

Executive Summary

BRAC Bank Limited is a scheduled Commercial Bank in Bangladesh. It established in Bangladesh under the Banking Companies Act, 1991 and incorporated as Private Limited Company on May 20, 1999 under the Companies Act, 1994. Its operation started on July 4, 2001 with a vision to be the market leader through to providing all sorts of support to people in terms of promoting corporate and small entrepreneurs and individuals all over the Bangladesh. At present the Bank operating its business by 69 Branches. BRAC Bank is the first local commercial banks that proving online banking service to its customers from the very beginning of its starts. BRAC Bank, for the first time among local commercial banks, starts providing loan facilities to small and medium trading, manufacturing and service oriented enterprises all over the country. The Bank has already established its network in different area of the country with assistance of BRAC.

BRAC Bank is trying to develop economic condition of the country. So the bank provides loan facility 3 to 30 lacs taka to that small and medium enterprise that has no easy access to banks/financial institutes. The bank already established 91 Zonal offices and 429 unit offices all over the country and 1309 Customer Relation Officers (CRO) providing door-to-door service to clients. Till April 2009, the bank provides loan facilities to 265,000 clients which amount is Tk. 10,000 crore. The success of SME will largely depends on the selection of a business and man behind the business. BRAC Bank provides this facility to those whose business operation is minimum one year and environment friendly business. It provides no loan facility to tobacco business. The business should be legally registered and must have valid trade license. The entrepreneur should be physically able, preferably between the ages 25 to 50. Entrepreneur must have the necessary technical skills to run the business and acceptable social standing in the community i.e. people should speak highly of him/her. BRAC Bank gives equally important to the guarantor to getting the SME facility. The guarantor must have the ability to repay the entire loan and is economically solvent. The guarantor should know the entrepreneur reasonable well and should preferable live in the same community.

SME loan can be repaid in two ways, 1) In equal monthly loan installment with monthly interest payment. 2) By one single payment at maturity, with interest repayable a quarter ends residual on maturity. Customer relation officers search new potential customer by providing door-to-door service. They talk with clients and monitor their manners, activities of their business and provide the loan to the potential customers. The customer relation officers also monitor the borrower's activities after the loan disbursement. Monitoring also facilitates the build up of an information base for future reference.

Bank has to prepare the periodic reconciliation statements to identify any mismatch. Reconciliation is the process of systematically comparing the balance of bank statement with the balance as per the company's ledger and explaining any differences and taking necessary measures to correct the wrong entries. It is an important internal control mechanism of the bank.

The responsibilities of reconciliation of BRAC Bank are centralized and given to Central Operations. There is a separate devoted team under the Central Operations for identifying the unmatched items, analyzing the same and guide to the initiating departments to do the rectification. Reconciliation section of Central Operations prepares and submits a status report on monthly basis and the same to all concerned departments and Operational Risk Management Departments for their information and monitoring. Also submits a status report to MD & CEO and DMD, CIO and Head of Operations for their information.

The core competence of the BRAC Bank is to provide the fastest loans to the clients in this country. To retain this competitive advantage BRAC Bank would provide computer and palmtop facilities whether they can give fastest services to clients than other banks. Also to convey the customer focus, BRAC Bank is trying to reduce collateral securities than other banks. It provides more collateral free secured loans to capture the market. Regarding the services by the CRO, almost all clients are satisfied by get these quick facilities from them. In the survey it is found that most of the clients give a suggestion to

decrease the interest rate so I think BBL management look after this things from the view point of customer. They also look after the remuneration packages of CRO and entry level employees and promotional activities regarding SME because it is low and incompetent compare to other contemporary bank. Though it is pioneer division of this bank, I tried to give an in-depth analysis for every factor, which relates the SME division from the perspective of customer satisfaction and dissatisfaction.