



Internship Report on “Consumer Credit Scheme of Prime Bank Limited.”





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on
“Consumer Credit Scheme of Prime Bank Limited.”**



A bank with a difference

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Submission Date: 25.05.2009

**“Consumer Credit Scheme of Prime
Bank Limited”**

May 25, 2009

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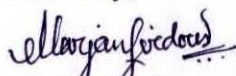
Dear Mr. Haque,

I have completed my internship program in Prime Bank Limited from 27th January to 27th April 2009 as a part of my internship program in BBA. It's my pleasure to submit my internship report on "Consumer Credit Scheme of Prime Bank Limited". I have tried to explain my learning's and experience which I have gathered from my internship program briefly in this report.

I appreciate this internship program because it's really contributes in my career and leave a lasting shape. The entire report is based on my practical experience in Bank. I have put my best effort in completing the report with all the information that I have collected during the internship time.

I have great hope that the report will meet your expectation and aid you in getting a clear idea about the subject. If you need any assistance to study this report, please contact with me at marjanfirdous@yahoo.com. Thank you for your consideration and cooperation.

Sincerely,


Marjan Firdous.

ID: 04304005

BBS Department

BRAC University

Acknowledgement

As partial requirement of BBA program I get attached to Prime Bank Ltd. to complete my internship program and it's really a great opportunity for me to acquire practical knowledge and experiences from such a renowned Bank. From its first inception to its final completion, I have received the contribution of many people who have inspired, influenced and guided my work and supported me cordially and constructively. This magnitude of the report bears the imprint of some of those respectable persons.

At the beginning I wish to express a deep sense of appreciation and profound gratitude to the present additional Managing Director of the Prime Bank Ltd. for granting me as an internee in his well reputed Bank.

I would like to express my gratitude to my supervisor Mr. Mahmudul Haque sir for providing his gentle instruction, proper suggestion and corrections for preparing the report. I am thankful, for all of his guidance & cooperation throughout my internship program.

I am deeply indebted to my respected sir A.K.M Jan-e-Alam Senior asst. Vice President, Khandker Kamrul Hasan, Executive Officer and Shahanara Begum, Executive Officer, of Prime Bank Ltd. I would like to mention that without their sympathetic & supportive attitude, cooperation, and valuable counsel, it would not possible for me to prepare this report.

I am thankful to Fazilat Ahmed Munnee, principal Officer of Prime Bank Ltd. for all of her continuous cooperation in every step from beginning to end of preparing this report.

I would also like to take this opportunity to express my wholehearted gratitude to the individuals who have played significant role in making this report an informative, substantial and detailed one.

Table of Contents

Sl.No.	Topic	Page No.
i	Executive Summary	i-iii
1.	Introduction	1
2.	History of Prime Bank Limited	1-7
3.	Products and Services offered by Prime Bank Ltd.	7-16
3.1.	Deposit Scheme	7-8
3.1.1.	The following deposit products are formulated by PBL (Prime Bank Limited)	8
3.2.	Loan Products	8-10
3.2.1.	General Loan Schemes	8
3.2.2.	Consumer Credit Scheme (CCS)	8-9
3.2.3.	Lease Financing	9
3.2.4.	Small and Medium Enterprise	9
3.2.5.	House Building Loan Scheme	9
3.2.6.	Hire Purchase	9
3.2.7.	Advance against Share	10
3.3.	Other Services	10-16
3.3.1.	Master card	10
3.3.2.	One stop utility services scheme	10
3.3.3.	SWIFT	10-11

3.3.4.	Service Provided by Different Departments	11-16
3.3.4.1.	General Banking Divisions	11-14
3.3.4.2.	Foreign Exchange Division	14
3.3.4.3.	Credit Department of PBL	15-16
4.	Performance	17
5.	Comparative Position	18-27
5.1.	Deposit growth of PBL	18-19
5.2.	Loans and advances	19-20
5.3.	Operating profit	20-21
5.4.	CAMEL Rating	21-27
5.4.1.	Capital	22-23
5.4.2.	Earnings	23-24
5.4.3.	Liquidity Rating	24-25
5.4.4.	Management Rating	25-26
5.4.5.	Comparative Position of Prime Bank Limited	26-27
6.	Prime Bank's Operational Network Organogram	27-32
6.1.	Organ-gram of Prime Bank Limited	27-28
6.2.	Hierarchy of Prime Bank Limited	29-30
6.3.	Field of Operations	31-32
7.	Vision's for the Future	32-33
7.1.	Vision of the Prime Bank Limited	32
7.2.	Mission of the Prime Bank Limited	32

7.3.	Slogan of the Prime Bank Limited	33
7.4.	Objective of the Prime Bank Limited	33
8.	Assigned job in Prime Bank Limited	33-36
8.1.	Nature of the Job	33
8.2.	Specific responsibilities of the job	33-35
8.2.1.	In the Corporate Credit Division	33-34
8.2.2.	In the Retail Credit (CCS) Division	34-35
8.3.	Different Aspects of Job Performance	35
8.4.	Critical Observations and Recommendations	35-36
9.	Summary	37-38
10.	Description of the project	39-41
10.1.	Objectives of the Study	39-40
10.1.1.	Broad objectives	39
10.1.2.	Specific objectives	39-40
10.1.2.1.	The specific objectives to help in explaining the broad objectives	39-40
10.2.	Methodology	40
10.2.1.	Data Collection	40
10.2.1.1.	Primary sources	40
10.2.1.2.	Secondary sources	40
10.3.	Limitation of the Report	41
11.	Consumer Credit Scheme in Bangladesh	41-43
11.1.	Introduction	41
11.2.	CCS in Bangladesh	41-42

11.3.	CCS of Different private Banks	42
11.4.	Eligibility for CCS loan	43
12.	Consumer credit scheme of Prime Bank Limited	43-57
12.1.	Objectives of the Scheme	45
12.2.	Discourage list of the customer	45
12.3.	Consumer Credit Scheme's Products	45-46
12.4.	Credit Limit, Period of Loan, down payment	46
12.5.	Interest and other charges	46
12.6.	Steps in Loan Processing	46-47
12.7.	Application procedure	48
12.8.	Processing of applications	48
12.9.	Documents	48-51
12.9.1.	Application Form	49-51
12.10.	Mode of Repayment	51
12.11.	Prepayment	51
12.12.	Other Conditions	51-52
12.13.	Judgment process of credit proposal under the CCS	53-54
12.13.1.	Borrower's income	53
12.13.2.	Estimated Housing Expenses	53-54
12.13.3.	Location	54
12.13.4.	Assessment of credit History	54
12.13.5.	Social Status	54
12.14.	Loan sectioning process	55

12.15.	Monitoring and Recovery	55-56
12.16.	Steps against Defaulters	56
12.17.	Loan Amortization	56-57
13.	Different Consumer Credit Schemes of Prime Bank Limited	57-68
13.1.	Doctor's Loan of Prime Bank Ltd	57-59
13.1.1.	Eligibility of applicants	57-58
13.1.2.	Purpose of the loan	58
13.1.3.	Loan features: (in broad sense)	58
13.1.4.	Loan features: (in narrow sense)	58
13.1.5	Security and documents: (for Fresh graduates)	58-59
13.1.6.	Security and documents: (for specialized doctors)	59
13.2.	Loan Against salary of Prime Bank Ltd.	59-60
13.2.1.	Eligibility of the applicants	59
13.2.2.	Security and documents	59
13.2.3.	Loan features	60
13.3.	Any purpose loan of Prime Bank Ltd.	60-61
13.3.1.	Purpose of the loan	60
13.3.2.	Eligibility of the applicants	60
13.3.3.	Loan features	60
13.3.4.	Security and documents	61
13.4.	Car Loan	61-62
13.5.	CNG Conversion Loan	63-64
13.6.	Household Durable Loan	64-65

13.7.	Marriage Loan	65-66
13.8.	Education Loan	66-67
13.8.1.	Purpose of the loan	66
13.8.2.	Eligibility of the applicants	66
13.8.3.	Loan features	66-67
13.8.4.	Security and documents	67
13.9.	Home Loan (Swapna Neer)	67
13.9.1.	Purpose of the loan	67
13.9.2.	Loan features	67
13.10.	Hospitalization Loan	67-68
13.10.2.	Required Documents	68
13.10.3.	Security	68
14.	Analysis of the Report	68-78
14.5.	Effects of CCS	72-74
14.5.1.	Investment growth	72-73
14.5.2.	Total asset	73-74
14.6.	Present Condition of CCS Loan	74-75
14.7.	SWOT analysis of Credit Department of PBL	75-78
14.8.	Strategy to overcome and improve	78
15.	Findings and Recommendation	78-81
16.	Conclusion	81-82
17.	References	83
18.	Acronyms	84

Table of Contents of Tables

Sl No.	Topic	Page no.
Table 5.1	Deposit Scenario of PBL	19
Table 5.2	Loan and Advances Scenario of PBL	19
Table 5.3	Operating Profit Scenario of PBL	20
Table 5.4.5	Comparative Position of PBL	26-27
Table 11.3	Date of Starting of Consumer Credit Scheme in Different Private Banks.	42
Table 12.3	Products with their financing items	45-46
Table 13.14	Loan Features	58
Table 13.4.1	Loan Limit and Period of Loans(Car Loan)	62
Table 13.4.2	Required Documents (Car Loan)	62
Table 13.4.3	Security (Car Loan)	62
Table 13.5.1	Loan Limit (CNG Conversion)	63
Table 13.5.2	Required Documents (CNG Conversion)	63
Table 13.5.3	Security (CNG Conversion)	64
Table 13.6.2	Loan Limit and period of Loans (House Hold)	64
Table 13.6.3	Required Documents (House Hold)	65
Table 13.6.4	Security (House Hold)	65
Table 13.7.1	Loan Limit and period of Loans (Marriage)	65
Table 13.7.2	Required Documents (Marriage)	66
Table 13.7.3	Security (Marriage)	66
Table 13.10.1	Loan Limit and period of Loans (Hospitalization)	68

Table 14.1	Total Outlook (2007)	69
Table 14.2	Total Outlook (2008)	69
Table 14.3	Comparison with other sector wise loan and advances	70
Table 14.4	Comparison of classified loans and advances	71
Table 14.5.1	Investment scenario of PBL	73
Table 14.5.2	Total Asset scenario of PBL	74

Table of Contents of Figures

SI No.	Topic	Page no
Figure 1:	Branch Locations of Prime Bank Limited in Bangladesh.	4
Figure 3.3.4.3.:	Management Structure of Credit Department of PBL	15
Figure 5.1:	Deposit Growth of PBL	19
Figure 5.2:	Loans and Advance Growth of PBL	20
Figure 5.3:	Operating Profit Growth of PB	21
Figure 5.4.5:	Comparative Position	27
Figure 6.1:	Organ-gram of Prime Bank Limited	28
Figure 6.2:	Hierarchy of Prime Bank Limited	29-30
Figure 12:	Organization Structure of Retail Credit Department.	44
Figure12.17:	Amortization Schedule	57
Figure14.3:	Comparing the Consumers Credit Scheme with the other sector-wise loans and Advances	71
Figure 14.4:	Comparing the Classified loan and advanced. Of 2006 and 2007	72
Figure14.5.1:	Investment Growth of PBL	73
Figure14.5.2:	Total Assets Scenario of PBL	74
Figure 14.6.1:	Head wise outstanding and overdue up to 2009	74-75
Figure14.6.2:	Head wise number of classified files up to, March, 2009	75



Executive Summary

Internship is an essential part of BRAC universities BBA program. As per the requirement of the BRAC University I have to perform 90 days or three months internship which will help to prove my potentiality in the practical field. I achieved the opportunity to prove the potentiality, which has given by the Prime Bank Ltd. to commence my internship in the motijheel branch from 27th January to 27th April, 2009. As per the requirement of the internship program I have to prepare a report on the Prime Bank Limited with a specific topic. I was assigned in the credit division (corporate credit and retail credit division) so I have chosen "Consumer credit scheme" as my Project topic. Prime Bank Limited started its journey on 17th April 1995 and now at the present time it has created a mile stone in the banking industry. From the first step to the present move the Prime Bank Limited is expanding its business. Expanding 70 branches in the country was not enough for their glory they expand their fully owned subsidiary in Singapore also. They have different products and services, some of them are unique and others are common but they always cope up with the changing situation and tough competition. Their authority is not centralizing which has a good effect because every one wants to prove their capacity and for that they have the authority which is very motivating for employees. They will prosper that can be seen from their vision which is to be the best Private Commercial Bank in Bangladesh in terms of efficiency, capital adequacy, asset quality, sound management, and profitability having strong liquidity. Besides all these positive aspects it has some difficulties in it's way of success but it will overcome those within short time because in its 14th year of operation in 2009, Prime Bank has made substantial headway in terms of business growth, profitability and establishing its image as one of the leading private commercial banks. When the organization is like Prime Bank Ltd. then it is a tribute to learn the practical way of work and a great opportunity to prove potentiality. I am glad that I used the opportunity properly. In both of the division I got the chance to do the desk work and customer dealings. In corporate credit I got to know the corporate clients and the way they place the proposals for loan and how the proposals operate to get the sanction of loan and in retail credit there was chance to work in more details. In retail credit (CCS) division I got



the chance to attach with each work done in that department. On the whole it was a very nice practical experience. In the internship requirement completion of a project is also included and for that I have chosen "Consumer Credit Scheme" of Prime Bank Ltd. With the passing time, new competitors appear with better ideas & products as well as services and creating more competitive situation in the market. "Consumer credit scheme" is one of the new innovative ideas which cater to the credit needs of the low & middle income groups. Only Prime Bank limited and other few banks operate this scheme in a large volume. Consumer credit scheme of Prime Bank Ltd provides Car Loan which includes Car, Jeep, Station Jeep, Pick up Van, Cover Van, Bus, Truck, Ambulance and any other vehicle for own use. Doctors Loan, which is for the doctors only. Any qualified person can take "advance against Salary" loan. Education Loan is for Study purpose only. For fulfilling the traveling purpose Travel Loan is available. Wedding loan is also available for the purpose of wedding. CNG Conversion Loan can be taken to convert into CNG. Any Purpose Loan is available for any emergency need. Hospitalization Loan is also available because this bank realizes the emergency need for hospitalization. These all loans need personal Guarantee. These loans require certain percent of equity investment and it has to be repaid by equal monthly installment. This loan has to be repaid within a specific period. Any interested person within the age of 25 to 60 and having a permanent job or having a stable business can apply for the CCS loan of Prime Bank Ltd. Under CCS program of Prime Bank Limited a borrower can get maximum of taka 40, 00,000 and minimum taka 10,000. The down payment is 10% of the loan for each product. The interest rate is 16% for the all products and Prime Bank Ltd. charges 1% service charge and 1% risk fund for all products other than for Car loan and Doctor's loan. There is system of advance against salary and CNG Conversion loan. This was the brief description of present CCS of Prime Bank Ltd. This scheme provides different facilities to the customers and it's has popularity among the customers but there are some negative points where management should concentrate to get more response and satisfaction from the customer. These negative points come from the dissatisfaction of the customers so it can be harmful for their way of achievement so they should give more emphasis to solve those problems. Prime Bank Ltd. should focus on decreasing interest rate which is very high from the customers point of view, and increase the loan payback period because customer think it's short enough to switch the bank for services. These changes will help to get competitive advantage for sure. Introducing variety products in their CCS, such as – Teacher Loan, Shop

Consumer Credit Scheme of Prime Bank Limited



Financing Scheme, Personal Loan for Women etc will help them to bring unique position in the market. They can go for the package products also because in this era people love to get various facilities with in one package program. All these will increase the market share of CCS in Prime bank undoubtedly but if they can arrange more active promotional activities with it then it's obvious that Prime Bank Ltd. will be the best among the banks in Consumer Credit Scheme.

1. Introduction



1. Introduction:

As per requirement of BRAC universities BBA program I have to perform 90 days or three months internship. As a student of BBA in BRAC Business School I have gathered theoretical knowledge, now I want to prove my potentiality in the practical field. I have got the opportunity, which has given by the Prime Bank Ltd to commence my internship in the motijheel branch of the Prime Bank Limited from 27th **January to 27th April, 2009.**

As per the internship requirement I am preparing a report on Prime Bank Ltd. I am assigned in the credit division. For the first 10 days I was in corporate credit and rest of the time in Retail Credit division so my main concentration is on the Consumer Credit Scheme of Prime bank Limited. The environment of Prime Bank Ltd is very positive, the management and all the officials are very helpful. During the internship I learned the ways of practical work and got a good chance to proof my potentiality. I have tried my best to properly apply my potentiality and theoretical knowledge to make the report reliable and information worthy. My honest effort will be regarded as successful if this dissertation fulfills the objective.

2. History of Prime Bank Limited:

In the backdrop of economic liberalization and financial sector reforms, a group of highly successful local entrepreneurs conceived an idea of floating a commercial bank with a different outlook. For them it was competence, excellence and consistent delivery of reliable service with superior value products. Accordingly, Prime Bank Limited was created and commencement of business started on 17th April 1995.

Prime Bank Ltd. is operating as a scheduled bank under the banking license issued by Bangladesh Bank, the Central Bank of the country on April 17, 1995 through the opening of its Motijheel Branch at Adamjee Court Annex Building, Motijheel commercial area, Dhaka-1000. PBL was actually registered under the Companies Act of 1913 with its registered office at 5, Rajuk Avenue, Motijheel commercial area, Dhaka-1000 which was

2. History of Prime Bank Limited



later shifted to Adamjee Court Annex Building, 119-120, Motijheel commercial area, Dhaka-1000.

It started its Islamic Banking operation in December of the same year. It was listed with both the bourses of Bangladesh VIZ. Chittagong Stock Exchange and Dhaka Stock Exchange in 1999 and 2000 respectively through initial public offering. In 2003 PBL become primary dealer for buying and selling securities under the license issued by Bangladesh Bank. It was registered as Merchant Banker with the Securities and Exchange Commission, Bangladesh in 2000 for starting its investment Banking and Advisory services.

The bank has also expanded its services cross border with a view to providing banking service globally. It has opened its first fully owned subsidiary- Prime Exchange Co. Pte Ltd. In Singapore when it started its operation in 8th July 2006 to offer remittance service to Bangladeshi nationals living in Singapore. This is the first Bank of Bangladesh established in Singapore with the approval of Bangladesh Bank and the Monetary Authority of Singapore. Opening of a fully owned subsidiary in Singapore has added a new dimension to the Bank's remittance operation widening its global reach for remittance activities.

With the aim to offer innovative banking service to the Non-resident Customers, PBL opened its first Offshore Banking Unit in 2007 at DEPZ, Saver, a new dimension in its customer friendly business activities. The bank has already received license from Bangladesh bank for opening of three more OBUs at CEPZ, Chittagong; Comilla EPZ and Adamjee EPZ, Narayangonj, which opened in 2008.

As a fully licensed commercial bank, Prime Bank Limited has being managed by highly professional and dedicated team with long experience in banking. They constantly focus on understanding and anticipating customer needs. As the banking scenario undergoes changes so does the bank and it adjusts and repositioned to the changed conditions.



In its 14th year of operation in 2009, Prime Bank has made substantial headway in terms of business growth, profitability and establishing its image as one of the leading private commercial banks. Its march towards reaching greater heights in operation continues with full vigor and enthusiasm. Prime Bank has made significant progress within a very short period of its existence. The bank has been graded as a top class bank in the country through internationally accepted CAMEL Rating. The bank has already occupied an enviable position among its competitors after achieving success in all areas of business operation.

Prime Bank Limited offers all kinds of commercial, corporate and personal banking services covering all segments of society within the framework of banking rules and regulations laid down by the Central Bank. Diversification of products and services include corporate banking, retail banking and consumer banking right from industry to agriculture, real state, software and other sectors. Prime Bank Limited is a fast growing private bank and it is already at the top slot in terms of quality service to the customers and value addition for the shareholder.

Prime Bank has been very selective in locating branches so that customers are better served. The bank's currently has a network of 70 branches allover Bangladesh and a booth located at Dhaka Club, Dhaka. The bank also plans to add a few branches to its network that will give the bank strategic advantage in terms of operation and business potential. Prime Bank's aim is to be the leading bank in the country's principal markets.



The sponsors of prime bank limited are reputed personalities in the field of trade and commerce and their stake ranges from shipping to textile and finance to energy etc. Now the rules are that the individual holding has been enhanced to 10% and the size of the Board will now be restricted to 13 members, which should include at least two independent directors.

The bank's board has a policy of rotating the Chairman's position amongst various members; consequently the bank has a new Chairman every year. The executive management also appears a bit top-heavy (relative to the size of the bank) with one additional managing director besides the managing director, a Senior Executive Vice President, four Executive Vice Presidents and many Senior Vice Presidents.

Prime Bank is listed with 'promoter shareholders' collectively holding a 46% stake in the bank. One of the main reasons for the bank's good financial condition is that the bank's promoters, who have other business interests as well, have refrained from 'using' the bank for insider lending. This is a huge issue for Bangladeshi private banks, and together with somewhat tax supervision, is the single biggest factor for the poor financial condition of most private banks. While Prime Bank has so far benefited from its promoter shareholders' approach of maintaining an arms-length relationship between the bank and their other businesses, whether this would continue to be the case in future, particularly when the second-generation promoters become directors of the bank, remains to be seen.

Prime Bank mainly caters to the trade finance market. Manufacturing activity in Bangladesh is relatively subdued, but there are certain industries such as textiles, where the country has a competitive advantage. Many textiles manufacturers export their merchandise (garment exporters for example) and it is this customer segment that the bank mainly caters to. The bank is involved at all stages of the export cycle: it gives pre-shipment finance for working capital and also provides post-shipment facilities such as bill discounting. In addition, the bank also undertakes some amount of project financing for its clients' plant and machinery, or modernization requirements. The lending



restrictions on state banks (due to their poor capital position) have helped private banks such as Prime, which have been growing at rapid rates (30-35% per annum). While the bank has done well so far, its relatively small size makes it somewhat vulnerable to unexpected loan losses if some large accounts go bad. Over the last years, Prime Bank has introduced credit cards in association with MasterCard.

In addition to conventional interest-based banking, Prime Bank operates two branches (completely separate from conventional banking) on the Islamic Shariah principle; however, Islamic banking operations are relatively small and constituted only about 5% of the conventional banking business.

Prime Bank Limited (PBL) is one of the Bangladeshi private banks, which was incorporated with Tk. 1000 million of authorized capital & Tk. 100 million of paid up capital. The bank has consistently turned over good returns on Assets and Capital. During the year 2007, the bank has posted an operating profit of Tk. 3257 million and its capital funds stood at Tk 6382 million. Out of this, Tk. 2275 million consists of paid up capital by shareholders and Tk. 2659.21 million represents reserves and retained earnings. The bank's current capital adequacy ratio of 11.50% is in the market. In spite of complex business environment and default culture, quantum of classified loan in the bank is very insignificant and stood at less than 1.35%. Prime Bank Ltd., since its beginning has attached more importance in technology integration. In order to retain competitive edge, investment in technology is always a top agenda and under constant focus. Keeping the network within a reasonable limit, their strategy is to serve the customers through capacity building across multi delivery channels. Their past performance gives an indication of their strength. They are better placed and poised to take their customers through fast changing times and enable them compete more effectively in the market they operate.

It is not only a conventional or a modern, dynamic private commercial bank; it plays a constructive role in the economic development of the country in order to bring about qualitative changes in the lives of people of Bangladesh. PBL through its steady progress

3. Products and Services offered by Prime Bank Ltd.



& continuous success, now earned the reputation of being one of the leading private sector Banks of the country.

Prime Bank started its Journey with the firm commitment of providing superior customer service with a difference. Its vision remained to be the best private Commercial bank in Bangladesh in terms of efficiency, Capital adequacy, asset quality, sound management and profitability. Having recorded progress in all areas PBL has now established itself as the leading and strongest among private Commercial banks in Bangladesh.

3. Products and Services offered by Prime Bank Ltd.:

No.	Name of Main Products
1.	Deposit Scheme
2.	Loan
3.	Other Services

3.1. Deposit Scheme:

Bank is the largest mobilize of surplus domestic savings. For poverty alleviation, we need self employment, for self-employment we need investment and for investment we need savings. In the other words, savings help capital formations and the capital formations help investments in the country. The investment in its turn helps industrialization leading towards creation of wealth of the country. And the wealth finally takes the country on road to progress and prosperity. As such, savings is considered the very basis of prosperity of the country. The more the growth of savings, the more will be the prosperity of the nation.

The savings rate in Bangladesh is one of the lowest in the world. In order to improve the savings rate, Financial Institutions responsible for mobilization of savings should offer attractive Savings Schemes so that the marginal propensity to save increases. The savings do not, of course, depend only on the quantum of income but largely depend on the habit of savings of the people. Considering the entire situation Prime bank Limited formulated some deposit products.



3.1.1. The following deposit products are formulated by PBL (Prime Bank Limited):

- Current Account Deposit
- Saving Account Deposit
- Contributory Savings Scheme
- Monthly Benefit Deposit Scheme
- Education Savings Scheme
- Short Term Deposit
- Double Benefit Deposit Scheme
- Prime millionaire scheme
- House building scheme
- Lakhopati Deposit Scheme
- Fixed Deposit Scheme
- Foreign Currency Account

3.2. Loan Products:

There are several loan products offered by Prime Bank Ltd. The loan and advances is mainly of two types, General Loan and Consumer Credit Scheme. The general loans includes both industrial and individual loan. Popular loan products are briefly discussed below:

3.2.1. General Loan Schemes:

This type of loan is classified into individual and industrial loans. In case of industrial loan, there are again four types, short-term loan, term loans, import finance and export finance. According to the maturity, the loans can be classified as short-term, medium term and long term loan as well.

3.2.2. Consumer Credit Scheme (CCS):

In order to provide financial assistance to the limited income group of people, this scheme is beneficiary. The limited income group of people can raise their standard of living by accruing domestic durable products, for example, TV, freezer, computer, motor



vehicle etc. The amount of credit determined in such a manner that the monthly installment does not exceed 50% of the disposable income of the customer. Generally the time periods of this CCS loan are two years times with an interest rate of 16%; but in cases it can be changed in the interest of the bank.

3.2.3. Lease Financing:

It is one of the convenient long-term sources of acquiring capital machinery and equipment, where a client is given the opportunity to have a right to use an asset, for an agreed period of time against the payment of rent. The major advantage it has is to use an asset without buying it. It is suitable for the firms who want to acquire capital machine, equipment, automobiles, etc. The lessee has to pay monthly rental in advance starting from the date of execution till the end of lease term.

3.2.4. Small and Medium Enterprise:

It is a scheme offered by PBL to provide credit facilities to small and medium size entrepreneurs located in the urban and sub-urban areas to encourage new and educated young entrepreneurs to undertake productive ventures, to assist them to take part in the economic activities etc. The loan ceiling is taka 2.5 lac for small enterprise; and taka 75 lac for medium enterprise. Interest rate charged is around 15%.

3.2.5. House Building Loan Scheme:

These loans are allowed to individuals or enterprises for construction of house or business premises. The amount is repayable by monthly installments within a specific period of time. It is known as house building loan-general. For the bank employees, loans are allowed to purchase or construction of house known as house building loan-staff.

3.2.6. Hire Purchase:

Hire purchase is a type of installment credit under which the Hire Purchase agrees to take the goods on hire at a stated rental, which is inclusive of the repayment of Principal as well as interest for adjustment of the loan within a specified period.



3.2.7. Advance against Share:

In order to contribute to the development of the Capital Market of the country, Prime Bank Limited extends credit facilities against pledge of shares to individuals as well as to the Member of Dhaka Stock Exchange (DSE) & Chittagong Stock Exchange (CSE).

3.3. Other Services:

3.3.1. Master card :

Prime Bank Limited obtains principal membership of MasterCard international in the month of May 1999. within a period of 6 months, the bank successfully launch MasterCard – credit card which created a new dimension in its customer service and consumer financing .The special feature of the prime bank MasterCard is that it bears the card holder's photo on the card, which of the first of its kind in Bangladesh and adds security against misuse. Prime Bank Limited issues four types of cards. These are Gold local and International and Silver local and International. Local cards can be used in Bangladesh only.

3.3.2. One stop utility services scheme:

Prime Bank Limited has recently introduced a scheme entitled “**One stop utility services scheme**”. The scheme is designed to provide all the required services to the customers in making payment of their following bills on their behalf from the counter of the Bank.

- To pay electricity bill.
- Cash deposit in his / her account at any branch of the bank irrespective of locations.
- Cash deposit in other's account at any branch of the bank irrespective of locations.
- Transfer of money from his/ her account with any branch of the bank.

3.3.3. SWIFT:

Prime Bank Limited is one of the first few Bangladeshi Banks who have become member of SWIFT (Society for Worldwide Inter-bank Financial Telecommunication) in 1999. SWIFT is members owned co-operative, which provides a fast and accurate



communication network for financial transactions such as Letters of Credit, Fund transfer etc. By becoming a member of SWIFT, the bank has opened up possibilities for uninterrupted connectivity with over 5,700 user institutions in 150 countries around the world and also insured the better customer service.

3.3.4. Service Provided by Different Departments:

Customer service is always a very vital issue for Prime Bank Limited. There is a common dialogue in Prime Bank which says “Customers are our KING” so it likes to treat its customers with a very outstanding manner. As the hospitality is very necessary, the Bank always tries to give its clients the best service. All the efforts and works in the Branch Banking environment focus on customer satisfaction. There are several departments in a Bank which are more or less directly linked with the customers.

All Branches of Prime Bank Limited are divided into three Departments.

3.3.4.1. General Banking Division

3.3.4.2. Foreign Exchange Division

3.3.4.3. Credit Division

3.3.4.1. General Banking Divisions:

General Banking is the most significant department for any commercial bank. This department is designed to serve the general people in saving money, smoothing transactions for commercial people and ensure security of the precious wealth of the client.

General Banking is fully computerized. All transactions are maintained in computer. Computer maintains daily clean cash report, daily general ledger of general banking.

General banking may be termed as retail banking. PBL function of General Banking are divided into following sections-

- Front Desk Activities
- Accounts Opening Department
- Clearing and Bills Department
- Remittance Department
- Accounts Department.



- Cash Department
- Computer Department

- **Front Desk Activities :**

Front desk play a very vital role in a bank's customer service. This happens gradually that a prospective client approach to a bank at first to know something, to know the facilities which the Bank could provide him/her. There are varieties of clients .Someone may be a teacher, someone is a doctor, and someone is businessman and may be some are students. To a Bank all the prospective customers are equally valuable. When a client enters into a bank, he at first meets to the Front Desk. So the officers who serve here play a very important role .It is a very common rule that "First impression should be the best impression". Prime Bank is very prompt in their front desk activities. Here customers find their guideline and all necessary information .They can open their account ,open different deposit schemes, can get cheque book, deposit cheques for clearing, can do pay order, demand draft, telegraphic transfer and could get all support to do so from the experienced officers.

- **Accounts opening Department:**

Account opening department is important department of general banking for the deposit. This department invites people to open A/C to be a client to taking service provided by the Bank. Relation between customer and a banker starts with opening an account.

- **Bills and Clearing Department:**

The main function of this department is to collect instruments on behalf of its customers as agent through clearing House or OBC (outward Bill collection) and to make payment against the account payee instrument drawn upon that branch , received from clearing house or through IBC (inward bill collection). This department receives all kinds of account payee instrument from its customer for collection. The instruments are cheques, draft, dividend warrant, etc. If the instrument is drawn upon any bank which is a number of clearing house of that area the Bank collect it through clearing house and if any instrument is drawn upon



any bank which is situated out of its clearing or of any branch of the receiving bank, the bank collects it through OBC.

- **Remittance Department:**

The bank gives their customers the facility to remit funds from one place to another. The people who are not customers can also enjoy this facility. In our country banks have a wide network of branches all over the country and remit funds from one place to another through this network. The instruments, which are used to remit funds, are demand draft, telegraphic transfer and mail transfer.

- **Accounts department:**

This department records all kinds of transactions of the branch, confirming their accuracy and preparing statements are the main function of this department. Now a day under computerized banking system the job of accounts department became very easy. In computerized account department of PBL, the clean cash statement and supplementary statement on the computer directly prepares party ledger vouchers. The accountant needs not to prepare these manually. The functions of the accounts department can be divided into two parts:

- Daily functions and
- Periodical functions.

- **Cash department:**

The cash department of a Bank is one of the most sensitive departments. The responsibility of the officers of this department is incredible. Two main function of this department are:

- To receive cash &
- To payment cash.

Receiving cash is considered as a liability for the Bank. The Bank is liable to pay its clients, whether he wants to withdraw cash from his account. So cash is credited in the bank's general account and debited in the client's account. On the other hand whenever cash is payment the bank's general A/C is debited as it credited accordingly. All transaction of cash department is posted in computer. There are checking machine in the cash departments to promote the function effectively.



- **Computer Department :**

Computer is a very necessary part of Branch Banking activities. At present Prime Bank is using PC BANK software for their all daily transaction .Officers help customers in this section to post their cheques, provide them bank statement and give them different types of certificates as the customers demand. They also provide them bank balance directly or over phone. Here officers help their clients to get a track of all transactions as if they feel comfort.

3.3.4.2. Foreign Exchange Division:

Foreign Exchange division is a very important part of any commercial Bank.. At present all the branches of Prime Bank Limited are not doing foreign dealings with their clients directly .There are 24 branches of Prime Bank which are AD (Authorized Dealer) of foreign exchange. At present branches play a very important role in supporting LC (Letter of Credit) facilities to their customers. To open an LC in a Bank the following requirement are necessary for any client:

- They should have a Current Deposit (CD) account in that branch.
- Their transaction list should have a good track record of business.
- They should bear a IRC (Import registration certificate) from the authority of Chief controller of Import and Export.
- They should have a TIN certificate.
- They should mention their all prospective business deal in a Pro forma invoice where all the description of the business should be notified.

At present the commercial banks in Bangladesh is paying more importance in foreign exchange dealings. The reason behind it is that it provides them with huge profit than other fields. Prime Bank Limited is also aware of the whole matter and so they are leading in this field at present than other banks in Bangladesh. Good customer management and service helped the institution to invade the proud field certainly.



3.3.4.3. Credit Division:

The following chart represents the Management Structure Credit Department of PBL:

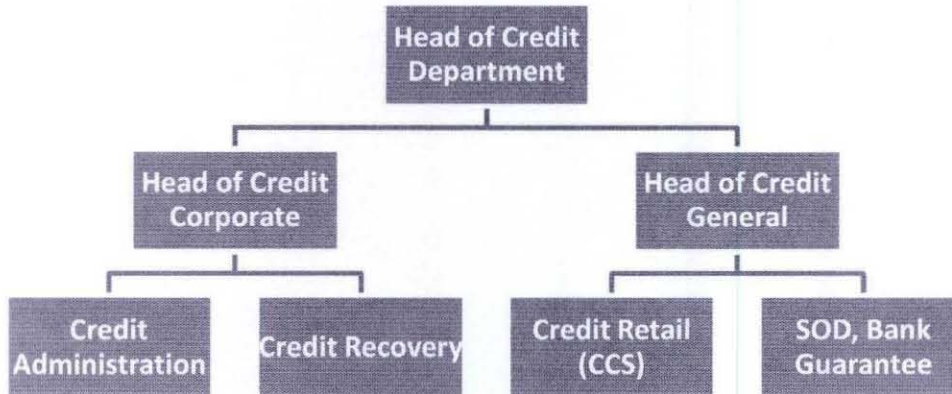


FIG 3.3.4.3.: Management Structure of Credit Department of PBL.

Credit department provides the through different small groups. They divide their total works into different small units and they do those works into different units to maintain their efficiency and speed.

They do the activities in the following units:

- **Sales and Marketing**-Sales and Branch unit
- **Credit Assessment and Approval**-By Credit Unit
- **Credit Documentation and Administration**-Loans Processing and disbursement unit
- **Credit recovery**-by recovery & Collection unit

Depending on the various nature of financing, all the credit facilities have been brought under two major groups;

A. Funded credit

B. Non-funded credit

Under **Non-funded credit**, there are basically two major products namely-

1. Letter of Credit
2. Letter of Guarantee



Under **Funded credit**, there are the following products-

1. Loan (General)
2. Housing Loan (Commercial)
3. Home Loan (Swapna Neer)
4. House Building Loan (Staff)
5. Other loan to Staff (CCS)
6. Cash Credit (Hypo)
7. Cash Credit (Pledge)
8. Hire Purchase
9. Lease Financing
10. Consumer Credit Scheme (CCS)
11. SOD (Financial Obligation e.g. FDR, MBDR)
12. SOD (General)
13. SOD (Work Order)
14. SOD (Export)
15. PAD, LIM, LTR, IBP
16. Export Cash Credit (ECC)
17. Packing Credit (PC)
18. FDBP, IDBP, FBP.

- **Online Banking in Prime Bank Limited :**

At present Prime Bank Limited is serving its clients with Online Banking facility .With these service customers can draw money or deposit money to any one branches of PBL throughout the country. This helps them in innumerable ways. Although Prime Bank Limited doesn't **offer** this facility to all of its customers at present but as the process is upgrading for better services, it is hopeful that the valued customers will get the benefit of real-time online banking very soon.

4. Performance



4. Performance:

Prime Bank has been profitable since the first year of its operations. Profits were low in 1998 as the bank incurred losses on its stock market operations. Management described this as a 'learning experience' and has since refrained from stock trading activities. Indeed the bank's profitability has been exceptional compared with its Bangladeshi counterparts, and it reported an average ROE of 41% (ROE at end-2002 was 30%) between 1999 and 2002.

As a fully licensed commercial bank, Prime Bank Ltd. is being managed by a highly professional and dedicated team with long experience in banking. They constantly focus on understanding and anticipating customer needs. As the banking scenario undergoes changes so is the bank and it repositions itself in the changed market condition.

Prime Bank Ltd. has already made significant progress within a very short period of its existence. The bank has been graded as a top class bank in the country through internationally accepted CAMEL rating. The bank has already occupied an enviable position among its competitors after achieving success in all areas of business operation.

The bank has consistently turned over good returns on Assets and Capital. During the year 2006, the bank has posted an operating profit of Tk. 1146.14 million and its capital funds stood at Tk 2476.06 million. Out of this, Tk. 1000 million consists of paid up capital by shareholders and Tk. 1476.06 million represents reserves and retained earnings.

The bank's current capital adequacy ratio of 10.74% is in the market and much above the stipulated line of 9%. In spite of complex business environment and default culture, quantum of classified loan in the bank is very insignificant and stood at less than 1.52%.

5. Comparative Position



5. Comparative Position:

Prime Bank Ltd. offers all kinds of Commercial Corporate and Personal Banking services covering all segments of society within the framework of Banking Company Act and rules and regulations laid down by our central bank. Diversification of products and services include Corporate Banking, Retail Banking and Consumer Banking right from industry to agriculture, and real state to software.

Prime Bank Ltd., since its beginning has attached more importance in technology integration. In order to retain competitive edge, investment in technology is always a top agenda and under constant focus. Keeping the network within a reasonable limit, bank's strategy is to serve the customers through capacity building across multi delivery channels.

Bank's past performance gives an indication of their strength. The bank is better placed and poised to take its customers through fast changing times and enable them compete more effectively in the market they operate.

There are 43 commercial banks operating in our country. Among all these banks PBL has established itself as one of the most influential local bank. Prime Bank's position can be figured out from the following table.

5.1. Deposit growth of PBL:

PBL's various purpose oriented deposit scheme have been appreciated by the public & have gained popularity. The deposit growth of the bank (2002-2007) is shown below:



Year	2002	2003	2004	2005	2006	2007
Tk.(In Million)	16482	20483	28069	36022	54724	70512

Table 5.1: Deposit Scenario of PBL

Source: Annual Report-2007

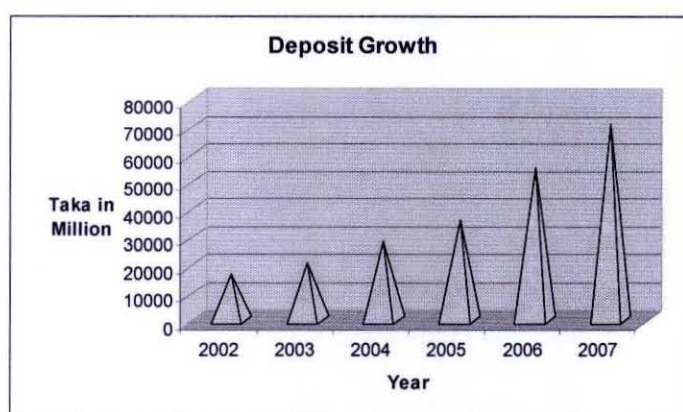


Figure 5.1: Deposit Growth of PBL

5.2. Loans and advances:

Loans and advances/Investments of the Bank grew strongly. The Bank created new Loan Schemes such as any purpose loan, travel loan, CNG conversion loan that increased its diversification of loan portfolio.

Year	2002	2003	2004	2005	2006	2007
Tk.(In Million)	12687	16492	23220	31916	45010	57683

Table 5.2: Loans and Advance Scenario of PBL

Source: Annual Report-2007

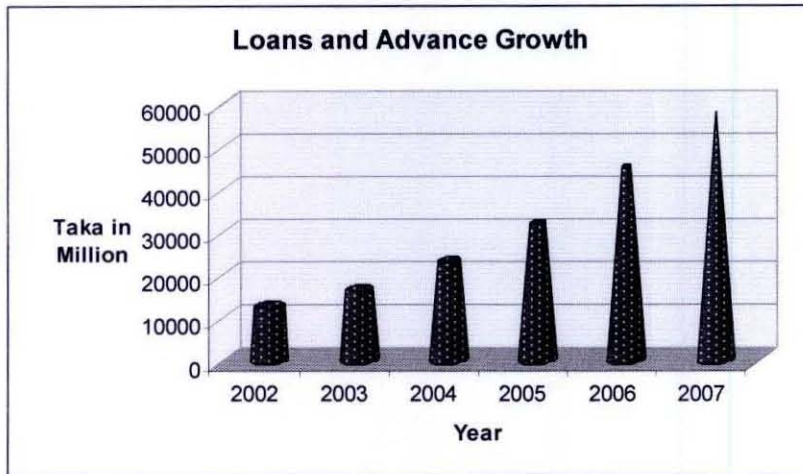


Figure 5.2: Loans and Advance Growth of PBL

5.3. Operating profit:

Wealth maximization is the main concern for every organization. The symbol for wealth maximization is the operating profit. As with the operating profit Prime Bank is doing better and better day by day.

Years	2002	2003	2004	2005	2006	2007
Tk.(In Millions)	748	1001	1146	1520	2131	3257

Table 5.3: Operating Profit Scenario of PBL

Source: Annual Report-2007

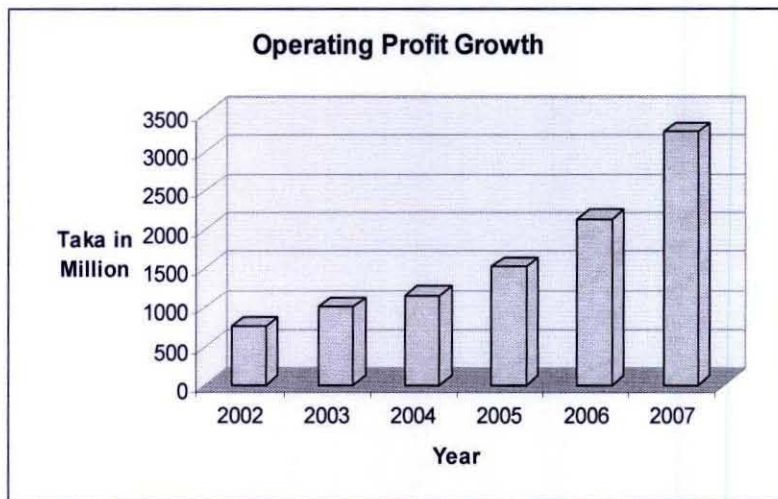


Figure 5.3: Operating Profit Growth of PB

5.4. CAMEL Rating:

Bangladesh Bank (BB) has rated CAMEL (Capital Adequacy, Asset Quality, Management Efficiency, Earning and Liquidity) of all commercial banks on the basis of credit management performance till September 2002. There are two systems of CAMEL Rating. One is 'on-site' and the other is 'off-site'. In off-site rating Prime Bank Ltd treated as not only A-Class bank and but also number one among all other A-Class bank.

CAMEL model attempts to categories the core elements of the overall conditions financial institutions affecting the creditworthiness. The five elements are as follows:

C for Capital, **A** for asset, **M** for Management, **E** for Earning & **L** for Liquidity

According to Bangladesh Bank requirement the capital, assets, management, earnings and liquidity of an FI (Financial Institution) are measured using some ratios. Here use these ratios to view the PBL's positioning terms of these factors.



Probable Rating:

Rating	Description	Asset Quality Rating
1.	Strong	Up to -5.00%
2.	Satisfactory	5.01%-10.00%
3.	Fair	10.01%-15.00%
4.	Marginal	15.01%-20.00%
5.	Unsatisfactory	Above-20.00%

Comment: Assets quality rating 1 [strong]

5.4.2. Earnings

$$\begin{aligned}
 \text{Return on assets} &= \frac{\text{Net Income}}{\text{Total assets [average]}} \times 100 \\
 &= \frac{1400664725}{70244000000} \times 100 \\
 &= 1.99\%
 \end{aligned}$$

Probable Rating:

Rating	Description	ROA (%)
1.	Strong	0.85% and above
2.	Satisfactory	0.65%-0.84%



3.	Fair	0.45%-0.64%
4.	Marginal	Below-0.44%
5.	Unsatisfactory	Net losses

Comment:

Earning rating is 1 [Strong]. That's why it has a strong position to cover all of its expenditure and provisionary requirements.

5.4.3. Liquidity Rating:

$$\begin{aligned}
 \text{Liquidity} &= \frac{\text{Liquid Assets}}{\text{Total Time} \times \text{Demand Liabilities}} \times 100 \\
 &= \frac{20534306160}{74315153436} \times 100 \\
 &= 27.63\%
 \end{aligned}$$

Probable Rating:

Rating	Description	Percentage
1.	Strong	30% and above
2.	Satisfactory	20.00%-29.99%
3.	Fair	19.00%-19.99%
4.	Marginal	15.00%-18.99%
5.	Unsatisfactory	Below-15.00%

Comment: The liquidity rating is 2 [Satisfactory].

5.4.4. Management Rating:



$$\begin{aligned}
 & \text{Management Rating} = \frac{C+A+E+L}{4} \\
 & = \frac{1+1+1+2}{4} \\
 & = 1.25
 \end{aligned}$$

Probable Rating:

Rating	Description	Percentage
1.	Strong	1.00-1.49
2.	Satisfactory	1.50-2.49
3.	Fair	2.50-3.49
4.	Marginal	3.50-4.49
5.	Unsatisfactory	4.50-5.00

Comment: The Management rating is 1 [Strong].

$$\begin{aligned}
 & \text{Bank Rating} = \frac{C+A+M+E+L}{5} \\
 & = \frac{1+1+1+1+2}{5} \\
 & = 1.2
 \end{aligned}$$

Probable Rating:

Rating	Description	Percentage
1.	Strong	1.00-1.49
2.	Satisfactory	1.50-2.49
3.	Fair	2.50-3.49



4.	Marginal	3.50-4.49
5.	Unsatisfactory	4.50-5.00

Comment:

The Bank rate is the total of all the capital, Assets, management, earning and liquidity. Bank rate of PBL is 1[Strong] which shows top class CAMEL rate compare with other Banks.

5.4.5. Comparative Position of Prime Bank Limited:

(Figure in crore Tk.)

Sl N o.	Banks	Operating Profit	ROA	EPS	Deposit	Advance	Paid-Up Capital
1	Prime Bank	101.58	6.57	155	2109.24	1649.22	100
2	Dhaka Bank	54.00	4.19	101.69	1685.10	1288.70	53.10
3	Dutch-Bangla bank	45.30	3.96	280	1713.40	1143.20	20.20
4	Southeast	70.30	4.52	120.64	2011.90	1554.80	56.40
5	Social Investment Bank	50.10	4.98	192	1970.90	1005.80	26.00
6	NCC Bank	62.50	4.86	113	1515.40	1285.0	22.20
7	Al-Arafah Bank	30.70	4.05	60.6	864.30	757.20	50.60

Table 5.4.5: Comparative Position of Prime Bank Limited.

Source: Prime Bank Training Institute.

Graphical Representation:

6. Prime Bank's Operational Network Organogram

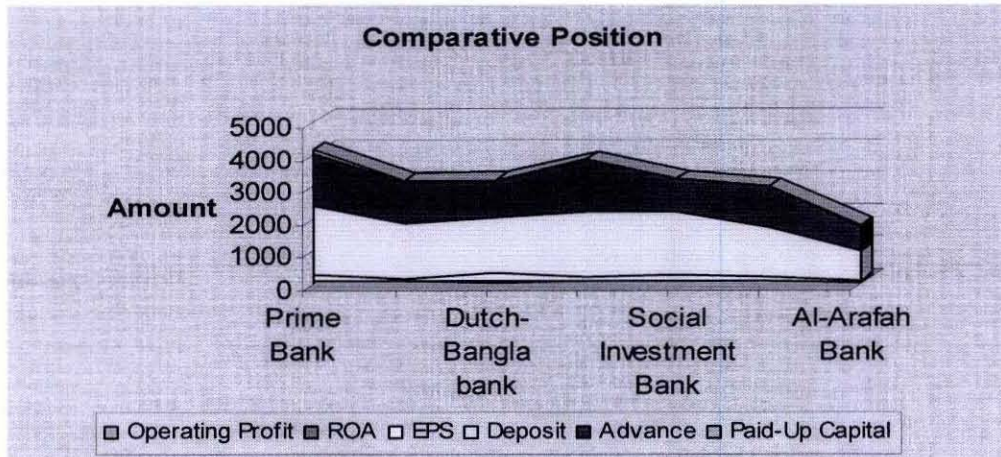


Figure5.4.5: Comparative Position

In short, above discussion proves that this bank is improving day by day and year by year. The PBL also proves that it has the potential to improve more with their same dedication and efficiency.

6. Prime Bank's Operational Network Organogram:

6.1. Organ-gram of Prime Bank Limited:

The organization structure of PBL are given in the next page-

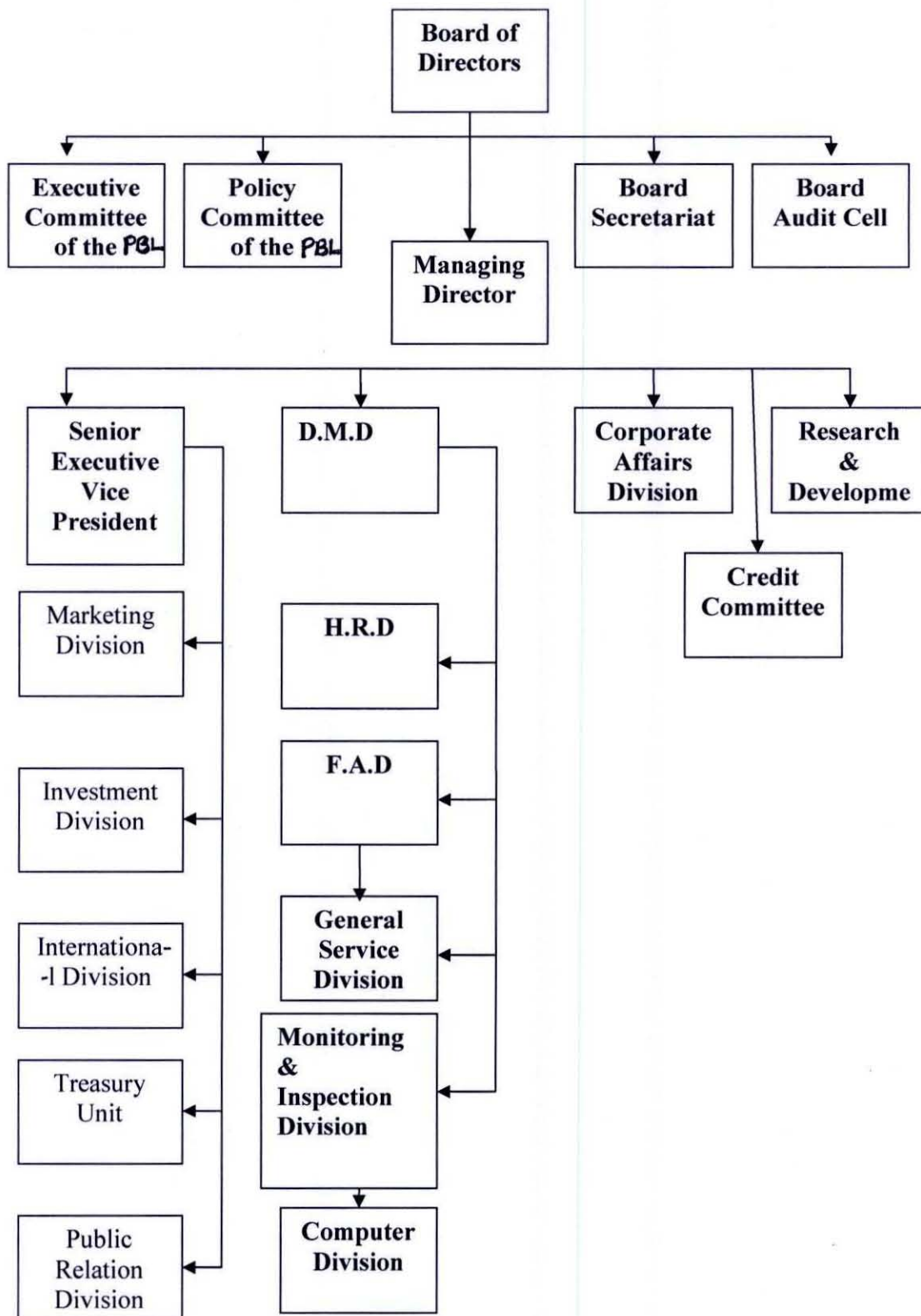
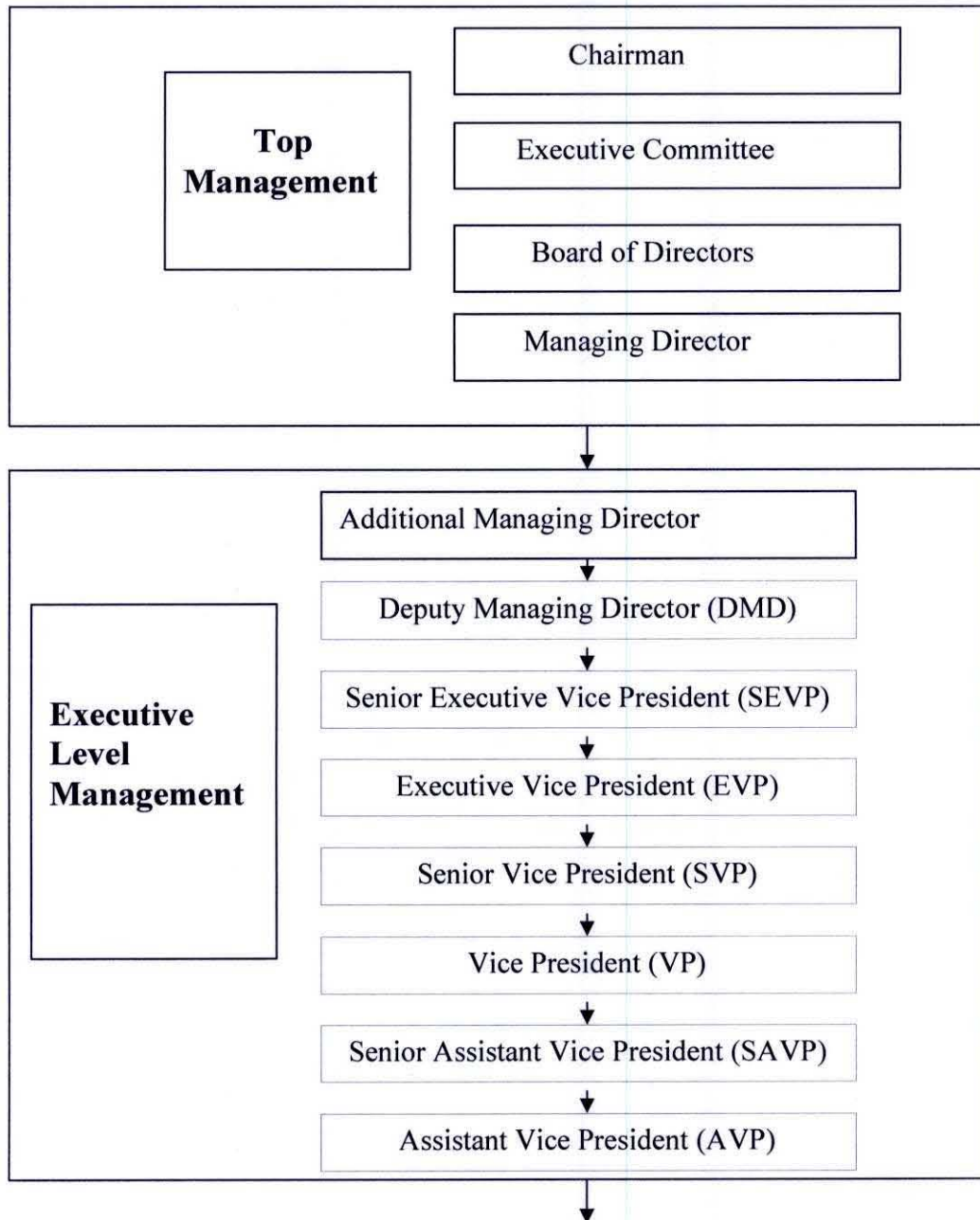


Figure 6.1: Organogram of Prime Bank Limited



6.2. Hierarchy of Prime Bank Limited



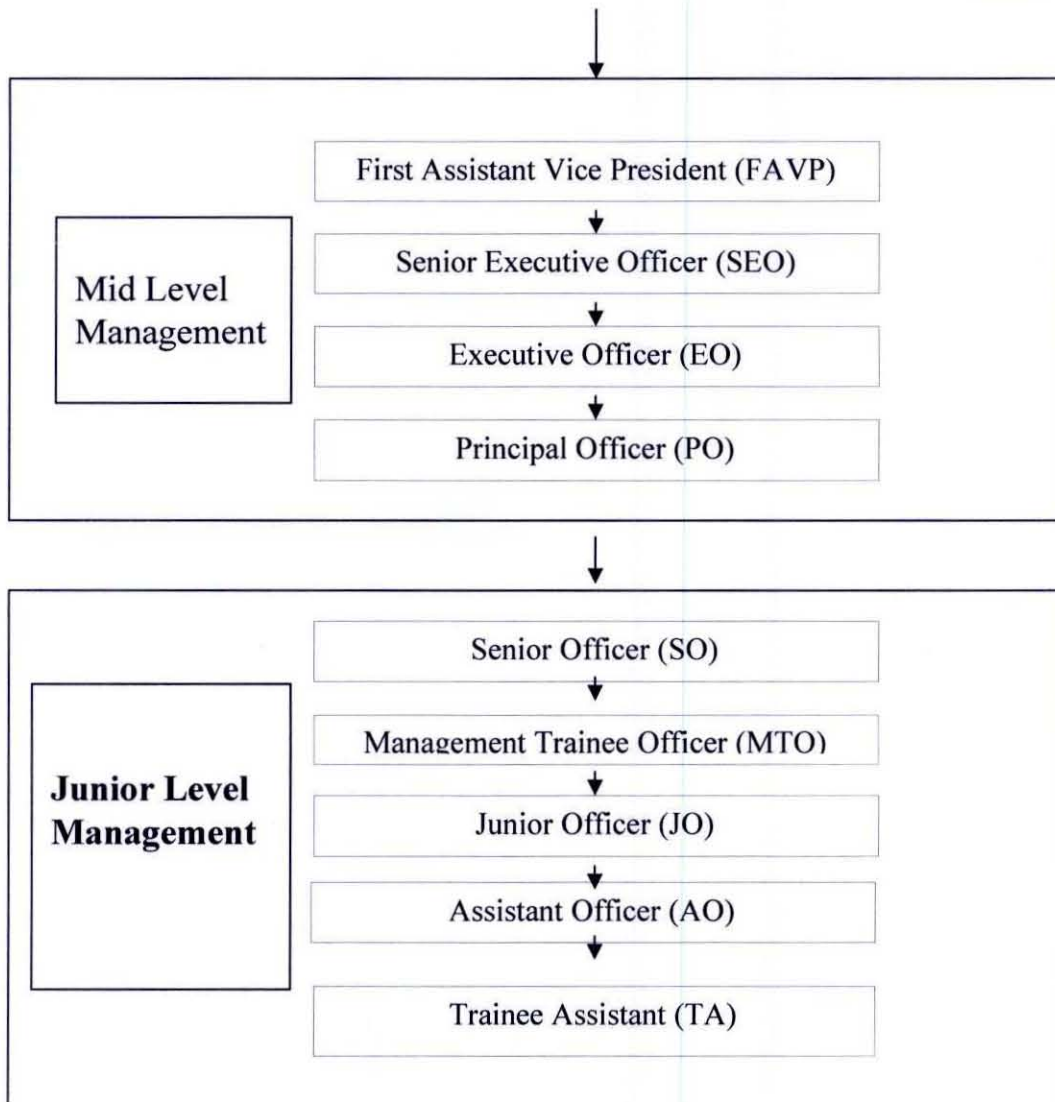


Figure 6.2: Hierarchy of Prime Bank Limited.

Prime bank Limited is a decentralized organization. Here all decisions are not taken by the top management. In all level there is some portion of authority allocated. With the responsibility of the job they have enough power to improvise the quality of the job. The rules and regulations of the organization is not very rigid but it's not very flexible also.



6.3. Field of Operations:

The bank's operations were diversified into the following areas of activities as a dynamic financial intermediary.

- Conventional Banking Operation
- Islamic Banking Operation
- Lease Finance Operation
- Merchant Banking
- Retail Banking

In order to carry out the above operations PBL has set up the following divisions, departments and units in its Head Office:

- Credit Operation & Management Unit
 - a. Corporate/Relationship Operation Department
 - b. Credit Risk Management Department
 - c. Credit Administration department
 - d. Credit Monitoring and Recovery Department
 - e. Export Finance Division
 - f. Small & Medium Enterprise (SME) Credit Cell
 - g. Structured Financing Unit
- International Division
- Treasury Division
- Leasing Unit
- Card Division
- Retail Credit Division
- Corporate Affairs Division
- Islamic Banking Division
- Merchant Banking & Investment Division



For facilitating operations by the above mentioned divisions the bank has established the following divisions to provide support and internal services:

- Human Resource Division
- Information Technology Division
- Public Relations Division
- Financial Administration Division
- General Services Division
- Marketing Division
- Prime Bank Training Institute
- Branches Control Division

For ensuring internal and statutory compliance there are following three cells namely,

- Board Audit Cell
- Audit and Inspection Division
- Central Compliance Department

Besides, there is a Board Secretariat to look after the company matters and to for arrange for Board/Executive Meetings and record the proceeding of the board/EC.

7. Vision's for the Future:

7.1. Vision of the Prime Bank Limited:

To be the best Private Commercial Bank in Bangladesh in terms of efficiency, capital adequacy, asset quality, sound management, and profitability having strong liquidity.

7.2. Mission of the Prime Bank Limited:

To build Prime Bank limited into an efficient. Market driven, customer focused institution with good corporate governance structure. Continuous improvement in Bank's business policies, procedures and through integration of technology at all levels.

8. Assigned job in Prime Bank Limited



7.3. Slogan of the Prime Bank Limited:

To keep continue the growth with reputation and social responsibility, it has its own slogan, “**a bank with a difference**”

7.4. Objective of the Prime Bank Limited:

Prime Bank aims to continuously update and develop its product line and range of services to cater to the needs of retail and corporate customers. To achieve this goal, efforts have been directed in three main areas:

- ♦ Design and introduction of new products and services
- ♦ Shaping and developing the system to face new challenges and emerging need of the market
- ♦ Full implementation and utilization of the Bank’s excellence program which aims to provide service to customers.

While strengthening risk management and improving asset quality is the main focus of the bank, it is also aware of its responsibility to the society. With this noble intention, Prime Bank Foundation was established in 2001, which took part in diverse charitable and voluntary programs to alleviate poverty and community welfare.

8. Assigned job in Prime Bank Limited:

8.1. Nature of the Job:

In prime bank Limited I was attached with the corporate credit division for first ten days then retail credit division (CCS) in credit division. In the corporate credit and retail credit (CCS) my assignments were customer dealings and other jobs which need writing skills, computer skills and specific academic knowledge.

8.2. Specific responsibilities of the job:

8.2.1. In the Corporate Credit Division:

- Preparing the financial statements of the clients and match with the statements provided by the clients.



- Conduct an interview with the client or the commercial of the client to know some specific information. Have to know about the following points: present and future prospect of the business, total investment required in the business, amount of advance required, borrower's stake in the business, period for the advance is required, source of repayment, customer's previous bankers, securities offered, terms of repayment, rate of interest, proposed margin and etc.

8.2.2. In the Retail Credit (CCS) Division:

- Prepare the sanction letter for client.
- Prepare the certificate of for the closing of the loan.
- Check the customer's accounts to find out who give the installments of the loan.
- Write down the loan account number of the client's who gave the installments with the installments amount.
- Receive the money from the customers account, authorize that and print the vouchers.
- Check the customer's repayment statements then select the customers' name that did not pay due installments and have overdue.
- Write letters to the clients to inform that they are having overdue or classified.
- Inform the guarantor via phone and letters that their guaranteed clients are not paying regularly.
- Call the customers who have overdue of three to five installments. Convey the message to them that their accounts are classified under special mention account and record the date on which they are willing to pay their next payment.
- Call the other customers who have more than SMA and even less than that and get a date on which they want to pay.
- Preparing the transfer letter of the Car.
- Preparing the purchase order.
- Check the client's CIB report, if the report is positive then put the file on the disbursement table or call the related sales executive and inform that the CIB is negative.



- Check the client's commitment papers and find out that all legal documents are attached with it or not. If any legal document missing then call the related sales executive and inform about the missing document.
- Record the client's details after disbursements of the files.
- Give entry in the incoming register for the incoming files which are coming after getting sanction from head office.
- Give entry in the disbursement register for daily disbursed files.
- Fill up the payment slips for the customers.
- Depending on requirement I filled up the files of the customers also.

8.3. Different Aspects of Job Performance:

As my first practical experience it was very exiting for me. My academic learning's helped me a lot in performing well. First in the corporate department I have to go through some specific responsibilities and beyond that I did not get opportunity to do other things but in retail credit I got the opportunity to go through all the activities done in the CCS (retail banking department). It was a great experience. I got the chance to use their software T24 and do all usual activities done with in the department. It was a great opportunity to prove my potentiality as they gave responsibilities on me and so far I can realize they appreciate my performance. I find customer dealings little difficult, different customers have different way of communication and level of satisfaction so I tried to be very conscious while dealing with them. In short, from all aspects it was a very good opportunity for me to perform in the practical field and learn the basics and my honest effort was there to utilize that great opportunity.

8.4.Critical Observations and Recommendations:

After performing in corporate credit and retail credit division of motijheel branch I observed that each department have qualified employees and each of the department has it's own value in the credit sector of Prime Bank Limited but both thinks they are contributing more. For this situation they are loosing some business sometimes so my recommendation for them is to show positive mentality in between themselves for their



future glory. In both division employees are worried about their salary and bonus. Salary, bonus all these are main motivation for work so the authority should not delay the salary or should not create any mystery about the number of bonuses given because it effects the performance of the employee. The employees have computer knowledge but there is a need to improve their computer skills because even for the general problems they call IT peoples and the work delays for long time. Office environment is good in a sense that there is no gender discrimination but in the summer some corners of the departments are really suffocating because when the electricity is not around the centrally air-conditioned building which has no other ventilation system became miserable for the employees so my recommendation is that to get proper quality work from employee management should get some generator connected fans. It is a very good side that management provides a prayer room and a dining hall for the employees but they should take good care about the maintenance of the dining hall and prayer room because it is not cleaned and maintained properly. In short, after critically observed I get some points to recommend but there are many positive points like they are providing high quality software, different staff loan facilities, position wise accommodation and transport facilities, gift cheques and etc.

**Consumer Credit Scheme of Prime
Bank Limited**



9. Summary:

In the economy of the country a bank is a vital player. At present, there are 43 commercial banks in our country. Among other banks prime bank limited plays as a leading bank to provide efficient banking service with a view to accelerating socio-economic development of the country. With the passing time, new competitors appear with better ideas & products as well as services and creating more competitive situation in the market. "Consumer credit scheme" is one of the new innovative idea which cater to the credit needs of the low & middle income groups. At the present time, many banks operate this scheme with short volume. Only Prime Bank limited and other few banks operate this scheme in a large volume. To make its position more strong, PBL wants to make this scheme more attractive from the customers view point. PBL working on the improvement process but at present, consumer credit scheme of Prime Bank Ltd provides Car Loan which includes Car, Jeep, Station Jeep, Pick up Van, Cover Van, Bus, Truck, Abulance and any other vehicle for own use. Doctors Loan, which is for the doctors only. Any qualified person can take "advance against Salary" loan. Education Loan is for Study purpose only. For fulfilling the traveling purpose Travel Loan is available. Wedding loan is also available for the purpose of wedding. CNG Conversion Loan can be taken to convert into CNG. Any Purpose Loan is available for any emergency need. Hospitalization Loan is also available because this bank realizes the emergency need for hospitalization. These all loans need personal Guarantee. These loans require certain percent of equity investment and it has to be repaid by equal monthly installment. This loan has to be repaid within a specific period. Any interested person within the age of 25 to 60 and having a permanent job or having a stable business can apply for the CCS loan of Prime Bank Ltd. Under CCS program of Prime Bank Limited a borrower can get maximum of taka 40, 00,000 and minimum taka 10,000. The down payment is 10% of the loan for each product. The interest rate is 16% for the all products and Prime Bank Ltd. charges 1% service charge and 1% risk fund for all products other than for Car loan and Doctor's loan. There is system of advance against salary and CNG Conversion loan. This was the brief description of present CCS of Prime Bank Ltd. This scheme provides different facilities to the customers and it's attracting more customers with the passing time but there are some negative points where management should concentrate because these negative points created due to customer dissatisfaction which can be harmful for their way of achievement. Prime Bank Ltd is trying to

Consumer Credit Scheme of Prime Bank Limited



improve this scheme but they should more concentrate on creating variety products in their CCS, such as – Teacher Loan, Shop Financing Scheme and Personal Loan for Women etc. They can go for the packages products also. Prime Bank LTD should also focus on decreasing interest rate which is very high from the customer's point of view, and increase the loan payback period to gain competitive advantage. Considering the CCS in Bangladesh market, PBL is in good position. In short, if they can overcome these problems then their improved growth will be ensured.



10. Description of the project:

This report covers detailed discussion about Consumer Credit Scheme's of Prime Bank's Limited, market position of CCS. It focuses on the over view of Management & organizational structure, overall performance of Loans & Advances of Prime Bank Limited. It also covers the findings, analysis and based on these two some recommendations.

10.1. Objectives of the Study:

10.1.1. Broad objectives:

The Broad objective of the report is to know the overall performance of consumer credit scheme of Prime Bank Limited through different aspects of the banking sector & to evaluate how well bank is doing in its Consumer Credit Scheme.

10.1.2. Specific objectives:

Specific objective is to prepare a sound report that must be reliable and dependable.

10.1.2.1. The specific objectives to help in explaining the broad objectives are as follows:

- To trace the origin of the CCS of the PBL.
- To gather comprehensive knowledge on CCS.
- To understand the need & objective of credit Management Specially CCS.
- Gather knowledge about PBL credit function.



- To identify the competitive position of the Consumer Credit Scheme of Prime Bank Limited
- To identify the weakness & problem in CCS with the opportunities and strength.
- Find out the problems which are effecting on the performance of CCS.

10.2. Methodology:

10.2.1. Data Collection:

For smooth and accurate report every one has to follow some rules & regulation. The study impute were collected from two sources:

10.2.1.1 Primary sources

- (i) Practical desk work.
- (ii) Face to face conversation with the officer.
- (iii) Direct observations.
- (iv) Face to face conversation with the clients.

10.2.1.2. Secondary sources

- (i) Files & Folders.
- (ii) Memos & Circulars.
- (iii) Daily diary (containing my activities of practical orientation in PBL) maintained by me,
- (iv) Various publications on Bank,
- (v) Websites,
- (vi) Different circulars sent by Head Office and Bangladesh Bank.
- (vii) Retail banking credit policy manual of prime bank Ltd.
- (viii) Annual report (2007) of Prime Bank Ltd.

Chapter One:

Consumer Credit Scheme in Bangladesh



10.3. Limitation of the Report:

In spite of having the wholehearted effort, there are some limitations, which acted as a barrier while preparing report. The limitations were --

- PBL starts in 1995 and there are shortages of sufficient data for comparing. Moreover, PBL can't supply the recent year's annual report.
- Another limitation of this report is Bank's policy of not disclosing some data and information for obvious reason.

11. Consumer Credit Scheme in Bangladesh:

11.1. Introduction

Bangladesh is a developing country. Per capita income of our country is very poor so the majority of our population is forced to live a sub-standard life. The middle class and the disciplined professionals cannot afford to buy essential utility products at a time. As such, they cannot able to raise their living standard to an expected level. Different private sector banks and foreign commercial banks have introduced the household durable loan scheme known as "Consumers Credit Scheme" to fulfill the dreams and desires of middle class fixed income group by providing loan to purchase necessary products.

11.2. CCS in Bangladesh:

Consumer Credit Scheme is very much popular in most of the developed and developing countries of the world. This is designed to finance the fixed income group for buying essential commodities, which is to be repaid by monthly installment over a period in accordance with a contractual agreement. Consumer Credit Scheme is becoming very much popular in our country. A good number of financial institutions in our country are successfully operating this scheme. First of all the Islami Bank Bangladesh Limited introduced this loan in 1993. Following their success other private banks like Prime Bank Ltd., Uttara Bank Ltd., Pubali Bank Ltd., Mercantile Bank Ltd., IFIC Bank Ltd. and other



introduced this scheme later. Now near about every private sector banks offering this household durable loan but among the foreign commercial banks this is not that much practiced but few banks offer this CCS loan extensively. Some other banks failed to operate CCS successfully as a result they bound to close-up this scheme like Dhaka Bank Limited. Now it is monitored the name of banks that operate CCS program extensively as much as possible.

11.3. CCS of Different private Banks:

Name of Bank	Name of Scheme	Date of Starting
Islami Bank Bangladesh Limited	Household Durables Investment Scheme	1993
Prime Bank Limited	Consumers Credit Scheme	1995
Social Investment Bank Limited	Households Loan	1995
Pubali Bank Limited	Consumers Credit Scheme	1996
Uttara Bank Limited	Uttaran-Consumers Credit Scheme	1996
ANZ Grindlays Bank	Personal Finance	1996
Arab Bangladesh Bank Limited	Consumers Credit Scheme	1997
Al-Arafa Islami Bank Limited	Kengkhito Samagri Biniog Prokalpo	1997
Al- Baraka Bank Limited	Al- Baraka Consumer Credit Scheme	1997
Mercantile Bank Limited	Consumers Credit Scheme	1999
One Bank Limited	Consumers Credit Scheme	1999
IFIC Bank Limited	IFIC Consumers Credit Scheme	1999
Premier Bank Limited	Consumers Credit Scheme	1999
The City Bank Limited	Consumers Credit Scheme	1999

Table 11.3: Date of starting of Consumer Credit Scheme in different private banks

Source: Brochure of those mentioned banks

Chapter Two:
**Consumer credit scheme of Prime Bank
Limited**



11.4. Eligibility for CCS loan:

To be eligible for CCS loan different banks have different criteria. Some banks offer this loan to each level of income group and to the every profession where others have some limited areas for disburse this type of loan. Most of the banks offer this loan to the following professions with an age range of 18 to 60. Loans are given to the following criteria-

- θ Government organization.
- θ Semi-government and Autonomous bodies.
- θ Banks. Insurance Company and other financial institutions.
- θ Armed force, BDR, Police and Ansar.
- θ University, College and School.
- θ Locally established and renounced Public Limited Companies.
- θ Multinational Companies.
- θ Bank acceptable Company.
- θ Professionals Doctor, Engineer, Lawyer, Architect, Chartered Accountant, Journalist, and self employed person etc.

12. Consumer credit scheme of Prime Bank Limited:

Bangladesh is a country which is having huge population. When the world turns to be a “Global Village”, many of our people live below the poverty line. In this situation when all other banks are running after making profit only, Prime Bank is committed to play a vital role in the overall socio economic development besides profit making. As per its commitment, it launched “Consumer Credit Scheme” in the Year 1995 to enhance the living standard of the people of limited and fixed income.

Prime Bank Ltd tries to establish the concept of “Relationship Banking”. It treats clients as its ‘Financial Partner’ and always intends to be a friend in bad times by means of



proving financial assistance in those days. Till the current fiscal period it provides financing for the following purposes:

- To purchase different home appliances.
- To purchase equipments for medical services.
- To purchase motor vehicles.
- To meet up emergency or sudden needs.
- To arrange marriage ceremony.
- To enjoy vacation both inward & outward of the country.
- To bear the educational expenditures of children.

All of the above facilities were not available under the 'Consumer Credit Scheme, launched in the year 1995. The new facilities are added with the Consumer Credit Scheme under the head of the "Retail credit Scheme". This new scheme has been introduced and it came to effect from the 1st March 2004.

The following chart represents the retail banking or (consumer credit scheme) management structure:

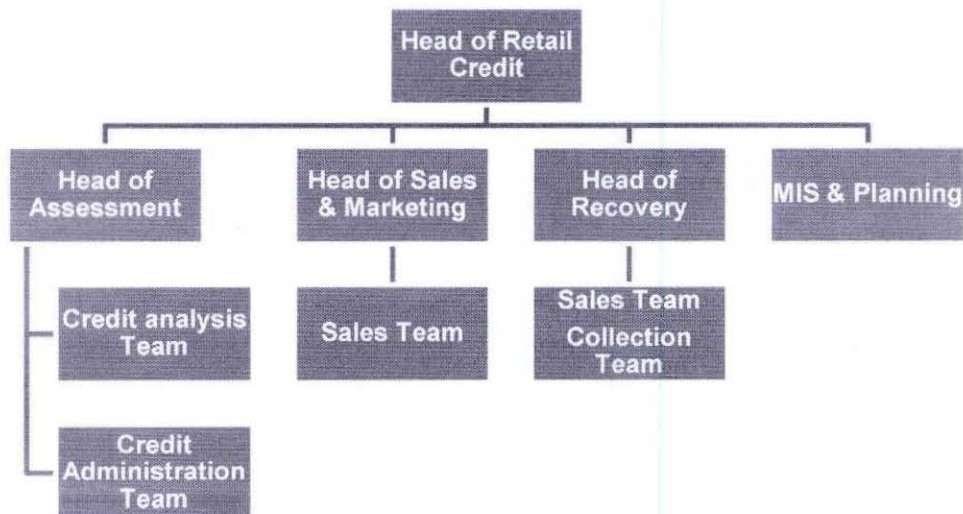


Figure 12: Organization Structure of Retail Credit Department.



12.1. Objectives of the Scheme:

- Prime Bank Limited started the Consumer Credit Scheme program with a view to fulfill its benevolent institutional objectives through financing the middle class limited income group.
- To ensure the credit facility to the both middle class Limited income group and upper class income group.
- To improve the living standard of limited income group through financing in purchasing necessary goods.
- To participate in the socio-economic development of the country.

12.2. Discourage list of the customer:

The following are the people who should be discouraged in extending credit facilities under this scheme:

- The employees of frequently changing services.
- The employees of enterprises which does not have good reputation.
- Employees having take home salary less than taka 10,000 per month.
- Businessman who does not have trade license.
- Previous clients who have bad reputation.
- Who has bad CIB report.

12.3. Consumer Credit Scheme's Products:

The products of Prime Bank with their financing items under CCS loan are given below:

Products	Financing items
Household Durable Loan:	Motor Cycle, Personal Computer, Photocopier, Fax machine, Small PABX system, Television, Mobile Phone set, Refrigerator, Audio-video equipment, Other home electric appliances,



	Furniture and any other household items.
Car Loan:	Car, Jeep, Station Jeep, Pick up Van, Cover Van, Bus, Truck, Abulance and any other vehicle for own use.
Doctors Loan:	For the Doctors only.
Advance against Salary:	Any qualified person.
Education Loan:	For Study purpose only.
Travel Loan:	For traveling purpose.
Wedding loan:	For wedding only.
CNG Conversion Loan:	To convert into CNG.
Any Purpose Loan:	For emergency need.
Hospitalization Loan:	For treatment in hospital.

Table12.3: Products with their financing items.

12.4. Credit Limit, Period of Loan, down payment:

Under CCS program of Prime Bank Limited a borrower can get maximum of taka 40,00,000 and minimum taka 10,000. The down payment is 10% of the loan for each product.

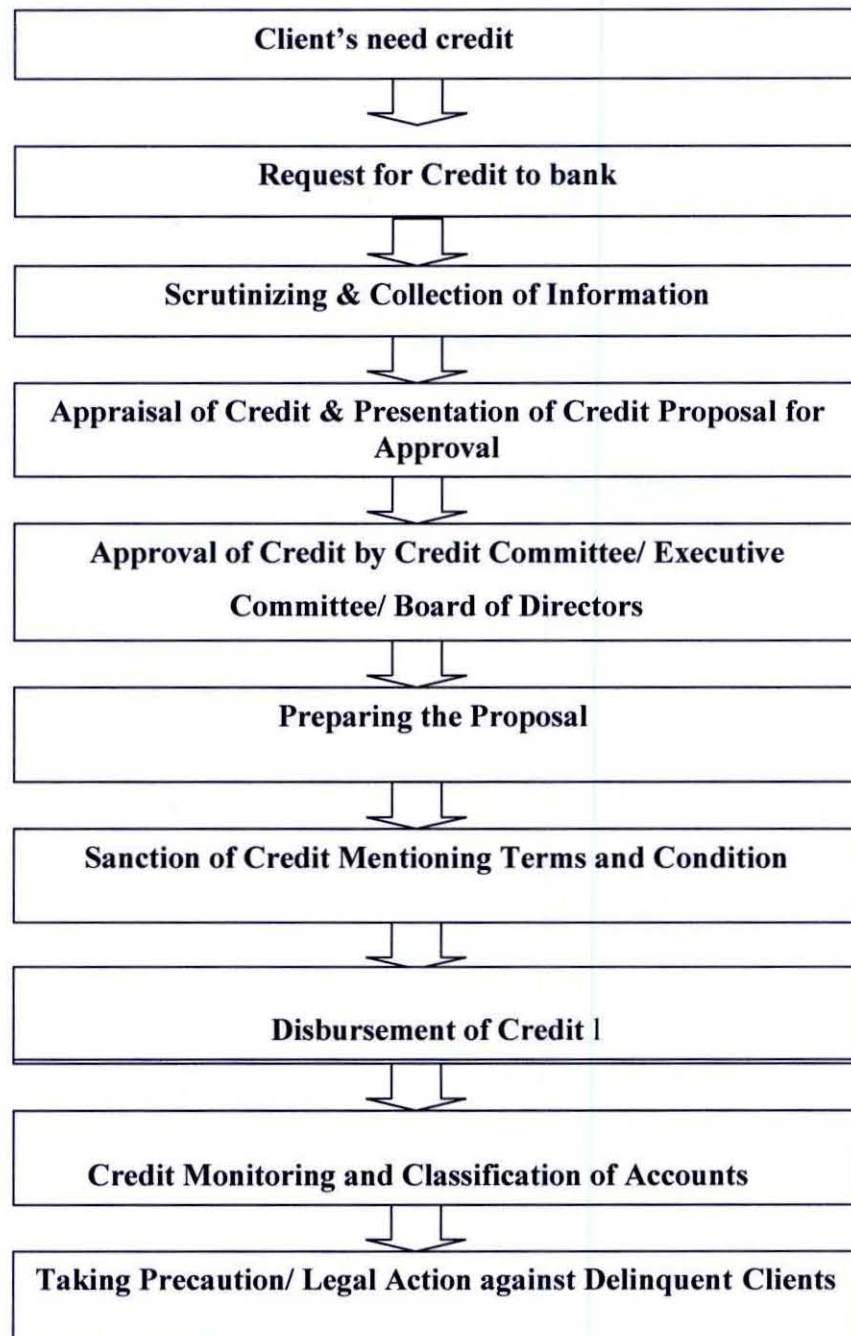
12.5. Interest and other charges:

The interest rate is 16% for the all products. And Prime Bank charges 1% service charge and 1% risk fund for all products other than for Car loan, Doctor's loan, Advance against salary and CNG Conversion loan.

12.6. Steps in Loan Processing



There are some stages the proposal has to come across. The steps are shown in the next page-





12.7. Application procedure:

The intending client will have to apply for the credit in Bank's printed application form, which is available in respective Branch on payment of Taka 500 only. Customers will submit the application form dully filed-in with 2(two) photograph and signed along with quotation for purchase of desired article or any other relevant documents.

The customers' name/other name(s) including nickname, if any should be mentioned in every loan application.

12.8. Processing of applications:

On proper scrutiny of the application, branch will inform the initial decision (acceptable for processing /decline) to the applicant within 3(three) working days from the date of receiving application. Applicant will submit the above dully filed-in with the following additional papers:

- Salary certificate for service holders.
- Trade license and TIN Certificate (if any) for businessperson.
- TIN Certificate of applicants for vehicle loan (compulsory)
- Bank statement of last six month.
- Attested photocopies of current tax receipt, electric bill etc & lease agreement (if any) when the source of income is house rent as a land lord.

Branch will inspect the given information with respect to eligibility, feasibility and security. After completion of all necessary formalities, Branch shall disburse the loan or refuse the proposal within 7(seven) working days from receiving the additional papers. Price of the items (Down payment + loan amount) should be given to the respective supplier through Payment order (PO) after completion of necessary documentation.

12.9. Documents:

For execution of CCS loan, Bank usually uses two types' documents. One is application from and other one is charge document. Details of these documents are given below.



12.9.1. Application Form:

The contents of application form for CCS loan of different banks are almost the same and these are as follows.

- **Personal Details of Applicant (s):**

The applicant's personal information is written down .

- **Employment Details:**

In this section, applicant has to specify the details about his employment (Name of the Company where he belongs, designation, years of service, salary etc.)

- **Loan Details:**

Amount of Loan, Period, Interest, Equity, Mode of Repayment, Security and Other charges are to be mentioned.

- **Financial Details:**

Total assets, Total liabilities, Monthly income, Monthly expenses and all other financial details of the applicant has to be mentioned.

- **Particulars of Guarantors:**

Details of Guarantors with their Job details are to be stated here.

- **Quotation:**

Quotation contains the details descriptions of the goods, brand, model, size, manufacturer, price and details of supplier.

- **Letter of assurance:**

This is the assurance of the working organization of the client to pay the installment on behalf of the client in case of the client fails to repay.

- **Declaration:**

This the declaration of the borrower that all the information regarding the quotation of goods is correct and s/he agrees with all terms and conditions of the Bank.

- **Certification of the organization:**

In this section the working organization will certify that the borrower is the employee of the organization.

- **Photograph:**

Two copies of photograph are required for each client.



- **Charge Documents:**

Charge documents are set for documents that contain different rules, terms and conditions. If the borrower of CCS loan agrees with all these terms and conditions regarding the loan she/he needs to sign all the documents. If any disagreements or irregularity occurs in future, these documents will be exercised to suit against the borrower. Before the disbursement of CCS loan, the following documents must be signed by clients:

- **The stamps needed for these documents are paid by the clients.**
- **Letter of Guarantee:**

This letter of guarantee is two sided. One is borrower side guarantee and another one is guarantor side guarantee. Borrower side guarantee consists of agreement of all terms and conditions of Bank as well as assurance of proper repayment of installment. Guarantor side guarantee is the undertaking by the guarantor to pay the installments in case of failure of the client.

- **Letter of Hypothecation:**

It signifies that the goods/items are hypothecated to the Bank.

- **Demand Promissory Note:**

It is the promise of the borrower to pay on demand of the Bank. The overdue or if necessary then total outstanding.

Letter of Installment:

Borrower promises to pay, his regular and irregular installments within due time in this document.

- **Letter of Disbursement:**

This is the declaration of disbursement of Loan to the borrower.



- **Letter of agreement:**

This is the agreement that the borrower is bound to pay all dues together with all other charges and the borrower gives the bank the authority to discharge the agreements any time due to the fault in borrower side.

- **Letter of Authority:**

This is the letter the borrower gives the Bank the Authority to debit the account if necessary.

12.10. Mode of Repayment:

Repayment of loans including accrued interest will be made by equal monthly installment, which will start from the following month of the disbursement of loan. Before disbursement of loan, the customer will deposit crossed cheque covering the total number of monthly installments in favor of Bank which will have to be presented for collection on the due date. Installment will be paid within 7th day of each month. However, prepayment is allowed.

12.11. Prepayment:

Customers can repay the loan before maturity of the loan. In case of early payment bank has to face reinvestment risk. That is from the early payment of a loan bank gets an unanticipated fund that may or may not be invested at the previous rate, because interest tends to decline over time because of the growing competition among banks. But Prime Bank usually appreciates the early repayment of loan and offers a rebate of interest amount as well as no prepayment penalty is to be charged like other banks. The reason behind this is that Prime Bank tries to avoid classified loan even at the cost of losing some profit and receiving risk just to maintain its credit history and good CAMEL rating.

12.12. Other Conditions:

- Customer will bear the license fee, registration fee, insurance charge etc, if any, in respect of the product.



- Customer will bear the expenses for necessary repair and maintenance of the item during the period loan.

After delivery of the articles, the respective customer shall remain responsible if the articles are broken, stolen or damaged. The products shall be used by the customer with optimum care, caution and prudence and he will be liable for-

- Compensation or replacement etc. for any damaged caused due to this negligence, carelessness and inefficient handling. In the event of the articles being lost or totally damaged and become irreparable due to his negligence, carelessness and inefficient handling, he will be liable to adjust Bank's due i.e. outstanding principal, interest and other charges on demand.
- Customer will inform the Bank of any change of his address immediately after the change.
- The articles shall remain in sole control and custody of the customer who will not let out, lend, resell or transfer the possession or rights of the same to a third party under any circumstances.
- Customer will keep available all the articles supplied to him for inspection by the Bank officials or supervising agency as and when required.
- Default in payment of 3(three) consecutive installments shall render the customer liable to handover the articles of the Bank.
- In case of loan for purchase of Car loan, the registration of the vehicle loan shall be made in the sole name of the Bank/joint name of the Bank and the customer until full adjustment of the loan.
- The Registration, Blue book, Tax token, Fitness Certificate, etc for vehicles must always be kept up to date at the cost of the customer.
- The vehicles must be covered by comprehensive insurance policy to be taken by the customer on his own expenses.
- No additional amount will be paid by bank for repairing or any other purpose for which credit was allowed.



12.13. Judgment process of credit proposal under the CCS:

Loan and Advances are the main form of asset of a bank. It is very crucial for any bank because it generates the greatest part of revenue for a bank. Within the total credit portfolio consumer credit is the most popular form of credit because it is easily recoverable and has easy processing system with in short time. To disburse the loan, the credit officer has to verify the potential borrower's income, expenditure pattern, type of service etc to select the appropriate borrower. From branch credit officer go to the customer's provided office and residential address for verification of information.

The factors which are considered in this process are stated below:

12.13.1. Borrower's income:

It is the most important factor for selecting a borrower. To gather required information in his regard, the borrower is requested to allow the credit officer to verify the following subject matters:

- Place of employment.
- The stated Salary.
- The continuity of existing job.
- Income from part time employment.
- Spouse's income.
- Income from rentals.
- Dividend or interest.
- Children's support.

Besides these the credit officer also verifies borrower's income from the TIN certificate, tax return and salary statement etc.

12.13.2. Estimated Housing Expenses:

The credit officer tries to evaluate the expenditure pattern as well as monthly living expenditure with the help of the following information:

- Children's educational expenses.



- House rent.
- Interest payment on previous borrowing.
- Interest payment for the loan which is under consideration.

12.13.3. Location:

The location of the borrower is an important factor for selecting any borrower. If the location of the borrower is far from the bank, the physical communication becomes tough for the bank then in this situation bank likes to provide loan to those who stay near to the bank's branch and refer others to their nearest PBL branch. With out physical verification no loan will be given and the management is very strict about this.

12.13.4. Assessment of credit History:

The credit officer evaluates the credit history of a potential borrower with the help of the CIB report and with the inquiry of his or her Business community. CIB report is very important, without the positive CIB report no loans are given to the customer according to the rules of Prime Bank Ltd.

12.13.5. Social Status:

Social status of a borrower is to be verified from the following information:

- Ownership of a car.
- Ownership of a House in the metropolitan area.
- Holding a land phone in residence.
- Holding a passport, TIN certificate.
- Membership of a first club.
- Marital status.
- **Guarantors status:**

Under the CCS, credit is offered by taking personal guarantors from a third party. The guarantor will be liable for the default of loan so guarantor's designation, type of job, monthly salary, period of service, office address, and the consent of the guarantors regarding the matters are evaluated.



12.14. Loan sectioning process:

- The officer of the retail credit unit pursue the prospective customer to take the retail asset product
- The customer may submit the loan application directly to the retail credit unit or to any nearest branches of Prime Bank as convenience.
- After receiving the credit application from the customer the branch forward it to retail credit unit immediately.
- Then the retail credit unit inspect and verify the information provided by the customer in the credit application and apply all due diligences for approval or declining the loan.
- If the retail credit committee approves the proposal, sanction advice is issued to the customer and asked to finish all other documentation and to give the required number of post date cheques.
- Both the Retail credit unit and branches keep the record of approved and declined loan proposals.

12.15. Monitoring and Recovery:

The credit under this scheme is fully supervised and as such, the success of the scheme depends on proper and persistent supervision, follow up, persuasion and monitoring of the credits by the Branches. Branches shall maintain proper records of the applications received, loan sanctioned, disbursement and recovery made. It is worthwhile to mention here that optimum recovery can be ensured by developing relationship with the customers and the beneficiaries and maintaining supervision thereon without filing any suit/case. The mechanism of supervision and monitoring are as follows:

- Regular checking of the balance of the clients account.
- Regular communication with the defaulting customer and guarantors physically/over telephone.
- Issuance of letter to customers immediately after dishonor of cheque.
- Issuance of letter to defaulting customers and respective guarantors.



- Contacting the employers of the defaulting customers (after their overdue installments)
- Issuance of legal notice to the customers and guarantors prior classification of loans.
- Issuance of application/greeting letter to the regular customers.
- Periodical visit to the customer to maintain relationship and supervision of supplied goods/items.
- Legal actions to be taken after all possible efforts to recover the Bank's dues have in vain.

12.16. Steps against Defaulters:

If a borrower fails to pay 3(three) installments consecutively he/she consider as a defaulter. Prime Bank Limited usually follows the following guidelines for treatment of its overdue installments.

- Telephone contact.
- Cheques bounce Letter.
- Overdue recover Letter.
- Letter of guarantors.
- Letter to authority.
- Legal notice to borrower and guarantor.
- Suit notice.

12.17. Loan Amortization:

Prime Bank uses the most common loan amortization method that is "Capital Recovery Method". Under this method constant monthly payment is calculated on an original loan amount at affixed interest for a given term.

Example: Loan Amount: BDT 100,000 (PV)

Interest rate: 15 % (r)

Number of Installments (monthly): 24

Chapter Three:
Different Consumer Credit Schemes of
Prime Bank Limited



So monthly install will be: $PV/*MPVIFA@15\%, 24\text{months})$

So Monthly instalment: $100,000/20.62423451=\text{BDT } 4848.66/\text{Month}$

*MPVIFA=Monthly Present Value Annuity Factor.

Month (1)	Beginning Balance(2)	Monthly Interest (3)=(2)*(.15/12)	Monthly Payment (4)	Monthly Amortization (5)=(4)-(3)	Balance (6)=(2)- (5)
1	100,000	1250	4848.66	3598.66	96,401.34
2	96,401.34	1205.02	4848.66	3643.65	92,757.69
3	92,757.69	1159.47	4848.66	3689.19	89,068.49
4	89,068.49	1113.36	4848.66	3735.31	85,333.18

Figure12.17: Amortization Schedule.

13. Different Consumer Credit Schemes of Prime Bank Limited:

13.1. Doctor's Loan of Prime Bank Ltd:

This is a new product of Prime Bank Ltd. With the emerging concept of global village the medical profession is becoming sophisticated. In our country the number of doctors is higher than other professionals. The doctors need money to purchase modern medical equipments to provide better services to the patients. Prime Bank launched the doctor's loan to promote the health services of our country.

13.1.1. Eligibility of applicants:

- 1) Bangladeshi citizen.
- 2) Minimum graduate in medical science.
- 3) Allopathic medical professionals.
- 4) Adequate earning capacity to service the loan



- 5) Within 25 to 65 years.

13.1.2. Purpose of the loan:

- 1) To set up and renovate chambers.
- 2) To purchase medical equipments.

13.1.3. Loan features: (in broad sense)

Loan limit-----BDT 5 Lac to 10 Lac
 Down payment-----10%
 Interest rate-----17%
 Service charge-----1% on the loan amount
 Risk fund-----1% on the loan amount

13.1.4. Loan features: (in narrow sense)

Types of Doctors	Loan limit in BDT	Down payment	Loan tenor	Interest rate	Risk fund & service charge
Fresh MBBS & FCPS or BDS graduates	5 Lac	10%	5 Years	17%	1% & 1%
Specialized doctors	10 Lac	10%	5 Years	17%	1% & 1%

Table 13.14: Loan features: (in narrow sense)

13.1.5 Security and documents: (for Fresh graduates)

- a) Attested copy of last degree and BMA membership certificate.



- b) The ownership of the medical equipments purchased with the loan amount must have to in the name of the bank under hire purchase mode.
- c) One personal guarantor.

13.1.6. Security and documents: (for specialized doctors)

- a) The ownership of the medical equipments purchased with the loan amount must have to in the name of the bank under hire purchase mode.
- b) One personal guarantor.

Like other loans under this scheme doctors also avail the full amount of the quotation price of the equipments to be purchased as loan if they keep 50% security in the form of FDR or by any acceptable instruments. In this case interest rate is reduced by 1% and no personal guarantor is required.

13.2. Loan against salary of Prime Bank Ltd.:

We often tumble into unforeseen cost that leaves the fixed income people unprepared. To support the fixed income people in those sudden events Prime Bank launched “Loan against salary”. This product is tailored to provide loan to fixed income people against salary to mitigate any emergency need.

13.2.1. Eligibility of the applicants:

Only salaried employee within the age limit of 21-65 years can apply for this loan.

13.2.2. Security and documents:

- I. 24 post dated cheques.
- II. Letter of undertaking of the employer to deposit monthly installments directly to the bank and to adjust the outstanding loan amount from the employee's terminal service benefits in case of early separation from the current organization.
- III. Terminal service benefits are to be lien against the loan.



13.2.3. Loan features:

Loan limit----- 3 Lac (If the account is in prime bank salary account than 8times or if the account is in other bank than 6times

Loan period-----3 years

Interest rate-----17%

Service charge-----1% on the loan amount

Risk fund-----1% on the loan amount

13.3. Any purpose loan of Prime Bank Ltd.:

The Prime Bank introduces this loan scheme very recently. The loan scheme is under the retail credit scheme of Prime Bank.

13.3.1. Purpose of the loan:

The purpose of the loan is basically to meet the need of cash in the time of emergency.

13.3.2. Eligibility of the applicants:

Any people with a stipulated fixed income within the age limit of 25-65 years can apply for this loan.

13.3.3. Loan features:

Loan limit-----BDT up to 3 Lac (Monthly income minimum 10000 to 12000tk)

Loan period-----3 years

Interest rate-----17%

Service charge-----1% on the loan amount.

Risk fund-----2% on the loan amount.



13.3.4. Security and documents:

- a) One socially recognized personal guarantor.
- b) Letter of introduction from the employer.
- c) Salary certificate.
- d) Application for the loan with specification of the purpose of the loan.

13.4. Car Loan:

Car Loan will be sanctioned against registration of the Vehicle in the name of the Bank. Instead of down payment, the Customers shall have option to avail loan against their FDR or any other savings instruments up to 90% of the loan amount.

No.	Item	No.	Item
01.	car	05.	Pick up Van
02.	Jeep	06.	Cover Van
03.	Station Wagon	07.	Bus / Truck for Corporate Bodies (own use)
04.	Any other vehicles for own use	08.	Ambulance for Corporate Bodies / Medical Professionals.

Table 13.4: Loan item.

Name of the Item	Loan Limit	Duration of the Loan
New Vehicle	Tk. 20,00,000	6-yrs
Recondition Vehicle	Tk. 20,00,000	6-yrs
Bus / Truck for Corporate	Tk. 40,00,000	5-yrs



Bodies for own use only		
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Table 13.4.1: Loan Limit and Period of Loans

No.	Documents
1	Employer Certificate for Service Holders
2	Photocopy of Trade License for Businessmen
3	Photocopy of Tin Certificate, if any
4	Bank Account Statement of last six months
5	Photocopy of Passport, Telephone(T&T) Bill, if any

Table 13.4.2: Required Documents.

No.	Documents
1	Undated Cheques
2	Registration of the vehicle in the name of the Bank

Table 13.4.3: Security.

13.5. CNG Conversion Loan:

This scheme is to meet the funds requirement for CNG conversion of vehicles for those who are salaried person in Govt./Semi govt. /Autonomous bodies/ Multinational Co./Banks/Insurance/Financial Inst./Educational Inst. with confirmed 3-years service ahead, businessman having adequate cash flow and corporate Bodies.

Type of customer	Loan Limit	Duration of the Loan
------------------	------------	----------------------



Owner / Valid user of the vehicle	Tk. 60,000	1.5-yrs
Corporate Bodies	Tk. 1,00,000	1.5-yrs

Table 13.5.1: Loan Limit and Period of Loans.

No.	Documents:
01.	Employer Certificate for Service Holders
02.	Photocopy of Trade License for Businessmen
03.	Photocopy of Tin Certificate, if any
04.	Bank Account Statement of last six months
05.	Photocopy of Passport, Telephone(T&T) Bill, if any
06.	Photocopy of the Blue Book etc.
07.	Photocopy of the registration of the Vehicle

Table 13.5.2: Required Documents.

No.	Documents
1	One or two personal guarantee from family member (effective member i.e. spouse / father / mother / brother / earning son, Corporate guarantee in the case of Company or as the case may be acceptable in the bank).
2	Undated cheques in favour of the Bank covering the whole amount

Table 13.5.3: Security.



13.6. Household Durable Loan:

Household durable loan is sanctioned against guarantee of third parties acceptable to the bank or pledge of FDR, Saving instrument of Banks and assignment of salary where applicable.

13.6.1. Eligible Items:

- | | |
|-------------------------------|--|
| 01. Motor Cycle | 06. Refrigerator |
| 02. Personal Computer | 07. Audio-Video Equipment |
| 03. Photocopier / Fax Machine | 08. Mobile Phone and other Home Electric Appliance |
| 04. Small PABX System | 09. Furniture |
| 05. Television | 10. Any Other Household Durables |

Name of the Item	Loan Limit	Duration of the Loan
Items/Furniture	Tk. 5,00,000	4-yrs

Table 13.6.2: Loan Limit and Period of Loans.

No.	Documents:
01.	Employer Certificate for Service Holders
02.	Photocopy of Trade License for Businessmen
03.	Photocopy of Tin Certificate, if any
04.	Bank Account Statement of last six months
05.	Photocopy of Passport, Telephone(T&T) Bill, if any

Table 13.6.3: Required Documents.



No.	Documents
1	Undated Cheques
2	Personal gurantee(two)

Table 13.6.4: Security.

13.7. Marriage Loan:

This scheme is to meet the fund requirement for marriage purpose of salaried person in Govt./Semi govt. /Autonomous bodies/ Multinational Co./Banks/Insurance/Financial Inst./Educational Inst. with confirmed 3-years service ahead and businessman having adequate cash flow.

Type of Customer	Loan Limit	Duration of the Loan
Salaried Person/Businessman	Tk. 3,00,000	3-yrs

Table 13.7.1: Loan Limit and Period of Loans.

No.	Documents:
01.	Employer Certificate for Service Holders
02.	Photocopy of Trade License for Businessmen
03.	Photocopy of Tin Certificate, if any
04.	Bank Account Statement of last six months
05.	Photocopy of Passport, Telephone(T&T) Bill, if any
06.	Evidence

Table 13.7.2: Required Documents.



No.	Documents
1	Undated Cheques
2	Personal gurantee(two)

Table 13.7.3: Security.

13.8. Education Loan:

13.8.1. Purpose of the loan:

Educational purpose, like study in abroad or within the country.

13.8.2. Eligibility of the applicants:

Any people with a stipulated fixed income within the age limit of 25-65 years can apply for this loan.

13.8.3. Loan features:

Loan limit-----BDT up to 5 Lac

Minimum income: Tk.10000 for salaried individuals and Tk.15000 for businessman

Loan period-----4 years

Interest rate-----17%

Service charge-----1% on the loan amount

Risk fund-----2% on the loan amount

13.8.4. Security and documents:

Personal guarantees from two persons are essential. Who are having minimum solvency /income level to support the applicant.



13.9. Home Loan (Swapna Neer):

13.9.1. Purpose of the loan:

- (a) Purchasing apartment or house.
- (b) Constructing new house.

Any people with a stipulated fixed income within the age limit up to 60 years can apply for this loan.

13.9.2. Loan features:

Loan limit-----BDT up to 50 Lac
 Loan period-----20 years
 Interest rate-----16%
 Service charge-----1% on the loan amount
 Risk funds-----2% on the loan amount.

13.10. Hospitalization Loan:

Hospitalization loan will be provided for treatment purpose or surgery where hospitalization is necessary. The loan shall be available for the salaried person, i.e., employee of the Govt. Organizations / Semi-Government Organizations / Autonomous Bodies / Multinational Companies / Banks / Insurance Companies / Educational Institutions / Corporate Bodies.

Type of Customer	Loan Limit	Duration of the Loan
Salaried Person	Tk. 5,00,000	2-yrs

Table 13.10.1: Loan Limit and Period of Loans.

Chapter Four:

Analysis of the Report



13.10.2. Required Documents:

01. Employer Certificate
02. Photocopy of Tin Certificate, if any
03. Photocopy of Passport, Telephone(T&T) Bill, if any

13.10.3. Security:

01. Personal guarantee from an individual having means, standing and social status acceptable to the bank and another from his/her family
02. Undated cheques in favor of the Bank covering the whole amount
03. Letter of Assurance from the Employer / Authority.

14. Analysis of the Report:

Prime Bank Limited emphasize on this scheme because now this scheme is attracting customers more than early times. The changes in our social lifestyle are the reason behind this increased attraction. Now people even get loan for furniture and even marriage so it's the time for Consumer Credit Scheme to explore and prime bank is doing it very wisely. From analyzing the consumer credit scheme of prime bank limited some factors became clear. It has an established position in the market, the scheme is improving and it has some negative sides on which this bank is working to make those positive. Though they have some overdue amounts which are not recovered there is also profit from this business. Due to the increased number of accounts the profit is gained because the amount recovered from the overdue always brings the profit. If we want to analysis in more details then we have to go through the performances of the Scheme. For observation of the success and comparison purpose we go through the year 2007 and 2008 than we will see the profit is increased in 2008 than 2007 and the business is expanded for prime bank's CCS department or consumer credit scheme department. From the below tables it will be easily seen that the business of CCS is expanding year after year.



Disbursement	Tk. 97,50,00
Total Outstanding	Tk. 2152 (Figures in lac)
Total accounts	1514
Total Overdue	Tk. 1214 (Figures in lac)
Total Recovery	Tk. 994(Figures in lac)

Table 14.1: Total Out look up to 2007of the CCS department of Prime Bank Limited.

Disbursement	Tk. 1,05,50,000
Total Outstanding	Tk. 4.80 (Figure in crore)
Total accounts	2285
Total Overdue	Tk. 3.21(Figure in crore)
Total Recovery	Tk. 2.98(figure in crore)

Table 14.2: Total Outlook up to 2008 of the CCS department of Prime Bank Limited.

Analysis:

While comparing we can see the disbursement amount is increased in 2008 and the total number of accounts also increased but the amount of overdue reduces than 2007 in consideration of number of accounts of 2008. The recovery amount is increased. In short, the situation improved in 2008 than in 2007 for the CCS loans or Retail credit division.

Prime Bank Limited (PBL) has diversified its credit facilities in different sectors.

The Credit Portfolio increased by Tk 12.67 billion during 2007. Credit covers following core areas: Corporate, SME, Retail and Credit Card, Investment banking (Portfolio margin Finance). These core areas percent of Loan are given below to analyze the comparative position of the consumer credit scheme among the all credit facilities.



Type of Loan	2007 TK.	% of loan
Industrial Loans	28,403,694,000	49.60
Commercial Loan	12,475,528,703	21.79
Export Financing	3,699,198,000	6.46
House Building Loan	1,415,647,557	2.47
Consumers Credit Scheme	2,747,043,780	4.80
Small and Medium Enterprise	1,021,798,000	1.78
Special Program Loan	135,150,000	.24
Staff Loan	1,879,000	.003
Others	7,356,722,472	12.85
Total	57,256,661,510	

Table 14.3: Comparing the Consumers Credit Scheme with the other sector-wise loans and Advances.

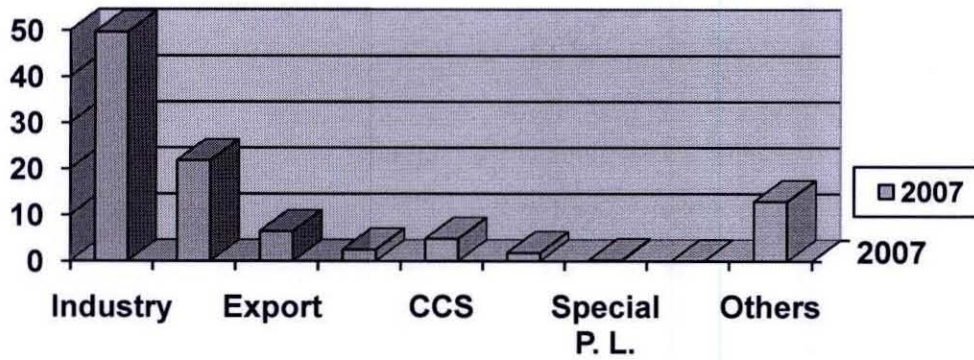


Figure14.3: Comparing the Consumers Credit Scheme with the other sector-wise loans and Advances.

Analysis:

The above chart has shown that PBL mainly focus on the Industrial Loan sectors. But Now the Bank focused on the Consumer Credit Schemes also

	2007	% of total loan	2006	% of total loan
Unclassified	56,905,805,512	98.65	44,643,067,048	99.18
Sub-Standard	386,369,000	0.67	109,357,000	0.24
Doubtful	121,879,000	0.21	32,183,000	0.07
Bad or Loss	268,968,000	0.47	225,611,000	0.50
Total loan	57,683,021,512		45,010,218,048	

Table 14.4: Comparing the Classified loan and advanced of 2006 and 2007.

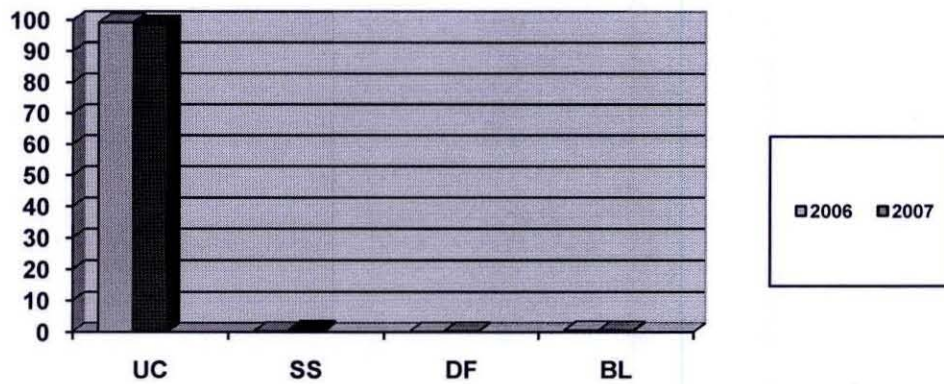


Figure 14.4: Comparing the Classified loan and advanced of 2006 and 2007.

Analysis:

Total loan amount is increased and among them the unclassified loans are increased in 2007 than 2006 which is a positive sign but Sub-Standard and Bad loan or Loss are also increased which is not good. Overall situation is almost same in both the year.

14.5. Effects of CCS:

The Consumer Credit scheme has impact on investment capacity of the bank and total asset so the growth of the CCS will have impact in these sectors. The growths on those sectors are shown below:

14.5.1. Investment growth:

The investment growth of PBL (2002-2007) as mentioned in the following table & graph. The rate of growth is increasing.



Year	2002	2003	2004	2005	2006	2007
Tk.(In Millions)	1996	2750	3084	3940	7844	12698

Table 14.5.1: Investment Scenario of PBL

Source: Annual Report-2007

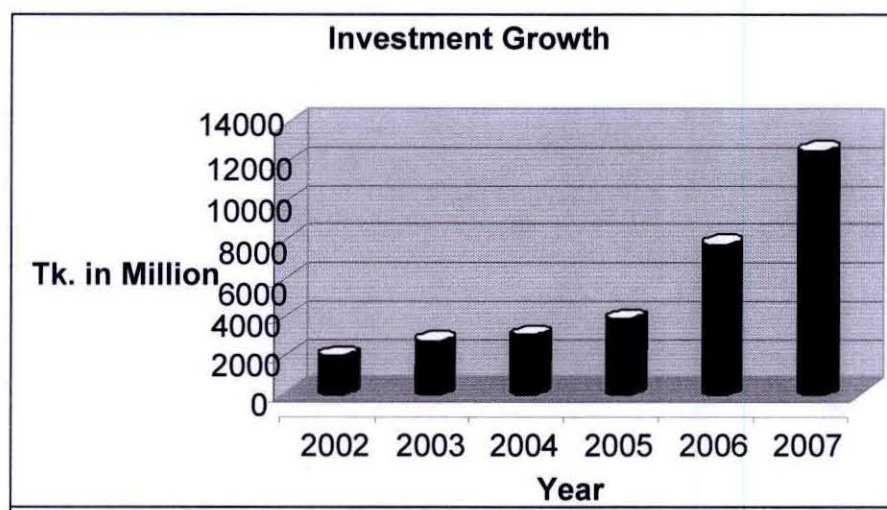


Figure14.5.1: Investment Growth of PBL

14.5.2. Total asset:

As on June, 2006, total asset of the bank stood at Tk.4871 million. From the Chart we can see that banks assets are growing positively. And it is good side for the bank. When Bank start their operation in 1995, their total was Tk.1960 million, but it stood Tk 79588 in 2007.



Year	2002	2003	2004	2005	2006	2007
Tk.(In Millions)	19359	24249	32362	41506	60899	79588

Table14.5.2: Total Assets Scenario of PBL

Source: Annual Report-2007

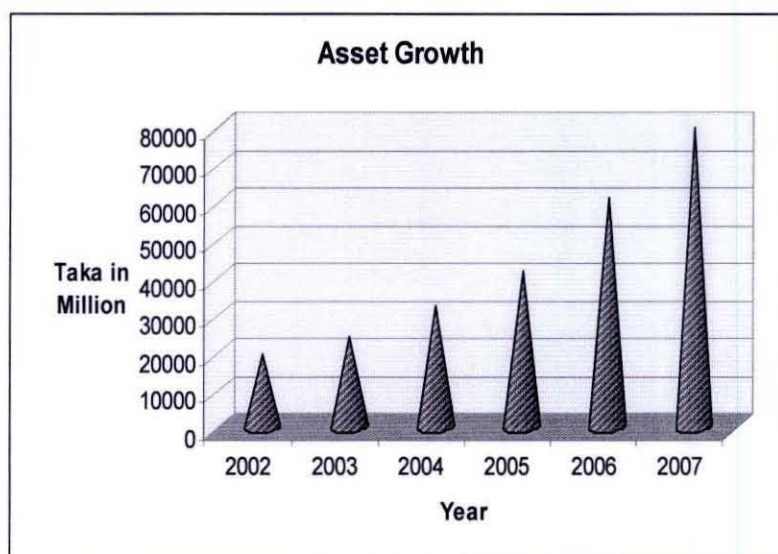


Figure14.5.2: Total Assets Scenario of PBL

14.6. Present Condition of CCS loan:

In the below table the present condition of CCS loan with their outstanding figure and overdue amount are given-

Loan Type	Outstanding (Figure in Lac)	Overdue
Car Loan	1329.73	102.00
Home Loan	284.51	3.00



Household Durables	649.21	157.00
Doctor Loan	21.60	0
Marriage Loan	.68	.68
C.N.G Conversion Loan	.99	.92
Any purpose Loan	924.51	80.00
Travel Loan	3.50	0
Loan against salary	0	0
Education Loan	21.00	0
Hospitalization Loan	0	0
Staff Loan	274.89	21.00
Total	3435.20	346.00

Figure 14.6.1: Head wise outstanding and overdue up to March, 2009.

In the below table the classified files condition and the number are disclosed.

File condition	Number of accounts
BL	142.35
DF	17.49
SS	82.79
SMA	42.38
Overdue	61

Figure14.6.2: Head wise number of classified files up to March, 2009.

Chapter Five:
SWOT analysis of Consumer Credit
Scheme of PBL



14.7. SWOT analysis of Consumer Credit Scheme of PBL:

Strength

- Diverse loan facility is available in CCS which is a positive point.
- New Scheme like Any Purpose Loan are taking position many other new scheme's are in the way of creation.
- Well funded.
- Strong marketing activities.
- Strong credit management system.
- Good Monitoring system.
- Large customer base.
- Knowledge of industry.
- Financial condition: Strong capital and asset quality.
- Better customer satisfaction.
- Same schedule toward a different aspect of the same goal,
- Strong employee bonding and belongingness.
- Efficient Performance.
- "One-to-one" meeting.
- Companionable Environment.
- Young Enthusiastic workforce.
- Good team work.
- Experienced employees.
- Well known company in the country so it's good will has a positive impact.



- Efficient monitoring system.

Weakness

- All customers do not get on-line service.
- Huge disbursement in the same day in Motijheel Branch so with in hurry customers are getting poor service.
- Improper file Maintenance.
- Lack of customer confidence.
- Biasness to grant loan.
- More time taking for approving loan that discourages the customer for taking loan.
- Excess limit charge of Credit.
- Late payment fee on fractional shortfalls.
- Lack of experienced workers.
- Too many contractual workers.

Opportunity

- All Branches should provide On-Line Service.
- Increased new sector loan facilities will be a good opportunity.
- It is possible to reduce overdue through strong recovery system.
- Increase the market share through growth of loan portfolio.
- Use promotional activities to attract more customers.
- Promotion of new products.
- Enhanced business development in all product areas and promotion of those products.
- More experienced & managerial know-how.



- Countrywide network.
- Reduce biasness.

Threats

- Reduced market price of the security.
- Increased number of problem loan.
- Frequent Transfer of Staff.
- Lack of Flexibility to adapt to any change.
- Employees are frequently switching.
- Increased new banks are hiring experienced people with high payment.
- Increase in the number of innovative credit scheme.
- High interest rate creates dissatisfaction among customers.
- High rate of interest on overdue increased the classified loan.
- Double interest charging reduces the potential customers and creates dissatisfaction among the current customers.

14.8. Strategy to overcome and improve:

- Through existing strength, bank will achieve the opportunities and then it will become more capable to increase its profit.
- Through utilizing banks external opportunity, it can overcome its existing weakness.
- Bank can reduced its treats by utilized its strength and opportunity. Through the recovery system, bank can reduce its losses from problem loan. Bank can create new loan facilities and reduced the rate of interest to give more competition to the other banks.
- By reducing the weakness and grabbing the opportunities the bank can regulate with its threats.

Chapter Six:

Findings and Recommendation



The above analysis tried to show the strengths, weakness of the credit department which is their internal factors. This analysis also helps to bring out the opportunities and threats which are their external factors. With those analyses the suggesting strategies will also helpful to improve and reach their goal.

15. Findings and Recommendation:

The banking industry has remarkable contribution in the economic development of Bangladesh is beyond doubt. It's also up holding the economic base by way of increasing total foreign currency reserve which is very important issue for us as we are import-based country. With the time the popularity of banking business is increasing as well as the competition is also increasing. Currently 43 commercial banks are existing in Bangladesh. Most of the products of commercial banks are almost same. The ways of providing these services are different so consumers choose their banks based on their needs and comfort. Because of the existing economic vulnerability, both the Banks and the consumers are afraid of taking long-term loan. This is why the popularity of consumer credit scheme is increasing. Consumer credit scheme of Prime Bank Limited has its popularity and attraction among customers mainly due to the customer service, it's variety of product, brand name, short procedure, easy short installments and sometimes the good relationship with the bank while other transaction. With these all positive aspects this scheme has some negative sides also which need to improve for high growth of this scheme. From my observation I find some negative sides which need change to improve so I am pointing out those results of observations and attaching recommendations with those for further improvement.

The results and recommendation are as follows:

- Sometimes the down payment paid by CCS customers is very high and others banks such as- Dhaka Bank Limited, AB bank Limited and South East Bank Limited are not taking any down payment so I think PBL should not take any down payment or reduce the down payment percentage to make its CCS more competitive.



- Interest rate and payback period are very important criteria for any kind of loan but most of the clients are not satisfied to PBL Consumer Credit interest rate and loan payment period. They want lower interest rate and long payment period. Due to the present Government and Bangladesh Bank monetary policy for controlling inflationary rate it is not possible for PBL to reduce interest rate. Therefore I suggest for increasing payment period and I think it will make the installment more attractive and convenient for customers to pay.
- According to CCS policy of Prime Bank Limited the loan processing time will not exceed more than 7 days but in reality it takes more than that so the authority should take care about it for their reputation.
- Another important thing was found from my observation that applicants of CCS who are working in the same organization, working at same position, getting almost same salary but they are not getting the same amount of loan so there may have biasness or misjudgment. Here, I think the authority needs to be more professional and play a great role in reducing their rate of overdue outstanding.
- Each year disbursement of CCS files is increasing, which shows it has popularity and its recovery rate is also good so it is profitable for the bank. In this situation it is very unusual that many people who have the ability to able the loan even do not know about CCS so it is essential for PBL to take this chance and attract those people.
- PBL should include more differentiate product in their CCS, such as – Teacher Loan, Shop Financing Scheme, Personal Loan for Women etc. to gain competitive advantage.
- In case of use of Management Information Systems- I think the position of Prime Bank is lagging behind in comparison to other private banks, such as Dhaka Bank Limited, Standard Chartered Bank, HSBC that are thought to be its major competitors so this should be taken care by management.
- Prime Bank developed a website for its customers and interested persons to inform about their products and services but it rarely updates its website. I think this kind of practice may misguide its customers about up to date information. I suggest, they should go for updating website as early as possible for more customer satisfaction.



- Prime Bank should ensure adequate primary training of modern technology to its employees because many of them are not good enough with the modern technology and they call people from IT department for simple purpose and delayed the whole work.
- Prime Bank should arrange regular training on technological changes for its employees to be familiar with modern technological changes so that they can take it as a challenge to convert technological changes into organizational advancement.
- This Bank can target its website as an important medium of advertisement for consumer credit products.
- It may also establish online tracking of customers' credit worthiness through software. This kind of tracking will help to grade the customers by analyzing past records. It will help identify the credit worthiness of customers who have availed themselves for the second time or afterwards. Therefore initiation of such kind of application helps management taking better decision undoubtedly.
- To survive in the hard competitive market, The Prime Bank should focus on the flat rate like other bank in the course of convincing its customers.
- The Prime Bank should use its promotional activities in a large level for attracting more customers because competitors are really working hard in this sector.
- It should increase its numbers of branches to cover a large number of clients base both in rural and urban areas.
- This Bank should increase its Islamic banking branches.
- The Prime Bank should increase its monitoring and supervision activities to reduce its default loan.
- Now a day people like to have package of services, so it should introduce some multipurpose product under the Consumer Credit Scheme.
- The Prime Bank should introduce specific specialized loan items for bankers. It will help to motivate their employees and also attract other bankers.
- Prime bank should recruit more collection executive to reduce the overdue amount of CCS. Number of loans are increasing with time so more manpower is necessary to handle the present situation.

Chapter Seven:

Conclusion



16. Conclusion:

Currently 43 commercial banks are operating in Bangladesh. All the Commercial banks are offering almost the same products, services and almost the same operation system. In this situation the competition increases in a different height. In present condition, only the service providing ways can make one unique and this uniqueness is very necessary to stay in this market. Which bank will provide the comfort and ease customer will go for that bank. Banks have to take care of the need, comfort, easy accessibility and understanding level of customer to be chosen by the customers. On this era of uniqueness and innovation Prime Bank Ltd also introduces new products and services to attract their desired customers. Prime Bank Ltd has different types of Credit Program. Among those Consumer Credit Scheme is one of the innovative programs of PBL and this program is very much popular for its easy accessibility and easy procedures. Though there are some negative aspects present, it has popularity among customers. Prime Bank Limited can remove these negative points and follow the recommended way to curve the negative points to positive points. If they can do that, then their dedication, determination and innovation will help them to reach the goal and Prime Bank will achieve the right to become the leader of Consumer Credit Scheme in the banking industry of Bangladesh.

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Chapter Eight:

Appendix



17. References:

- Web Page of Prime Bank Limited: www.prime-bank.com.
- Annual Reports (Prime Bank Limited, Mercantile Bank Limited, Bank Asia Limited and City Bank Limited).
- Brochures (Prime Bank Limited, Islami Bank Limited).
- Prime Bank Limited, Circular of Consumer Credit Scheme.
- Retail Banking Credit Policy Manual of Prime Bank Ltd.
- Information collected from Prime Bank Training Institute.



18. Acronyms:

- **PBL:** Prime Bank Limited.
- **CCS:** Consumer Credit Scheme.
- **STD:** Short Term Deposit.
- **FDR:** Fixed Deposit Receipt.
- **SWIFT:** Society for Worldwide Inter Bank Financial Telecommunication.
- **BB:** Bangladesh Bank.
- **A/C:** Account.
- **PO:** Pay Order.
- **SS:** Sub standard.
- **SMA:** Special Mention Account.
- **BL:** Bad loss.
- **DL:** Doubtful Loan.