to understand their customers better and provide them with the best of service. The 7 P's are:

1. PRODUCT MIX
2. PRICE MIX
3. PLACE
4. PROMOTION
5. PEOPLE
6. PROCESS
7. PHYSICAL EVIDENCE

### 3.7 Advantages of LCU:

The advantages through LCU & without LCU are given below:

Serial No.	Through LCU	Without LCU
1	SCB is charging 10% with a minimum processing fee of BDT 100 for processing any deposit (cash, cheques, DDs, Pos) through LCU.	25% with minimum BDT 345 & maximum BDT 1500 charges for processing any collection cheques.
2	No return charges in LCU.	Return charges of BDT 115 for any dishonored collection cheques.
3	A flexibility of having the Network Coverage at 166 Corrbank locations & 6 SCB locations. Customer can deposit cash, any kind of instrument in these branches. Guaranteed credit if the cheque is drawn on clearing area	There is no such arrangement exists, any cheques drawn on outside SCB branches sent for collection & usually it takes



	& faster collection (maximum 1 week) if the cheque is drawn on non-clearing locations.	2/3 weeks to realize the cheque.
4	A pre-agreed credit-structure is given in LCU. For cheques deposited in any clearing location, it is credited with a pre-agreed turnaround time. For SCB it is next the day & in Corrbank clearing locations it is day 3.	If the cheques sent for collection normally there is absolutely no guaranteed turnaround time. It may even take months to realize the cheque.
5	A comprehensive MIS provided for all the transactions through LCU. LCU do have separate reports for Cheques & Cash showing respective deposit locations, consolidated total for a particular location & also depositor's name.	No such MIS available in normal procedure.
6	LCU do have return reports showing all the details including Return Reason, Return Date, Individual Cheque Amount, Cheque Number, Cheque Date, Drawee bank's name so that the cheque can be easily marked & reconciled.	No such MIS is available.
7	LCU do have a separate report called list of Realized transaction showing details of honored/ dishonored collection cheques.	No such MIS is available.
8	LCU do have comprehensive charges report showing complete break-up including individual deposit's break-up of charges levied in a particular month.	No such MIS is available.
9	Cash flow Forecast & Reconciliation report for easier reconciliation purpose.	No such MIS is available.
10	Dedicated to customer support service.	No such dedicated service.
11	All in all a single point collection solution for New Zealand Milk Products (BD) Ltd.	There is no customized dedicated service for any specific customer.



## ***4. Findings, Recommendation & Conclusion***

### **4.1 Findings:**

- 1) SCB is one of the market leaders in the Banking industry in Bangladesh by providing quality customer service.
- 2) SCB engaged maximum of contractual employees because of their switching tendency & cutting cost, which is not a good sign.
- 3) Its portfolio includes the biggest names.
- 4) Long standing presence in the country & therefore long lasting relationship with customers.
- 5) It has a modern-technological edge over its customers.
- 6) It has the widest distribution network among foreign banks present in our country through its own branches and correspondent banks.
- 7) SCB likes to deal with Higher or Upper class people as it's charge is competitively high than other banks which deprives the people of Middle class and Lower-middle class people to get services of it.
- 8) Only 26 branches in Bangladesh which keeps SCB lagging behind in comparison to other commercial banks.
- 9) SCB has more high fees & charges like- minimum balance fee, ledger fee etc. compared to its rivals. These hidden costs hinder SCB to grow with customers.
- 10) Extensive management information systems provided with clear and timely information to help to facilitate management decisions and simplify reconciliation. At Standard Chartered, our vast range of tailor-made reporting capabilities satisfies all the record-keeping needs.
- 11) For customers' added convenience, SCB has an inquiry processing service, which enables them to respond quickly to customers' needs.



## 4.2 Recommendation:

- 1) As banking industry is performing well in Bangladesh and a class of highly rich people can afford higher cost, some banks like Citibank N.A., HSBC & City Bank Ltd. can be a big threat which may cause loss of customers of SCB.
- 2) SCB branches should be increased so that it can serve its customers who are scattered all over the Bangladesh.
- 3) SCB senior officials should be more cooperative to their subordinates & arrange more workshops including training programs to keep them motivated in their work.
- 4) SCB can be more liberal in recruiting process.
- 5) Highly job observation creates psychological effect on employee & creates tendency to switch job.
- 6) Festival bonus can be introduced for the contractual employees too, because motivating them can be beneficial for the organization in long run.
- 7) Compensation package should be revised for the experienced employees including contractual employees considering the retention issue.
- 8) Timely and performance based promotion culture should be ensured.



## *5. Conclusion*

Standard Chartered Bank has earned the reputation of foreign banks operating in Bangladesh. The organization is much more structured compared to other banks operating in this country. It is relentless in pursuit of business innovation and improvement. It has the reputation of being a leader in financing manufacturing sector.

With a bulk of qualified and experienced human resource, Standard Chartered Bank can exploit any opportunity in the banking sector. It is pioneer in introducing many new products or services in the banking sector of this country. Moreover, in the retail-banking sector, it is in far more good position than any other foreign banks because of its wide spread branch networking (own branches & Corrbank branches) throughout the country.

For any graduate, internship is where all the dreams, ambitions and reality check comes in. It is also very important in order to understand that how far a career will go based on where the internship is done. Although it takes a while into the undergraduate course to understand which industry one wants to venture into and make a career, banking has never been one my first choices. Never the less with the passage of time and increased understanding of the economy, job marketing and career progression graphs in different industries – banking seemed to be the place to be. However one thing that I had always dreamt of, just like every other undergraduate student – I want to join a multinational company.

Today as I am writing the report I do feel very lucky to have made it through in line with my dreams and ambitions. I have joined arguably one of the most leading multinational bank in the country and that too at a great place where everyone has respected my abilities, apprehension and inhibitions as we as given me the opportunity to utilize my skills, understanding and hard work to be a part of the this momentous banking institution over the last three months.



It has been a very enriching and leaning experience with Standard Chartered Bank Collections Unit over the last three months and I do look forward to continuing with them, provided that a few variables are taken care of from my side and theirs.

On an ending note, at the risk of sounding repetitive, I would like to express my immense gratitude to all members of the BRAC University and Standard Chartered Bank for being a part of this wonderful journey and I earnestly demand their prayers, blessings and best wishes.





## *Abbreviations*

1. CMO : Cash Management Operations
2. LCU: Local Collection Unit
3. Corrbank: Correspondence Bank  
Correspondent Bank
4. MIS: Management Information System
5. SCB: Standard Chartered Bank
6. PSB: Priority Service Banking
7. IBBL: Islami Bank Bangladesh Limited
8. IFIC: International Finance Investment and Commerce
9. NBL: National Bank Limited
10. AGBL: Agrani Bank Limited



## *Bibliography*

### **a) Websites:**

1. [www.standardchartered.com](http://www.standardchartered.com)
2. [www.standardchartered.com/bd](http://www.standardchartered.com/bd)
3. [www.bangladesh-bank.org](http://www.bangladesh-bank.org)

### **b) Books:**

1. Several publications by Bangladesh Bank

### **c) Interviews:**

1. Jaheed Abdullah
2. Abu Mohannad Arifuzzaman
3. Farhad Chowdhury Fahim
4. Nishat Fatema
5. Nawshad Jahan
6. Sani Poddar

### **d) Others:**

- Brochures of SCB
- Research papers on banking industry
- SCB Online Resource

