

**Analysis of the factors that attract customers to invest
through Fixed Deposit Receipt (FDR) / Mudaraba Term
Deposit Receipt (MTDR) in Trust Bank Limited**





Internship Report on

Analysis of the factors that attract customers to invest through Fixed Deposit Receipt / Mudaraba Term Deposit Receipt in Trust Bank Limited

Prepared for

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Letter of Transmittal

8 April, 2015.

Showvonick Datta
Internship Supervisor
BRAC Business School.

Subject: Submission of internship Report on Analysis of the factors that attract customers to invest through Fixed Deposit Receipt / Mudaraba Term Deposit Receipt in Trust Bank Limited.

Dear Sir,

I have the honor to let you know that I have accomplished my internship report titled "Analysis of the factors that attract customers to invest through Fixed Deposit Receipt/ Mudaraba Term deposit receipt in Trust Bank limited". It gives me immense pleasure to place the same before you.

The study has been completed covering the period from 1st January 2015 to 31st March 2015. I made every endeavor to prepare this report and tried my level best to accumulate relevant and insightful information. It is a great experience for me to work with this topic. I have tried to make the report vivid and comprehensive within the scheduled time and limited resources.

I sincerely hope, this report will fulfill the requirements suggested by you under the course BUS 699. In case of any further clarification of my work, I would welcome the opportunity to consult with you.

Thank you.

Jakia Julfiqar

ID # 12364051

MBA Program

Acknowledgement

All praises to Almighty Allah for giving me the strength and the composure to finish the task within the scheduled time. I want to express my gratitude to the Trust Bank Ltd. for providing me the opportunity to complete my internship program. I received cordial cooperation from all the officers and staff members of Trust Bank Ltd. (Kafrul Branch). I express my cordial appreciation to them for their cooperation which made me contented to complete the report.

I am thankful to **A.B.M Moinul Hasib**, Vice President, Manager and **Asma Rahman**, Assistant Vice President, Sub manager, Trust Bank Ltd. (Kafrul Branch) for their valuable support and guidance that led to the successfully completion of my internship project.

I would like to express my deep sense of gratitude & sincere appreciation to my internship supervisor **Showvonick Datta**, Lecturer III, BRAC Business School, BRAC University for his continuous support & guidance during the practical orientation period. His suggestions and valuable comments were really a great source of spirit to make the report up to the standard.

Finally I acknowledge the support of all concern for supporting me accomplishing the report as well as internship.

Executive Summery

Bank is a financial institution that deals with money. Modern banking sector is expanding in different financial manifolds. At the same time the banking process became faster, easier and wider. In order to survive in the competitive field of banking sector, all organizations prefer to offer better service opportunities to provide their fellow clients. In Bangladesh, from 1980's banking industry achieved significant expansion with the entry of private banks. Currently, there are 56 Scheduled banks in Bangladesh by following both Bangladesh Bank Order- 1972 and Banking Company Act- 1991.

I have completed my internship in Trust Bank Limited which is one of the leading private commercial banks having a spread network of 91 branches, 7 SME centers, 152 ATM Booths and 65 POS in 55 Branches across the country. Trust bank limited has been established with the objective of providing efficient and innovative banking services to all stake holders of our society. One of the remarkable strength of this bank is that, it is backed up by the well reputed and disciplined organization of Bangladesh i.e. Bangladesh Army. On November 29, 1999 the first branch of Trust Bank Limited came into operation. Bank is service-oriented industry and Trust bank is committed to ensure customized qualitative hassle free services in banking operations along with the focus to widen their client group.

Throughout my three month internship program I have performed various jobs which helped me to understand the banking system, customer nature, preferences, financial analysis, reporting and so on. Few drawbacks of the bank are observed while working with the clients. Shortage of space, scarcity of modern equipment and lack of technological advancements are few of those for which customer service was hindered. While working in the bank, I perceived the number of clients for fixed deposit scheme is quite large. It draws my interest to analyze the factors that attract customers investing through Fixed Deposit Receipt (FDR) / Mudaraba Term Deposit Receipt (MTDR) in Trust Bank Limited.

Fixed Deposit Receipt (FDR) Account offers the customers the opportunity to invest a fixed amount for a fixed period at a fixed rate of interest. The customers have the option to re - invest their funds both principal amount and interest amount on maturity or principal amount and the interest amount being paid into their accounts or in cash. The features and benefits are quite attractive as well as flexible to serve the purpose of the client. Fixed deposit encourages savings habit for a longer period of time with high interest rate. The depositor can get easy loan facility from the bank against his FDR/MTDR. At the same time, bank can also invest such funds in profitable areas.

In this study quantitative research methodology was used to approach towards the proposition and draw appropriate deductions. The research focused on the customers who had invested through FDR/MTDR in Trust Bank. Limitation of time was one of the most important factors that affected the study. Due to time limitation the sample size became small. The findings of the survey are based on customers' response in Trust Bank Kafrul branch only which is located in Dhaka City. The results may not reflect the same for other branches of Trust Bank.

The investment decision of the customers depends on many factors. Among which there are demographic and sociologic attributes, banking history and also perception about the bank. All these factors were elaborately analyzed to get deduction out of it. In case of Trust bank limited, along with these attributes the reliability, location and reputation attract the customers to invest through fixed deposit in comparison to other factors. It was observed that reliability is the key factor that the customer gave preference to invest through FDR/MTDR in Trust Bank. Other factors like Location and reputation also got some importance while service and interest had comparatively little significance to the clients as in most of the private bank it is similar.

Deposit is the lifeblood of a Bank. Without deposit no Bank can run. So it is very important to attract customers toward fixed deposit as it ensures the amount from its client for a particular period of time which eases up the operational activities of the bank. It has also a significant contribution on earning profit. As the banking industry of Bangladesh is expanding day by day, the rivalry competition became extremely high. To cope up with these situation bankers should go through proper analytical study beside their practical experience and study. The factor analysis about the customers to invest in Trust bank also reveals the expectation of the customers toward the bank.

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CHAPTER ONE
INTRODUCTORY PART

1.1. Introduction

The banking system in an economy is similar to the heart in the human body structure and the capital it provides can be likened to blood that circulates in it. So, if finance is not provided to any economic sector, it will suffer and that sector will eventually fail. However, the ability to provide the relevant financing is dependent on the ability of the banks to mobilize adequate amount of deposits in the economy and other sources of funding. A big portion of these deposits comes from the investment of customers. And fixed deposit scheme is one of the most important forms of investment. Through this internship report I tried to find out the factors that attract customers to invest through fixed deposit in Trust Bank Limited.

1.2. Origin of the Report

For any business school only students' curriculum activities are not enough for handling the real business situation. So it is an opportunity for students to know about the field of business through the internship program. For the requirement of my course I was assigned to Trust Bank Limited (TBL), Kafrul Branch for my internship. This 12 weeks internship program teach a student the real life business administration. For the partial fulfillment internship course this report has been submitted.

1.3. Scope of the Study

Throughout this internship period, the scope of my work was limited only on Trust Bank Kafrul Branch. Because of this, my internship report covered a project analysis on factors that attract customers to invest through Fixed Deposit Receipt / Mudaraba Term Deposit Receipt in Trust Bank Limited in Kafrul branch.

1.4. Objectives of the Report

- To fulfill the partial requirement of MBA program.
- To know the factors that attracts customers to invest through Fixed Deposit Receipt / Mudaraba Term Deposit Receipt in Trust Bank Limited.

1.5. Methodology

To make the report more meaningful and presentable, here I used both primary and secondary data. The primary source of data was personal observation, face to face interview of officers and direct questionnaires to the clients of this bank. Whereas I had collected all the secondary data from bank's website and other reports/ documents provided by the FCAD department of the Bank.

1.5.1. Population and Sample

In this study quantitative research methodology was used. Quantitative research involves obtaining data from a large group of respondents and is used in descriptive studies to quantify data and generalize the results from the sample to the target population (Hollensen, 2003). The research focused on the customers those who had invested money through Fixed Deposit scheme in Trust Bank. I have used the non-probability (convenience) sampling method. According to Roberts-Lombard (2002:109) convenience sampling is a non-probability sampling technique where subjects are selected because of their convenient accessibility and accessibility to the researcher. The selection of the sample under convenience sampling depends on the researcher's personal judgment.

Cooper and Schindler (2006) identify three primary data collection methods as observation, experiment and survey. This research used the survey method. Cooper and Schindler (2006) noted that the broad area of survey research encompasses any measurement procedures that involve asking questions from respondents. A survey will ask a series of questions that require answers from respondents which are then analyzed at the end of the survey when the participant level has been reached. In survey research, the researcher selects a sample of respondents from a population and administers a standardized questionnaire to them. Gerber-Nel, Nel and Kotze (2005) point out that surveys can be divided into four major types: personal interviews, telephone surveys, mail surveys and self-administered surveys. Data for this research study was gathered through self-administered questionnaires. Self-administered questionnaires are research questionnaires personally delivered to the respondent by the interviewer but completed by a respondent with no interviewer involvement. The total number of fixed deposit accounts in Trust bank Kafrul branch is approximately 2050 (active). From which about 250 was opened in 2015 (1st January to 31st March). The duration of time in which this survey was conducted was 3 weeks only. Here 26 randomly selected respondents were selected and asked some close ended questions

1.5.2. Measurement

The research instrument used here was the questionnaire. The questionnaire consisted of three sections. The first part elicited demographic information from the respondents that was deemed necessary to achieve the objective of the study. The second part of the questionnaire asked respondents about their banking history. The third part asked the respondents to evaluate the determinants of choice of banking preference. Here the customers were asked to rate some determinants and were evaluated through the following rating scale:

Excellent = 5	Good = 4	Average = 3	Poor = 2	Very Poor = 1
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1.6. Limitation of the Study

I have tried to give my level best effort to enrich the content of the report. But, I have faced some limitation to prepare the report.

- Due to time limitation many of the aspects could not be discussed in the present report. Collecting all information and analyzing within just 90 days is quite tough. Due to time limitation the sample size became small. But analysts say that, the larger the sample size, the more sure can be that their answers truly reflect the population.
- One of the main constrain of the study was insufficiency of information, which was required for the study. There are various information the bank employees could not provide and didn't allow to access due to security and other corporate obligations. Also there are some restrictions on interviewing customers. For this many information has been obtained by indirect questions and observation only.
- The findings of the survey are based on customers' response in Trust Bank Kafrul branch only which is located in Dhaka City. The results may not reflect the same for other branches of Trust Bank.
- Respondents were reluctant to fill the questionnaire, which has impeded the research of the report.
- Lack of opportunity to visit more than one branch.

CHAPTER TWO
COMPANY PROFILE

2.1. Introduction

In general sense we mean “Bank” as a financial institution that deals with money. Now-a day’s banking sector is modernizing and expanding its hand in different financial events. At the same time the banking process is becoming faster, easier and wider. In order to survive in the competitive field of the banking sector all organizations are looking for better service opportunities to provide their fellow clients. In Bangladesh, from 1980’s banking industry achieved significant expansion with the entry of private banks. Currently, there are 56 Scheduled banks in Bangladesh by following both Bangladesh Bank Order- 1972 and Banking Company Act- 1991.

Trust bank limited has been established with the objective of providing efficient and innovative banking services to all stake holders of our society. One of the remarkable strength of this bank is that, it is backed up by the well reputed and disciplined organization of Bangladesh i.e. Bangladesh Army. There is a synergy of welfare and profit in the dynamics of this institution. Bank is service-oriented industry and Trust bank is committed to ensure customized qualitative hassle free services in banking operations along with the focus to widen their client group.

2.2. Background of Trust Bank Limited

The idea of setting up a Bank by Bangladesh Army was first conceived in 1987 and on November 29, 1999 the first branch of Trust Bank Limited came into operation. Trust Bank Limited is a scheduled commercial Bank established under the Bank Companies Act- 1991, which obtained license from Bangladesh Bank on July 15, 1999. Before that, it was incorporated as a Public Limited Company under the Companies Act- 1994 in Bangladesh on June 17, 1999. The Bank was formally inaugurated and listed as a scheduled Bank on November 1999.

Trust Bank Limited is one of the leading private commercial banks having a spread network of 91 branches, 7 SME centers, 152 ATM Booths and 65 POS in 55 Branches across Bangladesh. Trust Bank limited plans to open more branches to cover the important commercial areas in Dhaka, Chittagong, Sylhet and other areas by 2015. 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.

In 2001, the bank introduced automated branch banking system to increase efficiency and improve customer service. In the year 2005, the bank moved one step further and introduced ATM services for its customers. Since Bank’s business volume increased over the years and the demands of the customers

enlarged in manifold, its technology has been upgraded to manage the growth of the Bank and meet the demands of its customers.

In January 2007, Trust Bank successfully launched Online Banking Services which facilitate Any Branch Banking, ATM Banking, Phone/Mobile 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. Via Online Services and Visa Electron (Debit Card), ATMs now allow customers to retrieve 24x7 hours service such as account balance checkup through mini-statements and cash withdrawals. Trust Bank has successfully introduced Visa Credit Cards to serve it's existing and potential valued customers. Credits cards can now be used at shops & restaurants all around Bangladesh and even internationally.

The bank has plan to invest extensively in the country's industrial and agricultural sectors in the coming days. It has already participated in syndicated loan agreement with other banks. Such participation would continue further for greater interest of the overall economy. The bank is keen to constantly improve its services to the clients and launching new & innovative products to provide better services towards fulfillment of it's customer demand.

2.3. Products& Services

Trust bank has a wide range of products and services which has been attractive and useful for their customers and also help to gain competitive advantage in the banking industry of Bangladesh. Some of those are:

2.3.1. Retail Banking:

- **Trust Savers**
 - Current Deposit Account
 - Savings Deposit Account
 - Fixed Deposit Account
 - Smart Savers Scheme
 - Trust Money Double Scheme
 - Trust Echo
 - Lakhopati Savings Scheme
 - Trust Assurance Deposit Scheme

- Trust Maxmill Deposit Scheme
- Trust Kotipoti Scheme
- Trust Unfixed Scheme
- Trust Kotipoti Plus
- Trust Echo Plus
- **Trust Maanobee**
 - Trust Sristi
 - Trust Privilege
- **Trust Hatheykhor**
 - Trust Porua
 - Trust Jhinuk
 - Trust Digital
- **Branch Sales Services**
 - Internet Banking
 - Phone Banking
 - SMS Banking
 - Western Union
- **TBL Cards**
 - Credit Card
 - Debit Card
 - Prepaid Card
 - Proprietary Card
- **Defense Personnel**
 - Defense Personnel Saving Account
- **Retail Contact**
 - Retail Banking Sales Centers
- **Studying Abroad**
 - Trust Student File
- **Corporate**
 - Trust Payroll
- **Service Quality**
 - Service Quality

2.3.2. SME Banking:

- **Agriculture Loans**
 - Agribusiness loan
 - Loan for Poultry Farm
 - Peak Seasons Loan
 - Trust Shufola Bangladesh
- **Entrepreneur Loans**
 - Entrepreneurship Development Loan for Retirees
 - Loan for Shopkeepers
 - Women Entrepreneur Loan
 - Trust Bunon
 - Trust Ekota
 - Trust Sukannaya
- **Engineering Loans**
 - Loan for Light Engineering

2.3.3. Islamic Banking:

- **Islamic Deposit Accounts**
 - Al-Wadiah Current Account
 - Mudaraba Term Deposit Receipt
 - Al-Wadiah Term Deposit
 - Mudaraba Savings Account
 - Mudaraba Special Notice Deposit
 - Mudaraba Monthly Savings Scheme
 - Barakat Hajj Deposit Scheme
- **Islamic Loan & Investment**
 - Qard Scheme
 - Home Investment Scheme
 - Barakat Car Scheme

2.3.4. Corporate Banking:

- **Corporate Cash Management**
 - Cash Trade Overview
 - Liability Product
 - Securities Services
- **Corporate Loan Products:**
 - Overdraft
 - Short Term Loans
 - Term Loans
 - Syndicate Loans
- **Trade Finance**
 - Letter of Credit (LC)
 - Letter of Guarantee (LG)

2.3.5. International Banking:

- **Bonds**
 - US Dollar Investment Bond
 - US Dollar Premium Bond
 - Wage Earners Development Bond
- **Foreign Exchange**
 - Travelers endorsement
 - Remittance of Foreign Currency
- **FC accounts**
 - Private Foreign Currency Account
 - NRB account
 - RFCD account
 - NON-Resident Investors Taka Account(NITA)
 - NON-Resident Foreign Currency Deposit (NFCD)

2.3.6. Mobile Banking

Trust bank Mobile money is a prepaid account facility where customers can do 24 hours banking transactions from anywhere through mobile phone facility. Customers can Transfer, Deposit and withdraw money from the accredited Pay-points by using their Mobile. They can also send remittance faster to the remote place of Bangladesh by availing this product.

2.4. Vision, Mission and Positioning Statement

2.4.1. Vision

Build a long-term sustainable financial institution through financial inclusion and deliver optimum value to all stakeholders with the highest level of compliance.

2.4.2. Mission

Long Term Sustainable Growth- diversified business with robust risk management.

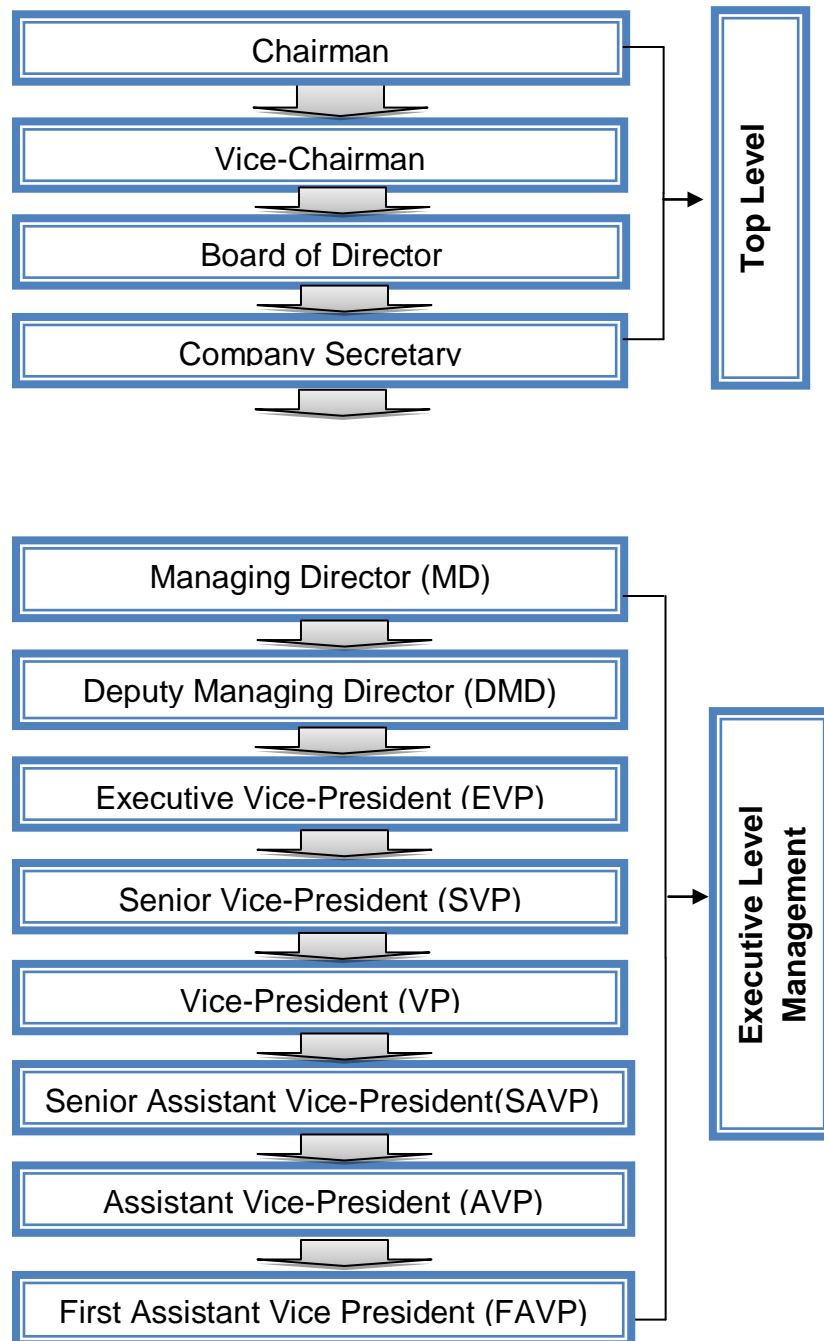
Financial Inclusion- bring unbanked population into banking network through low cost and technology based service delivery.

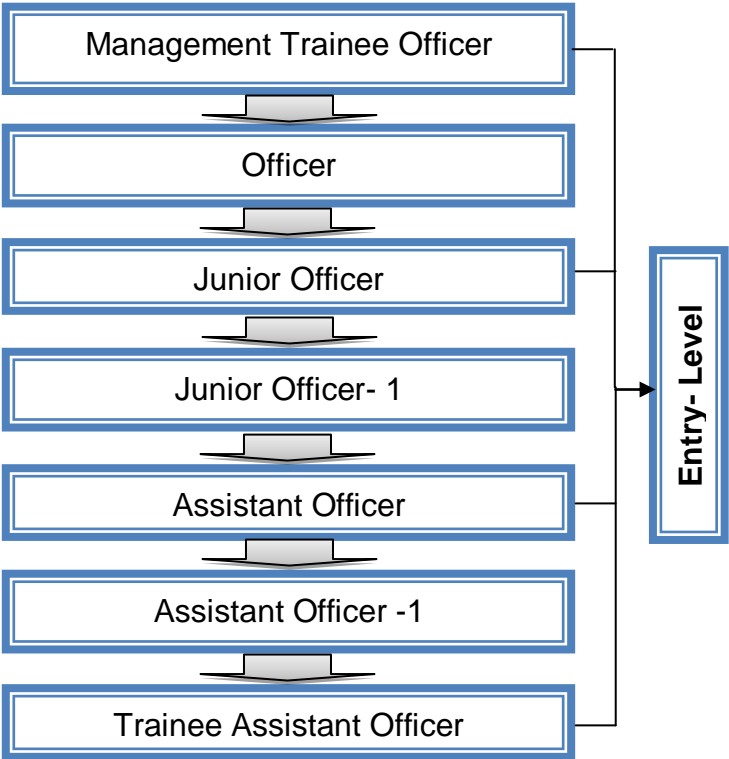
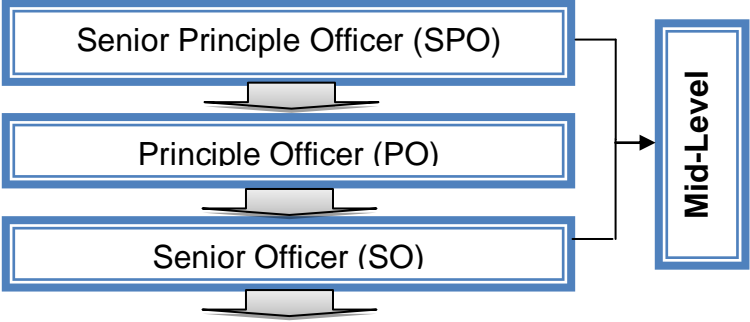
Accountable to all stakeholders- customers, shareholders, employees & regulators for highest level of compliance and transparency at all levels of operation.

2.4.3. Positioning Statement

Trust Bank is a contemporary, upbeat brand of distinctive quality of service and solution that offers a rewarding banking experience as preferred choice of banking partner every time, everywhere.

2.5. Operational Network Organogram:





2.6. Trust Bank Limited (Kafrul branch)

Trust Bank Kafrul Branch was established in July 2009. This 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 outskirts of Dhaka Cantonment (Kafrul) for covering and providing more effective services to public customers side by side with the defense personnel. Within last six years of its establishment, this branch is effectively competing with the other branches in regards to overall performance.

Highlights of the Branch (Kafrul Branch):

Name of the Branch	Trust Bank Limited, Kafrul Branch
Location	MQ Plaza (1 st Floor), 28 DCC North Kafrul Dhaka Cantonment, Dhaka- 1206
Phone No	8715459 (PABX), 8715457 (Direct)
Fax	880-2-8715458
Swift	TBBLBDDH
Branch In Charge	A.B.M Moinul Hasib, Vice President
Operation In Charge	Asma Rahman, Assistant Vice President
Total no of employees	24

Branch Performance at a glance:

Particulars	Position as on 31.12.2014	Position as on 31.12.2013	Present status- Increase/decrease
Target profit	5,75,00,000	4,00,00,000	1,75,00,000
Profit	5,04,56,639.75	6,98,09,842.14	(1,93,53,202.39)
Target deposit	3,00,00,00,000	2,18,00,00,000	82,00,00,000
Deposit	3,03,08,06,592	2,52,90,29,368	50,17,77,223.8
Target LDOs	86,00,00,000	73,00,00,000	13,00,00,000
LDOs	69,40,50,491.5	58,51,46,446.4	10,89,04,045.1
% of Profit Target	88	175	(87)
% of Deposit Target	101	116	(15)
% of LDOs Target	81	80	1

CHAPTER THREE

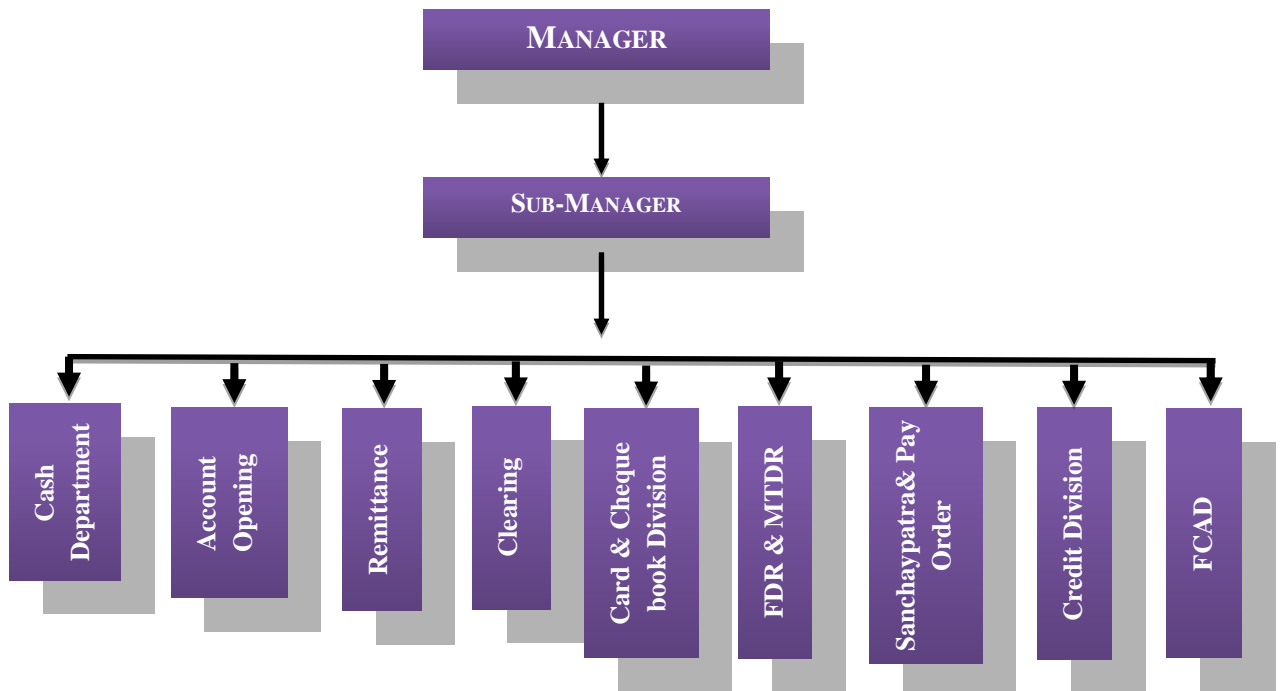
INTERNSHIP JOB DESCRIPTION

3.1. Nature of the Job

Practical experience is very important to know any job in details. Internship provide these opportunity to implement theoretical knowledge on ground. It also allow to observe and understand the job responsibility as well as identify the strong and weak points of the organization. I did my internship program at Trust bank ltd. 28 north Kafrul, Dhaka cantonment-1206 from 1st January, 2015 to 31st March, 2015. I was under supervision of Ms. Asma Rahman, Assistant Vice President who had closely overseen my learning regularly. I had to take note of all the job responsibilities and show it to my supervisor daily.

As an intern I engaged myself in different types of works following my job rotation schedule provided by my supervisor in the bank which includes all the departments.

3.2. Operational Organogram:



3.3. Different aspects of job responsibility:

Throughout my three month internship program I have performed various jobs which helped me to understand the banking system, customer nature, preferences, financial analysis, reporting etc. Different aspects of my job responsibility are summarized below:

- **Client Service:** My main duty was to provide client service with regards to bank facilities. So at first I learned how to response positively to the requirements of clients and how best to communicate with them.
- **Account Opening:** I was attached with account opening section for two weeks. Here my main duty was helping customer to fill up the forms accurately and attaching documents while opening account. I also motivate/ guided the customer regarding selection of the account type based on client's requirement, brief them about all required documents, Procedures, etc.
- **Form Updating:** Updating the forms and writing all the necessary information in hard copy followed by updating it in the server system through computer. I also learned how to prepare/edit the CRM.form, calculate the risk of the account holder and fill up the Know Your Customer (KYC) form.
- **Learnt about the Software used for Banking (Flora Banking):** From the beginning, I was very interested in learning accounting software's and how to use the software the bankers work on. Trust Bank uses software named "Flora Banking System" which is internal software by which they access all the information and activities (i.e. CRM, Reports, Account opening/closing and etc.). I was not allowed to use those software's but I have seen how easily they put the information and sometimes I gave the inputs when there was a rush hour.
- **Information Support to Customer:** Provide account information including hard copy of bank statement to the clients as requested. It was very important to verify here the authorization letter by the account holder if any representative comes to collect the bank statement, solvency or other important documents.

- **Issuing Card & Cheque book:** Cheque book and card are very important to transact money through the account within or out of the branch even to other bank. Customers need to fill a cheque book or card issuing/reissuing requisition form accurately. I had to work in this department and help customers to fill up the form, brief them about the procedure, and also I had to deliver the card, cheque book by verifying them.
- **FDR Department:** Inform clients about FDR schemes, Duration, Rate, etc so as to assist him taking decision about his preferred scheme. Calculate the FDR and Sanchaypatra Interest amount, Excise duty and other charges to include/deduct from the accrued profit/interest.
- **Account and Finance Department:** Checking vouchers after the transaction hour and ensure correct endorsement in the system. Collect Cheque for clearing department to process.
- **Internet Banking Service:** Assist clients to fill up different forms to facilitate him through internet banking. It includes processing card issue/reissue, issue pin code, mobile banking services etc.

3.4. Fixed Deposit Receipt (FDR)

Fixed Deposit Receipt (FDR) Account offers the customers the opportunity to invest a fixed amount for a fixed period at a fixed rate of interest. The customers have the option to re - invest their funds both principal amount and interest amount on maturity or principal amount and the interest amount being paid into their accounts or in cash.

Features & Benefits:

- Money can grow with attractive interest rate with flexible tenure.
- FDR can be opened for 1 Month, 3 Months, 6 Months, 12 months and above.
- Automatic renewal facility at maturity
- Loan facility against FDR to meet urgent financial needs
- The customer may avail loan facilities against FDR as security.
- Premature closure facility at savings rate.
- FDS Account can be opened both for Individual and Corporate bodies

- Only Resident Bangladeshi National is allowed to open Personal FDS Account.
- Joint account can be opened.
- Minor account can be opened under the supervision of his / her / their guardian.
- No fees and charges except duplicate issuance of FDR.
- VAT applicable for all fees & charges

Interest Rate of Fixed Deposits Receipts:

Amount / slab wise Deposit	Tenure wise Interest			
	01 Month	03 Months	06 Months	12 Months & above
Any amount less than Tk. 100 Crore	7.00% p.a.	8.25% p.a.	8.25% p.a.	8.50% p.a.
TK. 100 Crore and above	7.00% p.a.	8.50% p.a.	8.50% p.a.	8.75% p.a.

3.5. Mudaraba Term Deposit Receipt (MTDR)

Mudaraba Term Deposit receipt (MTDR) is a mode of deposit under Mudaraba principles of Islamic Sharia. It is a profit / loss bearing account. These deposits are repayable subject to a period of notice and hence known as time deposits or time liabilities meaning thereby that these are withdraw able subject to a period of notice and not on demand. Deposits under MTD are accepted for different tenures as decided by the Bank and are entitled to receive profit on their deposit on the basis of weightage as decided by the management. A receipt is issued against each deposit under MTD.

Features & Benefits:

- This deposit product is guided by the Mudaraba principles of Islamic sharia with additional conditions as stated below.
- Bank will invest the MTD fund through sharia compliant investment modes along with the other Mudaraba fund to earn profit.

- Until otherwise decided, the profit sharing ratio is 70:30 (Client 70 & Bank 30) between TBL & the depositor in MTD.
- Actual profit on the MTD will be calculated at the yearend on the basis of weightage fixed by the bank.
- Provisional profit on MTD will be given on maturity of the MTD which will be subsequently adjusted with the actual profit at the end of the year. If the actual profit is higher than the provisional profit, bank will credit the excess amount to the beneficiary and if it is lower than the provisional rate, bank will claim refund from the beneficiary. However, if the amount of excess or shortfall is less than Tk.100/- than no party will claim refund & forego their respective claim.
- All Govt. Taxes, VAT, Excise duty etc imposed by the regulatory bodies time to time including management charges are applicable on MTD.
- MTD can be opened for 3 months, 6 months & 12 months tenure or for any other tenure as approved by the bank.
- If not instructed otherwise, the MTD will be automatically renewed for another term under the terms prevailing at the time of renewal along with the provisional profit, if any.
- Minimum amount to open an MTD is Tk.1, 000/-. A Mudaraba Term Deposit Receipt (MTDR) shall be issued there against and MTDRs are not transferable. The beneficiary shall ensure safe keeping of the MTDR at his/her own risk and immediately notify the bank in case loss or damage of the MTDR.
- “Qard” facility upto 80% of the MTD can be availed by the beneficiary by complying with the rules of Qard.
- No profit shall be payable if the ATD is encashed before maturity. However, bank reserve the right to pay profit on the deposit amount at the rate of provisional Mudaraba Savings Deposits for a minimum period of 30 (thirty) days and its multiples.

Rules and Conditions:

- This is a profit and loss bearing product.
- Profit is calculated on daily basis and credited on term end using the provisional rate of profit.
- Under this Scheme Deposits shall be received on Mudaraba principles in the minimum amounts of Tk.1, 000/- and multiples of Tk.1000/- thereof. A Mudaraba Term Deposit Receipt will be issued there-against and this receipt shall not be transferable.

- The Deposit shall be received for a period of 3 months, 6 months, and 12 months or as proposed by the Bank under these Schemes. Estimated profit shall be calculated and payable on the basis of term of periods from time to time.
- If a deposit is not renewed within 1(one) month of the maturity, then it is automatically renewed in the same investment mode as earlier and profit will be given on the total amount of profit added deposit.
- No profit shall be payable if the deposit is encashed before its maturity. However, If any deposit is encashed after 1(one) month but before the maturity date, profit shall be paid at proportionate rates applicable to the Mudarabah Savings Deposit.
- For 1 (one) year deposits, the profit shall be added to the principal amount of deposit on the maturity. Profit shall be payable on the added amount of deposit in case of subsequent maturity on renewal, if any.
- After year end the accounts are adjusted with actual rate of profit. If the actual profit rate is greater than that of provisional then the extra profit is credited to the accounts or to sundry account if any account has closed during the year. In case where the actual rate is lower than the provisional rate the loss amount is debited from the client's account or notice can be send to the client to rebate the loss amount if the account is closed during the year.
- The depositor of Mudaraba Term Deposit Receipt shall share income derived from investment i.e. income from the use of the funds in economic activities permitted by Islamic Shariah.

3.6. Importance of FDR/MTDR from customer and bankers perspective:

- Fixed deposit encourages savings habit for a longer period of time.
- Fixed deposit account enables the depositor to earn a high interest rate.
- The depositor can get loan facility from the bank.
- On maturity the amount can be used to make purchases of assets.
- The bank can get the funds for a longer period of time.
- The bank can lend such funds for short term loans to businessmen.
- Fixed deposits indirectly boost economic development of the country.
- The bank can also invest such funds in profitable areas

CHAPTER FOUR
RESEARCH PART

4.1. Summery

The research instrument used here was the questionnaire. The questionnaire consisted of three sections. The first part elicited demographic information from the respondents that was deemed necessary to achieve the objective of the study. The second part of the questionnaire asked respondents about their banking history. The third part asked the respondents to evaluate the determinants of choice of banking preference. Here the customers were asked to rate some determinants and all these were analyzed. The mean value was also analyzed to know the potency of five most important determinants, which are reliability, reputation, location, customer service and interest rate.

4.2. Demographic and socioeconomic profile of the customers

These are based on characteristics like age, gender, income levels, marital status, place of residence, etc. These attributes of the respondents has been recorded and analyzed accordingly.

4.2.1. Age

Respondents were divided into four groups in the questionnaire: 18-30 years, 30-45 years, 45-60 years and above 60 years. According to the age of the respondents, the result is shown in the following diagram:

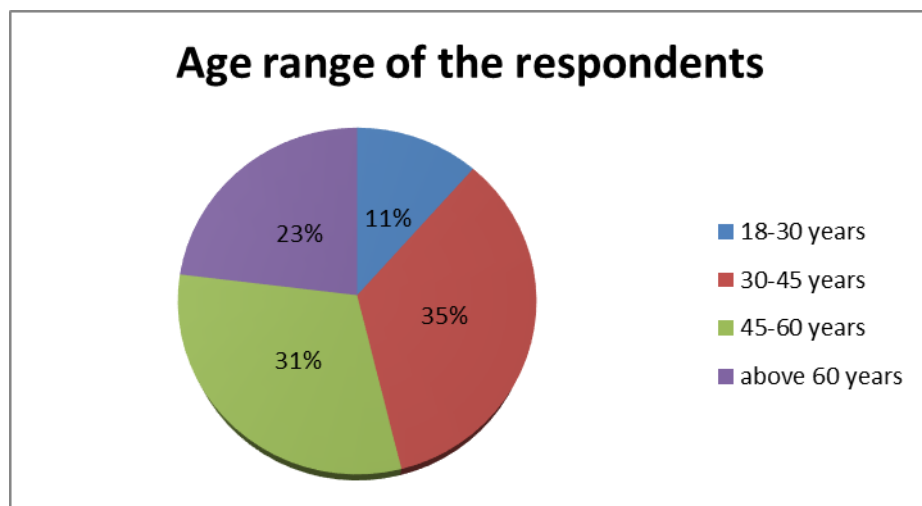


Figure 1: Age range of the respondents.

Interpretation: From the above analysis we can see that among 26 respondents the highest percentage (34.62%) of respondents was in the range of 35-45 years. Most of them were service persons and house wives and they were most likely to invest money through FDR/MTDR. The second highest percentage (30.8%) was in the age range of 45 to 60 years who seems to be at the verge of their retirement.

4.2.2. Gender

In the questionnaire, respondents were divided into two types of gender- male and female. According to the respondents, the result has shown below:

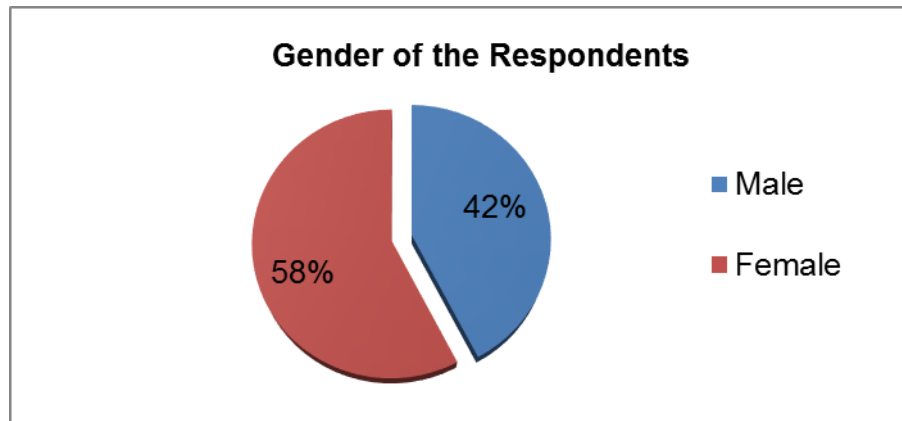


Figure 2: Gender of the respondents.

Interpretation: Among the 26 total numbers of respondents, there were 11 male and 15 female respondents. It seems that females are more interested to invest through FDR/MTDR than the males or the scheme is done on their name by their husband/guardian. Most of the cases this is done for the safety reason of the women or as gift.

4.2.3. Professional Category

Respondents were divided by six professional categories which include service, business, retired person, housewife, students and others (land lord, farmers etc.). Results are as follows:

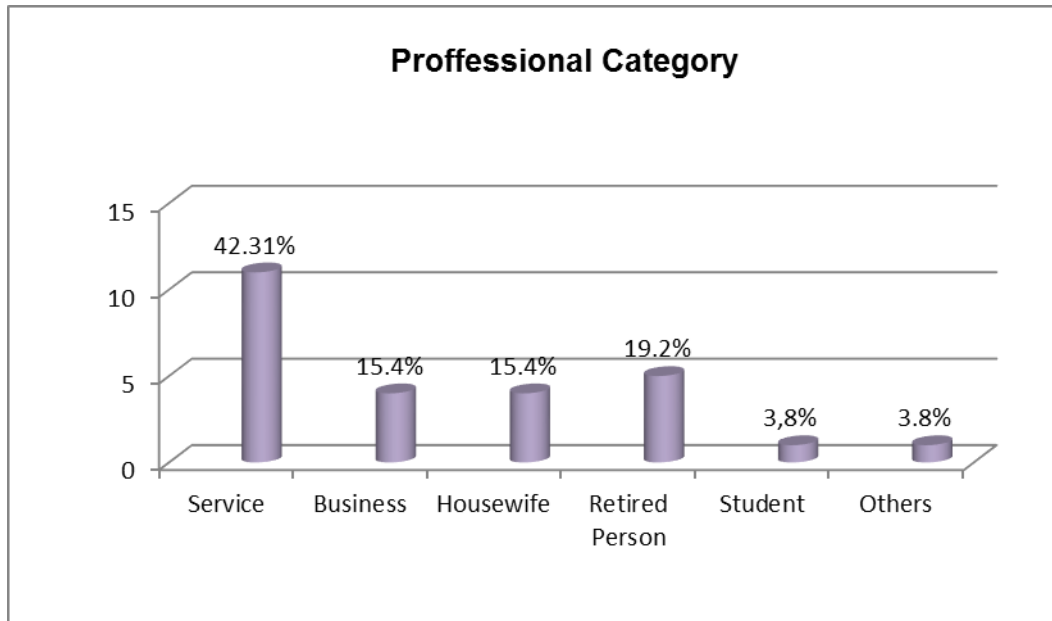


Figure 3: Professional category of the respondents.

Interpretation: Among the 26 respondent customers, 11 were from service background where as 5 from retired, 4 each from house wife and business background. Rest 1 each from student and other category. So it seems that service holders which is 42.31% of total respondent prefers to deposit for Fixed Deposit scheme. This may be because of safe and easily accessible deposit for short period of time and which can be made cash at any time to utilize otherwise. Businessman either prefers to invest more in his business or to deposit in other schemes. Retired person consist of approximately 20% of respondent prefers to deposit their money in FDR/MTDR as they consider it source of monthly income like before.

4.2.4. Income levels

This seems also a very important factor. The income level was divided into four groups where a range of income was specified. Among the 26 respondents the earning respondents were 21. Rest 5 were house wives and students who don't have any personal income.

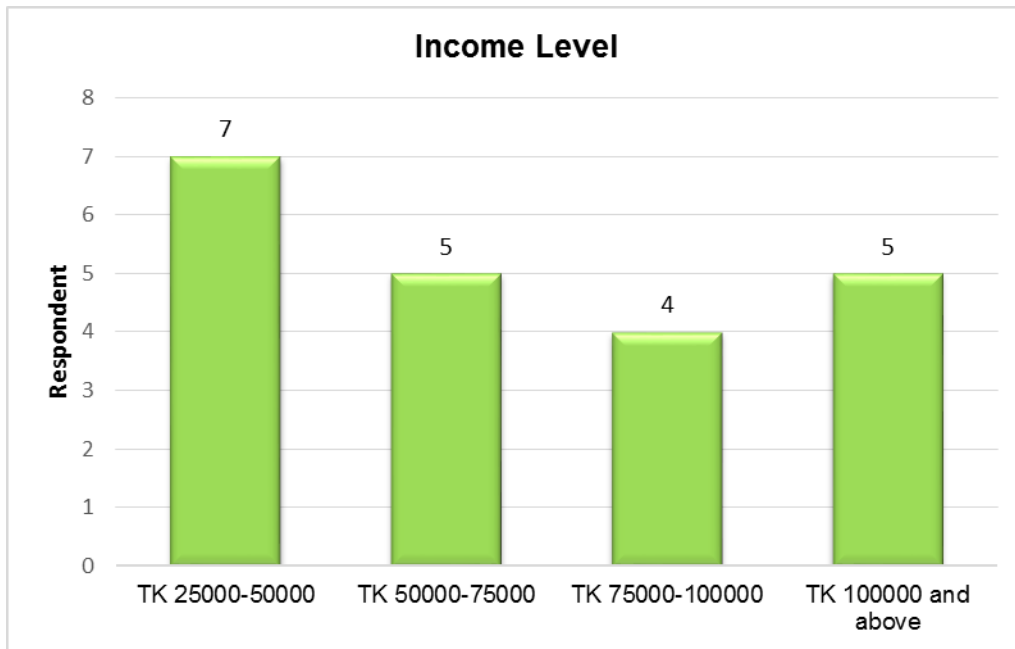


Figure 4: Income level of the respondents.

Interpretation: From the above chart it is obvious that TK 25000-50000 income group prefers FDR/MTDR (fixed Deposit) most and the number is 7 out of 21 total earning category (excluding house wife and students category). This category seems to spend optimum monthly amount and desires to deposit in fixed deposit scheme. Next is the TK 100000 above category who have the flexibility to go for scheme deposit even each after 3/4 months. Other categories prefer to either spend more or chose other schemes.

4.3. Factors related to banking history of the customers

4.3.1. Existence of other accounts with the bank

Existence of other accounts with the bank also affects the decision of the customer about to invest through fixed deposit. From 26 respondents 24 respondents maintain other account with the bank. The percentage of respondents was also analyzed according to the type of those accounts as follows:

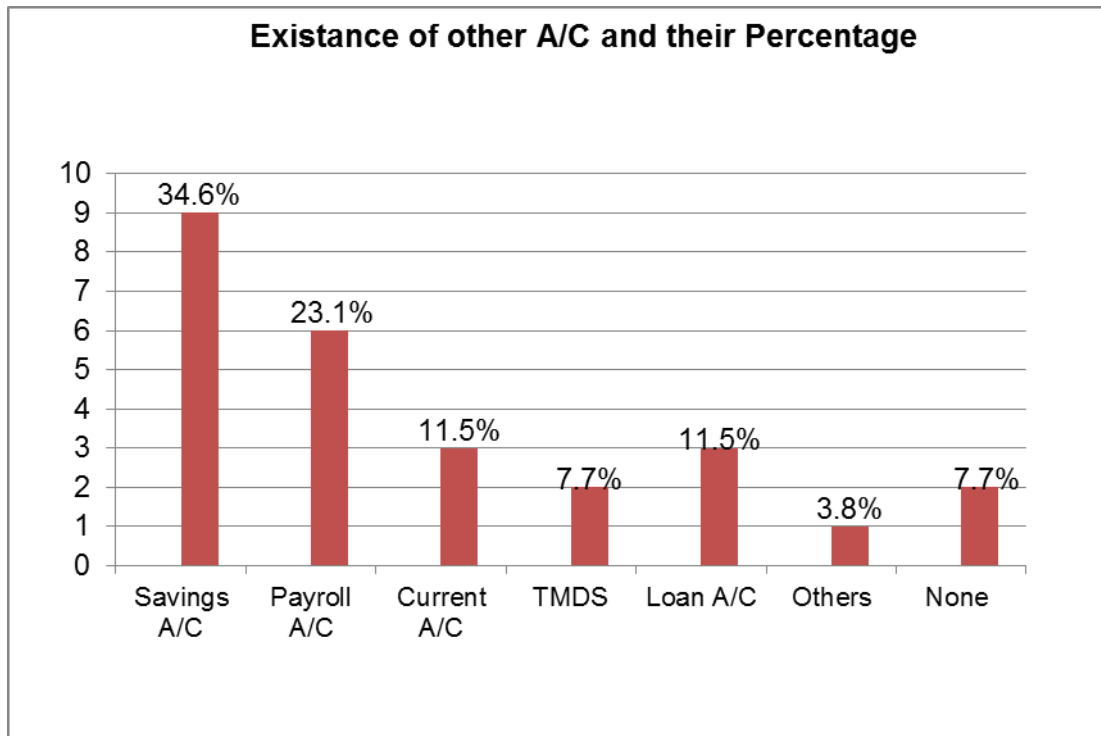


Figure 5: Existence of other accounts and their percentage.

Interpretation: The percentage of respondents who maintain other accounts with the bank is 92.3 % (24 in number). Among them 9 have savings account, 6 have payroll account, 3 each from current account and loan account and 1 respondent had an account on monthly deposit scheme. Some respondents also maintain multiple accounts with the bank.

4.3.2. Recommendation / Influence from other sources

Many often people rely on the recommendation or suggestion from others and make decision basing on the points highlighted by them. At times they seek advice from the bank personnel as well as study the website of the bank. The following graph shows the customer's influence factors and their potency:

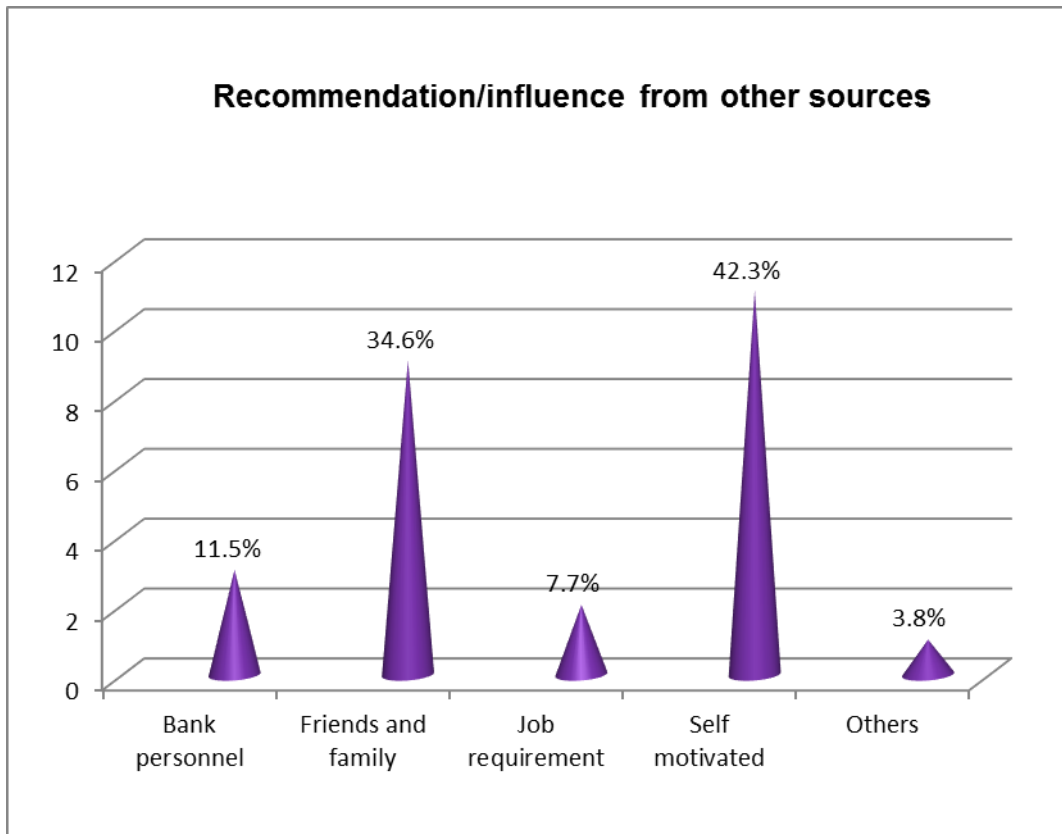


Figure 6: Recommendation /Influence from other sources.

Interpretation: The chart above shows that about 42% respondents were self-motivated to go for fixed deposit scheme in Trust Bank. This is because may be it was not the first time for them to be associated with the bank. So they knew the advantages of the bank over others and decided to open MTDR/FDR account here. About 35% respondents were influenced by friends and family members who are also presumed to be directly or indirectly linked with this bank. Once people get briefing from these corners, then they prefers to go to bank for more details and there the bank personnel starts motivating them (11.5% shown in the graph). Few are also interested for the job requirement and other reason (shown 7.7% and 3.8% in the graph) as most of the defense personnel are associated with this bank for easiness of their salary draw and to get liberal loan facility against the MTDR/FDR.

4.3.3. Association with Trust bank Limited

Among lots of different services of TBL, respondents are taking one or more of them at the same time. Sometime their decision regarding to investment depends on their experience and relationship with the bank. This factor was also analyzed and interpreted as follows:

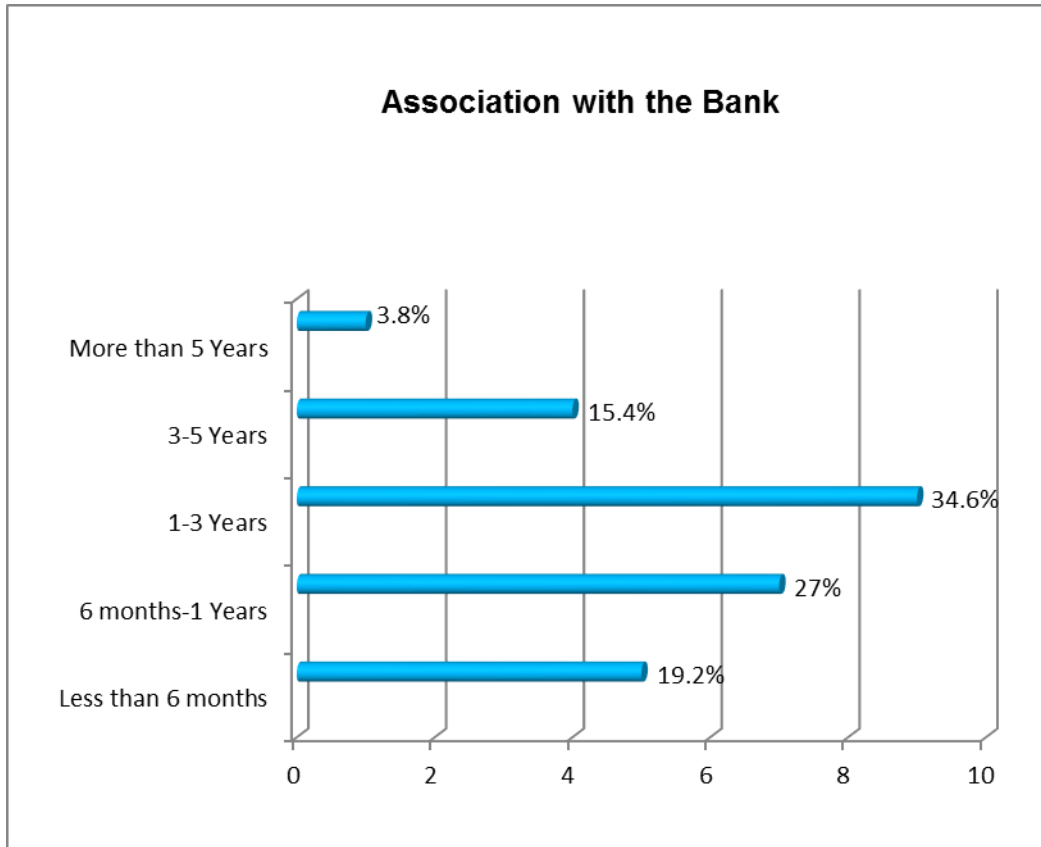


Figure 7: Association with the bank by the respondents.

Interpretation: From this graph, we find that majority of the respondents who invested through fixed deposit are associated with TBL for more than one year. This proves that TBL is able to build long lasting relationship with their customers. This relationship also may affect their decision according to investment.

4.4. Determinants of choice of banking preference

4.4.1. Interest/profit margin

Interest rate is one of the important factors that influence the customer maintaining account in any bank. But at present the interest rates are almost similar in every bank. So it brings little significance in making decision to choose the bank. But as a significant factor about the investment decision this was also analyzed as follows:

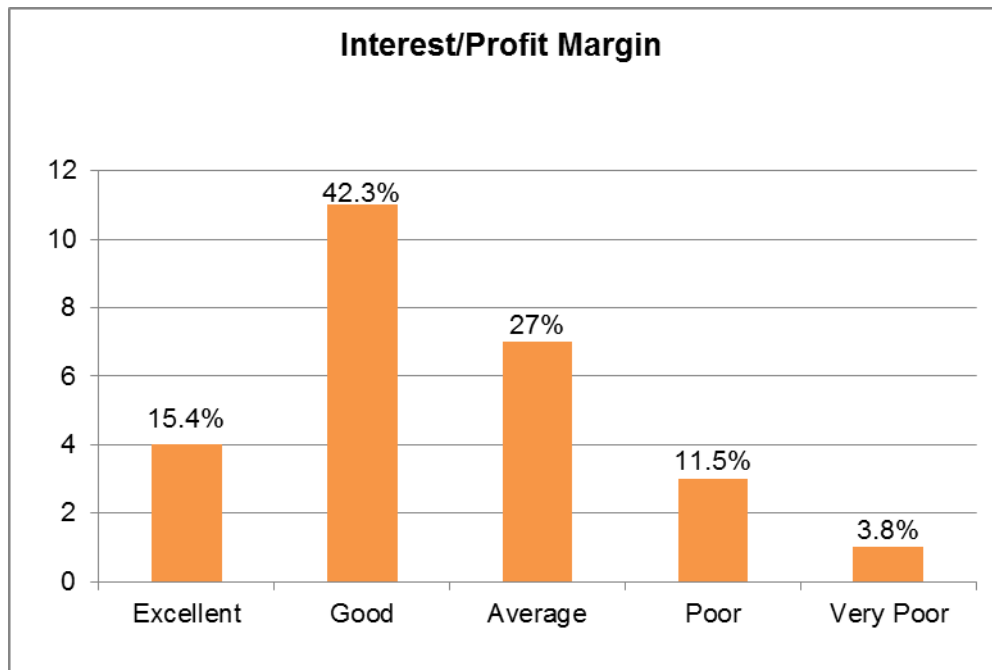


Figure 8: Ranking of Interest / Profit Margin of the bank.

Interpretation: The graph shows, 15.4% respondent was highly satisfied where as 42% and 27% of respondents were satisfied (expressed Very Good and Good consecutively) with the interest/profit margin that trust bank is offering. It means about 85% of the customers are happy with the interest in accordance to their expectation. But these changes time to time with the instruction of Central Bank.

4.4.2. Reliability

This should be the basic of all the advantages that a customer should seek before depositing their money to a bank. Profit margin may be higher in some bank but if it is not reliable then it's of no use once the primary amount is lost/at a risk. Banking service in Bangladesh is more stable now a days in terms of reliability except few institutions.

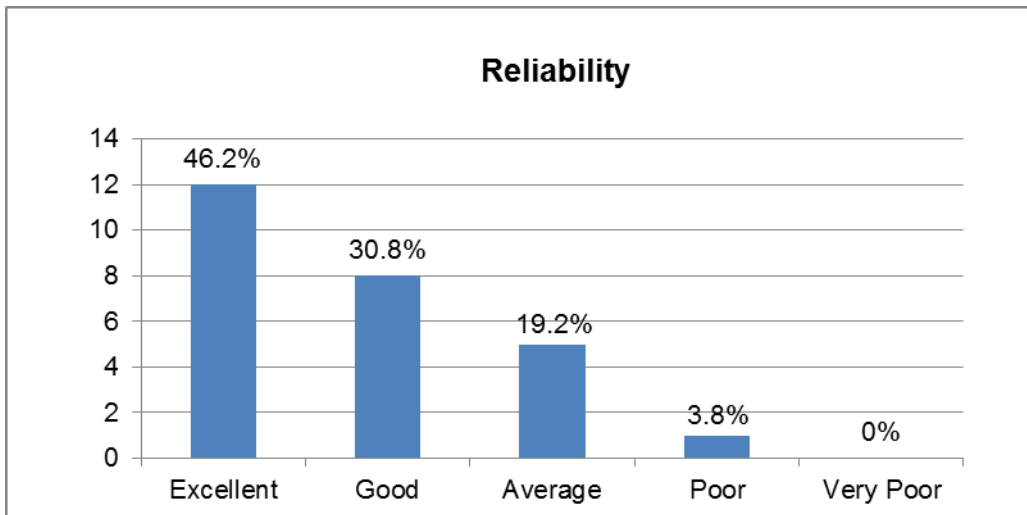


Figure 9: Ranking of reliability of the bank.

Interpretation: Here in the graph approximately 46% respondent termed Excellent as trust Bank is a reliable bank. In addition more 50% respondent (30.8% Good and 19.2% average) was satisfied with the reliability aspect which is in total 96% of the respondent. It's a notable eminence that the customer always looks for. Probably its association with Bangladesh Army, location of the branches and other security issues gave preference to the customer considering this bank as reliable one.

4.4.3. Reputation

Reputation comes from the quality of service that a bank can provide and it should be consistent in nature. Once people are satisfied with the services that the bank provides, it gets circulated through different means. So it established in due course of time with its performance.

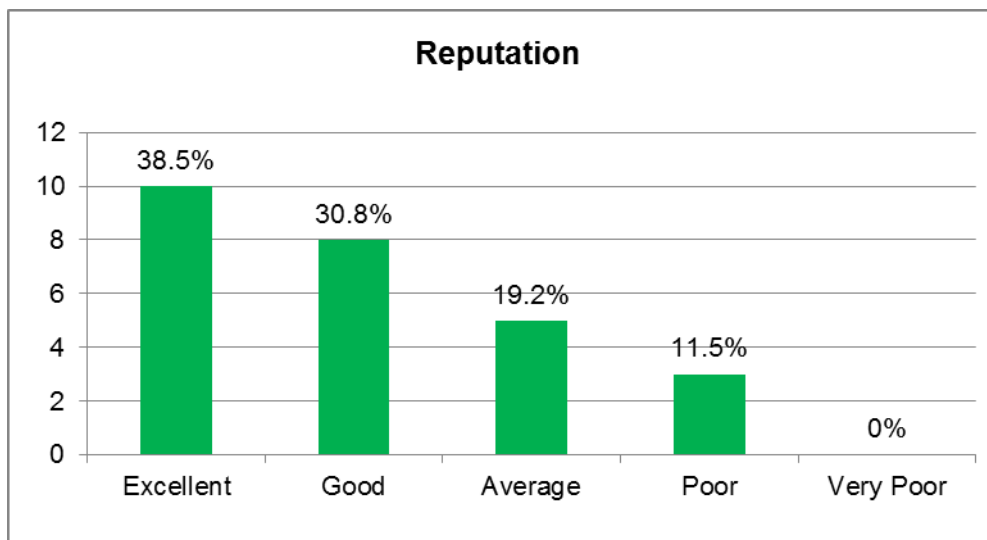


Figure 10: ranking of reputation of the bank.

Interpretation: The Trust Bank Limited is a well reputed institution which is associated with Bangladesh Army Welfare Trust. Thereby it could earn the confidence of its customer. More so within 15 years of establishment it could set standard of services and privilege it gives to the customer. Here in the above graph shows, 38.5% of respondent expressed Excellent, 30.8% very Good and 19.2% Good remarks in terms of service. In total 90% of the respondents were highly satisfied with the reputation that the bank achieved.

4.4.4. Service Quality

Service quality is the aspect that a customer comes to know once he/she is associated with the bank meaning already started to take service from the bank. However, recommendation from friends and family members also includes the briefing about services of the bank that how best they offer. Quality of service enables the bank to retain their customer for long time and draws his/her more deposition in the bank. Again, same bank may have different service quality in their different branches. So customers also look for the branches as well to be associated with any bank.



Figure 11: Ranking of service quality of the bank.

Interpretation: As far as the quality of service concern, only 5 respondents which are 19% of total 26 respondents are fully satisfied (excellent) with the trust bank. Rest approximately 70% respondent customers termed the service quality “Good” and “Average”. This may be the opinion of the customer due to the service offered by the branch itself and not the bank as a whole.

4.4.5. Location

Location of bank is an important factor to attract customers. To stay in the competition and to deliver fast and efficient service to the customers, banks are enhancing their branch network across the country. As Trust Bank is an institution of Army Welfare Trust, the branches are mainly located inside or near to the cantonment areas. Like the Kafrul branch is just beside Dhaka cantonment. This location also attracts people to rely on. Also the maximum number of customers belongs from this region. A good number of defense personnel, their family and friends for whom this location is convenient chose this bank to invest.

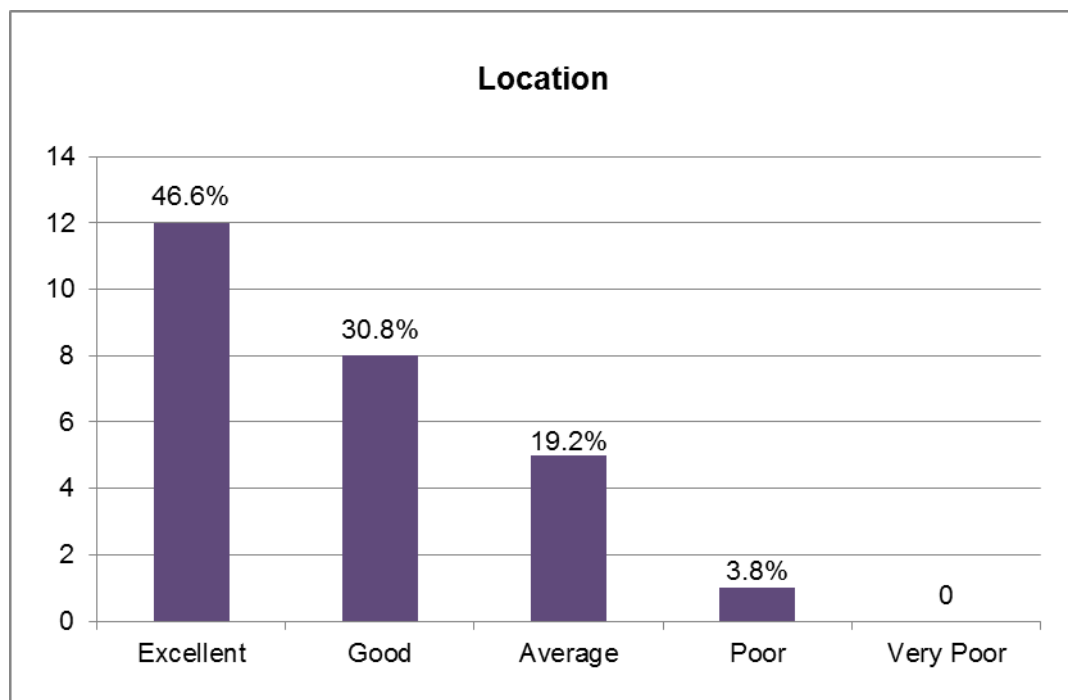


Figure 12: Ranking of location of the bank.

Interpretation: The above graph shows that maximum customers (46.6%) think that the location of the bank is excellent. The respondents feel convenient to invest in this bank. Also a major group of customer lives near to the kafrul area.

4.5. Comparative Study

For a data set, the mean is the sum of the values divided by the number of values. The mean of a set of numbers x_1, x_2, \dots, x_n is typically denoted by, pronounced "x bar". Some of the customers of Trust banks expressed strong attraction toward some attributes and some another. A comparative study by the mean value has been done to analyze the potency of those factors.

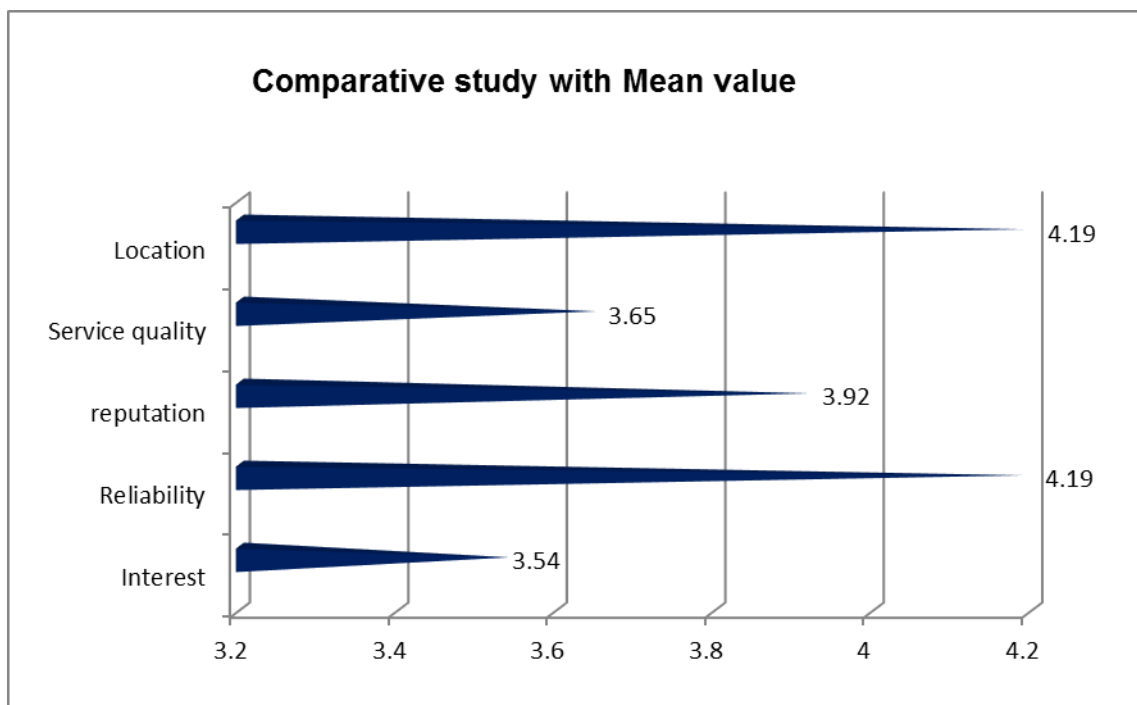


Figure 13: Comparative study of determinants of choice of bank by the customer.

Interpretation: Above graph shows the client preference in respect of reputation, reliability, service quality, interest rate and location of the branch. Here it is obvious that reliability and location get preference. As most of the private banks are providing the same or similar service and profit margin it is not that significant cause for investment by the customer. For the reputation, reliable banks ultimately get good reputation in the banking sector which attracts the customers. There after the interest rate and service quality gets preference to the customer as it appears in the answers of respondents.

CHAPTER FIVE

**FINDINGS, CONCLUSION AND
RECOMMENDATIONS**

5.1. Findings:

- The investment decision of the customers depends on many factors. Among which there are demographic and sociologic attributes, banking history and also perception about the bank.
- Also the maximum number of customers belongs from Bangladesh Army, Navy and Air forces. A good number of defense personnel, their family and friends for whom this location is convenient chose this bank to invest.
- In case of Trust bank limited along with these attributes, the reliability, location, reputation attract the customers more to invest through fixed deposit compared to the other factors like rate of interest and customer service.

5.2. Conclusion

Deposit is the lifeblood of a Bank. Without deposit no Bank can run. So it is very important to attract customers toward fixed deposit as it ensures the amount from its client for a particular period of time which eases up the operational activities of the bank. It has also a significant contribution on earning profit. As the banking industry of Bangladesh is expanding day by day, the rivalry competition became extremely high. To cope up with these situation bankers should go through proper analytical study beside their practical experience and study. The factor analysis about the customers to invest in Trust bank also reveals the expectation of the customers toward the bank.

5.3. Critical Observation:

- Trust Bank uses most of the technological system/equipment in regards to modern banking. But the software at present used needs up gradation. The customer service procedure is also easy and friendly to attract people to take service from this bank. Even at times quite handsome amount the customer can draw without prior notice. The safety and security aspect is also taken well care to uphold the image of the bank.
- Slow internet connection and poor printing facility often create problem to work effectively within stipulated time.
- The interior space of the branch is insufficient. Sometime the customer has to stand behind a very long queue that extends to the corridor.

5.4. Recommendations:

- The software currently used by the bank should be updated or switch over to other modern software.
- Adequate equipment like new high quality printers, good quality photocopy machine, scanners, etc should be installed in the branch to accelerate the effective performance of the employee and to serve their customers.
- The branch should expand its operational area and decorate its interior more beautifully to attract/serve customers. It will also improve the working environment which will influence the employees to give better output.

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2. How long you have been associated with Trust Bank?
- a. Less than 6 month b. 6 months - 1 Year c. 1-3 Years
d. 3-5 Years e. More than 5 years
3. Why you are investing through FDR in Trust Bank?
- a. Suggested by the bank personnel b. Suggested by Friends and Family
c. Job Requirement d. Self-motivated e. Other

Section 3: Determinants of Choice of Bank

Please put tick marks on the boxes bellow against the questions.

SL NO	Questions	Excellent (5)	Good (4)	Average (3)	Poor (2)	Very Poor (1)
1	What do you think about the reputation of Trust Bank?					
2	How would you rate the reliability of Trust Bank?					
3	What is your opinion about the service quality of Trust Bank?					
4	What is opinion about the interest/ profit margin of Trust Bank in FDR/MTDR?					
5	What do you think about the location of this bank?					

Thank you very much for your cooperation.

Appendix 2

Working on Mean

Scale	Interest	Reliability	Reputation	Service Quality	Location
5	20 (5×4)	60 (5×12)	50(5×10)	25(5×10)	60 (5×12)
4	44 (4×11)	32(4×8)	32(4×8)	40(4×10)	32(4×8)
3	21(3×7)	15(3×5)	15(3×5)	24(3×8)	15(3×5)
2	6 (2×3))	2(2×1)	4(2×2)	6(3×2)	2(2×2)
1	1	0	1	0	0
Total	92	109	102	95	109
	92/26	109/26	102/26	95/26	109/26
Mean	3.54	4.19	3.92	3.65	4.19