

Internship Report On

An Appraisal of the activities of Standard
Chartered Bank

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My internship experience has given me the knowledge & taste about the major activities of banking. This will help me immensely If I want to take up banking as my career.

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Sincerely

Khaled Al Masud
ID # 2003-1-10-019

Chapter One:

Introduction

1.1 Introduction

Origin of the report

This report has been prepared as a requirement of BBA program at East West University. After the completion of 40 courses a student has to complete a 12-week organizational internship. So after completion of 12-week internship at Standard Chartered Bank (SCB) this report has been prepared.

Objectives

- (a) To present an overview of Standard Chartered Bank
- (b) To present the principal activities of Standard Chartered Bank
- (c) To appraise the performance of Standard Chartered Bank
- (d) To identify the prospects & problems of Standard Chartered Bank
- (e) To present suggestions to overcome the problems of Standard Chartered Bank

Methodology

Approach:

The report is based on Standard Chartered Bank's corporate & client banking segments, the overall descriptions of the bank activities, its services, its position in the industry, and its competitive advantage.

Standard Chartered bank is the leading foreign bank in Bangladesh. Much information has been collected from different published articles, brochures, web sites and previous internship reports. All the

information incorporated in this report has been collected from primary sources as well as from secondary sources.

Primary source:

Basically discussion with my supervisor & other officials of SCB was the primary source of data.

Secondary source:

The secondary data has been collected from the MIS of Standard Chartered Bank. To clarify different conceptual matters Internet, different articles published in newspapers are used.

- Previous reports relevant to the banking industry
- Published documents of Bangladesh Bank
- Relevant SCB leaflets, brochures & documents

Limitations

Information of the bank is confidential & critical. Here I used the data that are available to the public. As a result, the report does not contain a deeper explanation of the scenarios.

Past and present financial information that are confidential could not be obtained accurately. Similar to other banking institutions, SCB is also very conservative and strict in providing financial information. As many of the analysis on the obtained data are based on my sole interpretation, there may be some biases. Time constraint was another limitation restricting this report to a less detailed and analytical one. My supervisors are busy all the time and it was really difficult to get some time out of them.



1.2 Organizational overview

Introduction

The Standard Chartered Bank PLC is an international banking group that is incorporated in the UK, with its headquarters in London. The group focuses its activities in Asia, Africa and the Middle East and its operation is segmented under six regions: LTK & Europe, Middle East and South Asia (MESA), South East Asia, and the Americas.

Globally, the key resources of SCB include:

- A network of over 600 offices in 48 countries
- A staff of about 25,000 people managing assets of around 47 billion pounds
- Standard Chartered Bank's international businesses in Personal Banking, Corporate Banking and Standard Chartered Markets are its special strengths

The global strategies of Standard Chartered Bank are:

- To build and grow strong businesses in East and South East Asia - the Asia Pacific Region
- To enhance historical position in the MESA region
- To concentrate operations in the OECD in those activities that support Standard Chartered Bank's remarkable franchise in newly industrialized and emerging markets

Board of Directors

There is a nineteen-member board, headed by Sir Patrick Gillam as Chairman. Half of the directors are non-executives. Most of the board members are very eminent persons drawn from the boards of



world-renowned multinationals such as Rolls Royce, British Gas PLC, etc.

Background of Standard Chartered Bank

Standard Chartered Bank has a history of about 150 years. The name "Standard" stems from the two original banks from which it was founded - the "Chartered Bank" of India, Australia and China and the "Standard Bank" of British South Africa. A Royal Charter granted by Queen Victoria of England established the "Chartered Bank" in 1853. Another Scot, John Paterson in 1862, founded the "Standard Bank".

The two banks expanded and prospered with time and decided to merge in 1969. On January 30, 1970 the new shares of the Standard and Chartered Banking Group Limited were listed in the London Stock Exchange. Queen Elizabeth II opened headquarters of the Standard Chartered Bank PLC on March 20, 1986. Becoming stronger after the merger, Standard Chartered Bank embarked upon serious expansion in Europe and the United States, The Standard Chartered Merchant Bank was built up from a number of acquisitions made during the 1990s. In the last thirty years, Standard Chartered Bank has experienced continuous growth, which led to its becoming one of the top 100 listed banks in the world. It was also judged the best bank in the Asia-Pacific region in 1993 and 1994 for its rate and excellent service.

In August 2000 Standard Chartered Bank as its strategy to grow acquired the 'Grindlays' part from ANZ. Buying Grindlays from ANZ now propels it from number five to number one among international banks in India, with some choice extra footholds in the Middle East.



At 1.3bn U.S dollars, it is hard to complaint that Standard Chartered has overpaid. The financial ease is less compelling for ANZ shareholders, as there are advantages to getting out of a strategically peripheral business. This acquisition of Grindlays Bank has added 6000 employees and 4 countries to Standard Chartered's existing network of 27,000 employees and 570 offices in 50 countries.

The end result is that Standard Chartered, which went into the 1997 Asian Crisis with strong business in Hong Kong, Singapore and Malaysia, emerges with additional core markets in India and Thailand.

The deal has made Standard Chartered the largest foreign bank by assets in India, Pakistan and Bangladesh and the second largest in Sri Lanka and the United Arab Emirates. The bank had been seeking to expand in the region since the end of the Asian economic crisis, and has finally become successful in its expansion. The primary goal of the integration is to combine the best of both companies.

Company Image and Logo:



Standard Chartered Bank is a solid, forward looking, and modern foreign bank with a long record of sound performance. The effort that Standard Chartered Bank makes in order to portray the Bank as a brand image is very strong and successful. The general image of Standard Chartered Bank is that it is "Trustworthy, efficient, helpful and committed." The logo of the bank depicts the merger of two banks.

Chapter Two:

Management &
Organization Structure

Social Responsibility of SCB:

- SCB donated 1000 pieces of personal computers to the various educational organizations in order to create awareness and encourages education relating to Information Technology.
- Standard Chartered Bank sponsored 10 beds for Chittagong Medical Hospital.
- Official sponsor of the inter school cricket tournament.
- A modern, well-equipped and full-fledged operation theater has been established by SCB in the Islamic Eye Hospital.

2.1 Management

The goal of Standard Chartered Bank is to be the "Bankers of the First Choice" Towards that goal, the overall planning in the organization is done at the Headquarter in Dhaka by a management Committee (MANCOM), headed by the

CEO and consisting of the business heads of different divisions. They meet once a month or when any special situation arises, to plan the strategic decisions. The decision making, although apparently a top down approach, leaves rooms for participation down to the level of department heads, who are responsible for carrying out the planning of their department within the broad guidelines set by MANCOM.

Among the broad strategic objectives are:

- Creating a congenial work environment

- Modernization of the management information system to achieve full automation by drastically cutting down the paper work in long term.
- Focusing on service quality and consume needs
- Recruiting and maintaining top grade, efficient employees
- To invest in those technological systems which will upgrade and enhance financial services
- Creating an excellent brand image of the bank.

▪ **Chain of Command:**

Standard Chartered Bank in Bangladesh follows a hierarchy pattern of command. The chief Executive Officer (CEO) for the country reports to the Regional Manager, Mesa in Dubai. All other departmental Heads at the headquarters report to the CEO. A manager or Senior Manager reports to the divisional Heads. The respective Branch Managers or Branch Sales and Service Managers (BSSM) are responsible for the performance of their unit. Each branch is organized functionally along line divisions with some support facilities and the manager assigns tasks to his / her subordinate personnel and supervises their performance.



The Organization Structure of SCB Bangladesh is displayed below:

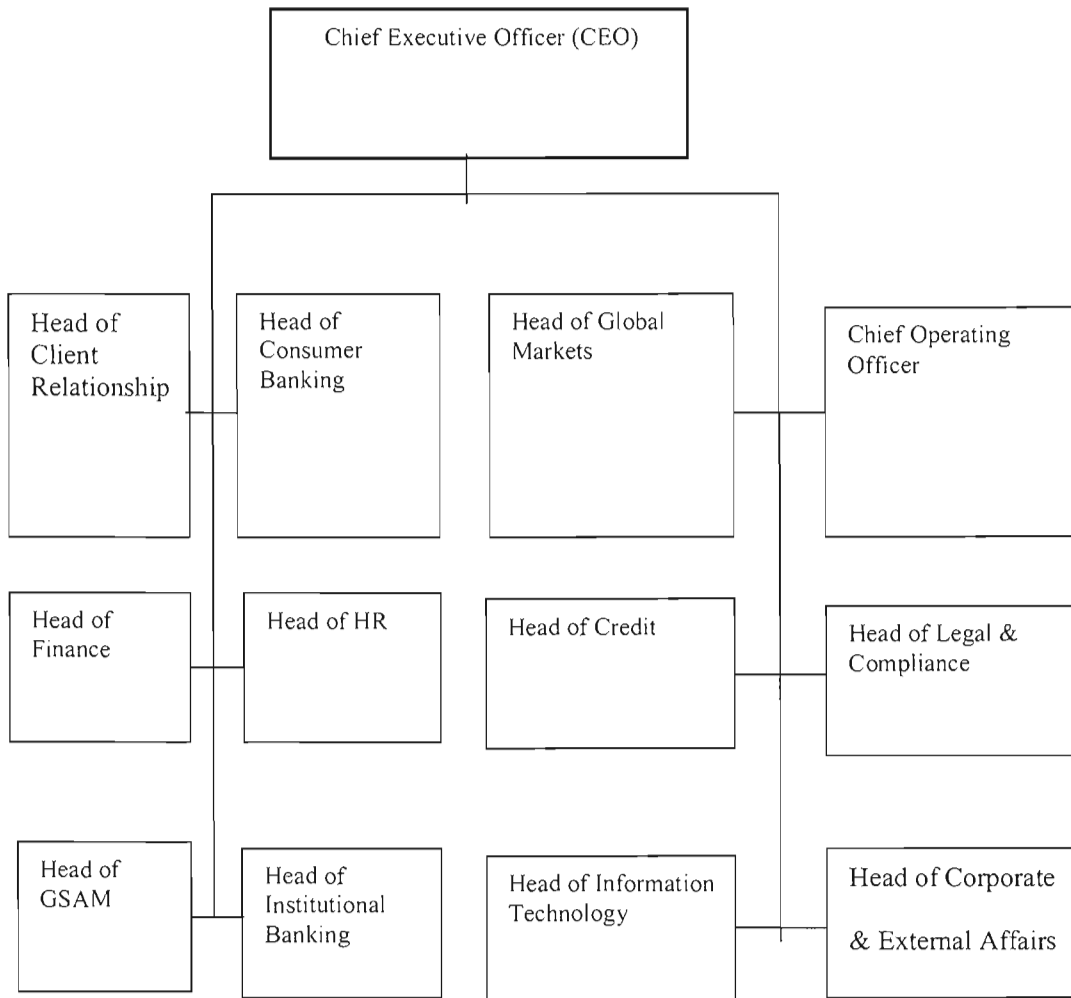


Figure: Organization Structure of SCB Bangladesh

2.2 Organizational Structure:

The Standard Chartered Bank, Bangladesh is headquartered at Hadi Mansion, Dilkusha, Dhaka with branches all over the country. While the full range of services are available at headquarter, other branches offer specific services appropriate for the location. The Branch at Kakrail is the only one which offers the student file facilities.

Structurally the Bank mainly consists of two divisions:

- a) Business &
- b) Support

a) Business Division:

The business division has the following departments:

- | | |
|--------------------------|-----------------------------------|
| 1. Client Relationship | 4. Consumer Banking |
| 2. Treasury | 5. Custody and Clearing Service |
| 3. Institutional Banking | 6. Group Special Asset Management |

➤ Client Relationship Group

Standard Chartered Bank offers its local customers a wide variety of financial services. All the accounts of corporate clients, which mainly comprise the top local and multinational companies operating in Bangladesh, are assigned a Relationship manager who maintains regular and close contact to cater to their needs. The objective of this department is to maintain a thorough knowledge of the client's business and to develop positive relationships with them. This is maintained through interactions to offer timely advice in an increasingly competitive business environment. The expertise of the

Institutional Banking and Treasury groups is also available whenever required. The unique Offshore Banking Unit (OBU) in Savar a full range of facilities to overseas investors. The Corporate Banking Group in Bangladesh has displayed a spirit of community involvement by working with NGOs to underwrite soft loans. Standard Chartered Bank offers its corporate customers:

- ✦ The wide variety of lending needs are catered to with skilled and responsive attention
- ✦ Project finance and investment consultancy
- ✦ Syndicated loans
- ✦ Bonds and Guarantees
- ✦ Local and International Treasury products

The trade finance of Standard Chartered Bank takes care of the commercial activity related issues, particularly those related to import and export finance services. Some of the services are:

- ✦ Trade finance facilities including counseling, confirming export L/Cs and issuing of import L/Cs, backed by its international branch and correspondent loan network
- ✦ Bond and Guarantees
- ✦ Project finance opportunities for import substitution and export oriented project

➤ **Institutional Banking Group**

The IBG of Standard Chartered Bank offers a wide variety of products and services to banks and financial institutions. It has global links with leading bank institutions and agency arrangements through its network of offices in 40 countries. The Bank offers a full range of clearing, payment collection and import-export handling services. The bank offers foreign missions, voluntary organizations,

consultants, airlines, shipping lines and their personnel, the following services:

- ✦ Current accounts in both Taka and other major foreign currencies
- ✦ Convertible Taka accounts (these funds are freely convertible to major international currencies)

➤ **Consumer Banking**

Superior retail banking services comprising of a wide range of deposit and loan products are offered by Standard Chartered Bank to its individual customers. The consumer banking division constantly faces challenges and meets them by developing new products and services to fulfill the specific requirements of local TU. The Bank offers a 24-hour service in Bangladesh through its Money-link ATM Network and Phone-link Phone banking Services.

➤ **Treasury**

The foreign exchange and money market operation of the Standard Chartered Bank in the world is extensive. Exotic currencies happen to be one of its special areas of strength. A 24-hr service is provided to customers in Bangladesh through the Bank's network of dealing centers placed in the principal areas of the world. The Bank's treasury specializes in offering solutions to those who wish to manage interest rate and currency exposures that result from trade, investment and financing activities of other dynamic economies of the region.

➤ **Custodial services: The Equitor**

Headquartered in Singapore, Standard Chartered equitor fulfils the groups' strategic commitment to the provision of custodial service in Asia. The equitor's customers are primarily foreign global custodians and broker/dealers requiring cross-border information as well as

sub-custodian services. Standard Chartered Bank, Bangladesh is responsible for the planning in Bangladesh, but the overall management of the custody business is based in Equitor's international business strategy.

b) Support Division:

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

- ❖ Operations
- ❖ Information Technology Center
- ❖ Human Resource Department
- ❖ Legal and Compliance
- ❖ External Affairs
- ❖ Credit

□ Operations

Operations are part of the support division, which helps to run the businesses of the bank in a smooth and controlled manner. Since it helps mainly in processing the works of the business units, any mistakes made can be easily detected and on time. Following are the main functions of the operations department:

Central operations deals with the closing and opening of accounts and other payment and account related processing of the Personal Banking division

Treasury operations help to deal with the processing works of the treasury division. Loan Administration Unit (LAU) deals with the processing of the Corporate Banking division.

Operations also have a department that deals with internal projects that arises from the need to deal with certain problems or to make

certain changes. Following are some examples of projects being dealt with presently:

Finance, Administration and Risk Management

The support department performs the following activities:

- ❖ Administration, audit and back office operation
- ❖ Taking care of taxation and financial control of the Bank
- ❖ Keeping track of overall credit operation

□ **Information Technology Center**

This department is instrumental in the running of all the computerized operations of the bank. They help in the implementation and generation of computerized reports. Another major duty of the department is to maintain communication with the rest of the world.

□ **Human Resource Department**

This department manages recruitment, training and career progression plan. Standard Chartered Bank highlights the importance of developing its people to create a culture of customer service, innovation, teamwork and professional excellence.

□ **Legal and compliance**

In the UK, the Bank of England regulates Standard Chartered Bank, while in Bangladesh local banking laws regulate it and rules set by the Ministry of Finance and Bangladesh Bank. It also encourages its staff to conform to an internal culture of ethical behavior and sensitivities to the culture and religion of the country. Some of the key areas that the Legal & Compliance department has to take care of are:-

- ❖ Taking care of taxation and financial control of the Bank
- ❖ Legal issues

- ✦ To advise the CEO regarding all matters and the management on legal and regulatory issues
- ✦ Correspond regulatory compliance issues to MESA Regional Head of Compliance
- ✦ Supervise internal control (e.g. internal audit).

□ **External Affairs**

This department deals with advertising, public relations, and promotions; partial marketing; which involves disseminating new products and services to customers and above all ensuring service quality.

□ **Credit**

The credit department approves the loans of Corporate Banking division. The approval is mainly based on the risk analysis of the corporate clients done by the Corporate Banking division. This is a small division headed by Senior Credit Officer. The main function is monitoring credit facilities granted by the corporate banking unit. Its function is to make sure that credit has been provided in a right manner. This department ensures that internal controls of the corporate relationships are maintained.

It is also responsible for providing MIS reporting of the corporate banking group.

For monitoring purposes there are different types of tools

- Early alert reporting
- Additional review
- Log sheet accounts
- Excess monitoring
- Transactional monitoring



2.3 Personnel Policies

The number of staff members employed by Standard Chartered Bank is 215. The number of officers exceeds the number of clerks, which is in stark contrast to local banks specially the NCBS. Standard Chartered Bank pays great attention to recruiting high quality staff though proper evaluation and improving their skills through structured training. Reward and punishment based on strict performance evaluation and opportunities of promotion both nationally and internationally, are two important features of the personnel policy of Standard Chartered Bank.

Recruitment, training and career progression in Standard Chartered Bank

The recruitment process is based on references, advertisements and internships. Both written and oral tests do entry point screening. The medical record of the potential employee is very important and ones suffering from potentially life threatening and performance deterring diseases are not hired, even if they were other wise qualified. The placement of the staff is done in two ways. Either he/she undergoes a "management trainee" program with a probation period of nine months and is categorized as an officer leading to various managerial jobs, or he/she is recruited at a non-management level as banking assistants / support officers. There is a structured training framework for all the employees, and a channel for moving people from national to international positions. International graduate recruitment and personal skills development for entry-level employees are a part of the human resource development efforts at Standard Chartered Bank. Additionally there is an MBA program, courses at noted business schools, and incentives for self-development.



Controlling and firing of employees

Performance monitoring is continuous and strict at Standard Chartered Bank. The average number of working hours in a week is between 42 to 55 hours. The employees have daily assignments and are required to clear them by the end of the day. The superiors monitor the subordinates, which is facilitated by the seating arrangement in the office. Control mechanisms involve budgeting, rewarding, punishing, incentives, benchmarks, etc. If the offence of the employees is not too strong, he/she is warned prior to the firing process. Reasons for firing may involve: lack of efficiency, not performing to the level of satisfaction, breaking the Code of Conduct set by the organization, etc.

Advancement and Promotion

The advancement and promotion of a staff is based on performance. An annual appraisal of staff is done at the end of the year where the assessment is based on fulfilling the SMART objectives, which is rated. The assessment process involves eight steps. It begins with individuals rating a self-assessment form and at one point the manager obtains an overall performance from the ratings of the individual as well as consultation with his own superior.

Employee Benefits

The employees of Standard Chartered Bank are paid according to their rank and status in the bank. The remuneration package is comparable to other leading foreign banks. The basic benefits that are provided to the staff members of Standard Chartered Bank are briefly stated below:

Incentive Plans

Incentives at Standard Chartered Bank are based on performance. It is assessed by an annual appraisal of the employees. After it is



done, if an employee reaches a certain level of achievement then he/she receives a bonus. Another incentive plan of Standard Chartered Bank is the "Spot Bonus." If an employee performs exceptionally well for the interest of the bank, the bonus is awarded on the spot for the achievement.

Finally, there is another type of incentive called the "Bonanza," although it is not considered as part of the employee benefits. The incentive plan is activated under special circumstances. For example, recently a deposit drive was activated in the bank and 42 staff members were awarded free air tickets as they managed to attain a certain level of deposits.

Pension plans

Standard Chartered Bank does not have any pension plans for the employees.

Number of paid holidays

Standard Chartered Bank allows 25 days paid holiday in a year for each employee.

Insurance Policies

Employees at Standard Chartered Bank enjoys excellent medical insurance policy, Standard Chartered Bank does not cover all its employees with life insurance.

Bonuses

SCB gives bonuses to its employees twice a year in the two religious festivals of the country, namely the two Eids, apart from the performance-based bonuses mentioned earlier.

Recreation Facilities

Standard Chartered Bank employees can play cricket in one of the major clubs of the country and the Bank pays the club fees.



Employee Social Functions

Standard Chartered Bank arranges events like annual "picnics" and annual "Sports day" for the employees and their families. The Bank arranges parties for its employees once in a quarter.

Employee discounts

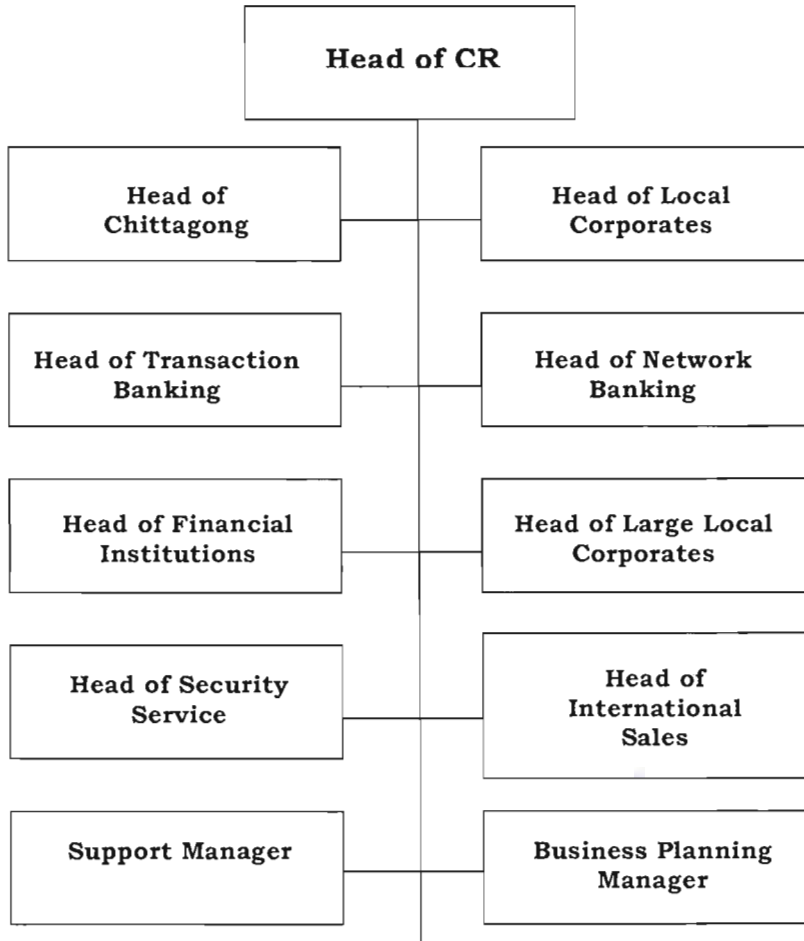
Standard Chartered Bank has special loan scheme for its employees only called the "Staff Loan Scheme." This includes such as house loans and car loan facilities.

Quality Control and Inspection

It is an important function of Standard Chartered Bank's management to provide quality services to customers and maintaining a good image. Recently, the custodial and clearing division of Standard Chartered Bank, the Standard Chartered Equitor, was the first financial institution in Bangladesh to be awarded the ISO 9002 accreditation. It received the recognition for Equitor's quality system, excellence in the provision of custodial services and safekeeping, registration, settlement and corporate actions.



2.4 Clients Relationships





The Client Relationships

Client Relationships unit conducts direct business with different corporate business entities of Bangladesh. It has over 300 corporate customers in Dhaka & Chittagong. The clients are served by different teams of trained and dedicated professionals.

- 1. Network Corporate:** This team deals with the corporate customers who have business with Standard Chartered Bank in other countries of the world.
- 2. Large Local Corporate:** This team deals with local corporate houses who have an annual turnover of USD 300 million or more along with the their subsidiaries.
- 3. Local Corporate:** This team deals with local corporate houses that have an annual turnover in between USD 50 million to 300 million and its subsidiaries.
- 4. Channel Finance:** This team provides services to the suppliers of the corporate customers. The volume here is earmarked with the linked corporate customers.
- 5. Transactional Sales:** This team deals with clients who do not need capital financing or credit facilities, but need to have better cash management solutions.



The special services of Corporate Banking include:

- **Working Capital Finance**-Overdraft, import and export finance, bills discounting, Term Loan.
-
- **Corporate Deposit Services**-Capability to negotiate mix credit/loans from donor agencies.
- **Trade Finance** - Full range of services, including overseas short-term funding of imports and country's only Offshore Banking Unit (OBU) in Savar EPZ.
- **Cash Management** - Services provide the clients with a full range of cash management products, collections, payments and liquidity products. The Bank has invested heavily in the state-of-the-art technology and processing capability geared towards providing the clients with superior services and efficient transaction processing.

Large range of payment products including "payable at par" cheques and tax based statutory payments. Support services for global / international client needs in Bangladesh and across the border. The Bank has direct working relationships with offices in over 40 countries.

Chapter Three:
Services & Principal
Activities

3.1 Overview of Standard Chartered Bank

The Chartered Bank started operating in Bangladesh in 1948, opening a branch in Chittagong. The branch was opened mainly to facilitate the post-war reestablishment and expansion of South and Southeast Asia. The Chartered Bank opened another branch in Dhaka in 1966, where it is still headquartered. After the merger of the Chartered Bank with the Standard Bank in 1969, the Standard Chartered Bank took up a program of expansion. It increasingly invested in people; technology and premises as its business grew in relation to the country's economy. In 1993, there was an organizational re-structuring, which led to a substantial expansion of the Bank's business. Today the bank has in total four branches in Dhaka apart from the Chittagong branch, including an offshore branch at the Savar Export Processing Zone.

Bangladesh is under the MESA region, with the controlling office in Dubai. Its correspondent relationship with Sonali Bank, the largest bank in Bangladesh, gives its customers access to all major centers in the country. Standard Chartered Bank's worldwide network facilitates convenient connections with foreign trade and remittance business. Standard Chartered Bank's branch banking license in Bangladesh allows it to offer a full range of banking services.

Since the organizational restructuring in 1993, the amount of deposits and loans in 1997 has increased by more than five times. There is an overall increasing trend of Standard Chartered Bank's market share in terms of deposits and advances. In 1995, the market share in terms of advances was 20%, which peaked to 29% in 1996 and fell by 3% in 1997. In the case of deposits, the market

share of Standard Chartered Bank increase 16% in 1995 to 18% in 1996, and increased by another 2% in 1997.

In terms of profit before taxes, there is a rise from eight million BDT in 1990 to its highest amount of 750 million BDT in 1998. The largest increase of 438% took place in 1991. Although the growth rate began to decline gradually from 1993 (from a 170% to 5% in 1998) the overall increase reflects a substantial positive trend. Standard Chartered Bank's growth in terms of profit and market share depicts an overall positive trend.

Acquisition of ANZ Grindlays Bank by Standard Chartered Bank

In August 2000, the US\$1.34 billion acquisition of Grindlays Bank was completed. This made the Standard Chartered Bank the leading international bank in India and the other countries of South Asia. The acquisition strengthened the Group's competitive position in Middle East and brought to the group a respected private banking business.

- **After the acquisition**

This acquisition has made Standard Chartered/Standard Chartered Grindlays bank the largest foreign bank in this country. An integration team from Standard Chartered Bank in London is to come time to time in Dhaka to settle the process of the acquisition of the ANZ Grindlays Bank. The team comprising of officials from both Standard Chartered and Grindlays are working on staff and branch rationalization.

But the whole process will take about one and a half years and meanwhile both the banks will continue to work as legal entities. Though there may not be many changes at the lower and midlevels

of the banks, there may be some changes and redundancies in the higher level. But those who will have to leave will get a handsome compensation package. The integration was comprehensive and is being managed as a distinct process. Meanwhile, the business is kept going to provide uninterrupted customer service and to deliver the desired results.

Standard Chartered Bank after acquiring Grindlays expects to relocate its own and acquired branches upon regulatory consent. There are places where both SCB and SCGB have branches and there are other places with perceived demand for branches, but the Bangladesh Bank does not want to give permission for opening any new ones. SCB, known for its technological edge is the forerunner in automated teller machines, telebanking, treasury and lately corporate banking solutions. Grindlays is the market leader in credit cards, corporate advisory services and personal banking.

▪ **Acquisition of American Express Bank by Standard Chartered Bank**

Recently Standard Chartered Bank, Bangladesh has acquired the American Express Bank, Bangladesh.

Core Values of Standard Chartered Bank:

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

Courageous:

Being courageous is about confidently doing what's right. Often the task may seem insurmountable but with courage and tenacity, the

odds can be overcome. A truly courageous act both inspires and builds character.

Responsive:

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

International:

As a member of global village we view the world from the widest perspective. We are all global citizens and the world is full of new opportunities and exciting possibilities. We also deliver world-class products and services.

Creative:

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

Trustworthy:

Trust is the foundation of every successful relationship. We trust because we believe in the sincerity of our promise. Building trust can take forever. Losing takes only moments.

The Vision

The best of the best –that’s what we are determined to become! Our aim is to be the world’s leading, emerging market bank. We will concentrate on what we do best.

Mission:

To make a presence in Bangladesh & exploit future opportunities

Objective of the Standard Chartered Bank

- To be the market leader in financial service.
- To be the largest foreign bank in Bangladesh.
- Business growth through highest level of complaints both internally and externally.
- Adopting new technologies like Phone banking, Mobile Banking, Master Card, and Credit card

Nature of Business:

The bank serves both consumer and wholesale banking customers. The consumer bank provides credit cards, personal loans, mortgages, deposit taking activity and wealth management services to individuals and medium sized businesses. The wholesale bank provides services to multinational, regional and domestic corporate and institutional clients in trade finance, cash management, custody, lending, foreign exchange, and interest rate management and debt capital markets.

- ❖ Full service commercial banking
- ❖ Corporate Banking
- ❖ Merchant Banking Corporate Banking
- ❖ Commercial Banking Quasi Government Banking
- ❖ Correspondent Banking
- ❖ Institutional Banking
- ❖ Consumer Banking Personal Banking
- ❖ Consumer Finance
- ❖ Investment Management
- ❖ Wage Earners Scheme Service
- ❖ Lockers
- ❖ Deposit Services

3.2 Services of Standard Chartered Bank

SERVICES OFFERED BY SCB

Deposit Services:

Extra value saving account (EVSA)
Savings account (SA)
Current account (CA)
Access account
Short-term deposit (STD)
Fixed Deposit Reserve (FDR)
Call deposit
Residence foreign currency deposit
Foreign currency current account
Non-resident foreign currency account

Loan Services:

Personal loan
Cash line

PRIORITY BANKING

Standard Chartered Bank Bangladesh offers Priority Banking, a special service package for valued customers, who have minimum account of BDT 3,500,000. Under this segment an exclusive combination of services are offered to customers who signed up for it. Some of the benefits offered under the Priority banking are:

- A Priority Card that recognizes your Priority Status at all our local branches and also at our global Priority Centers
- A free adds on Gold Visa/ master card.
- Higher withdrawal limit (BDT 50,000) per day from all our ATMs in Dhaka, Chittagong & Sylhet

- Privileges associated with the Priority card in reputed hotels, restaurants and stores locally and globally
- Dedicated Customer Relationship Personnel at the Priority Centers.
- Solvency certificate and duplicate statement free for priority customers.
- And also commission free SCB Visa travelers' cheques against travel quota, swifter transactions, pre-arranged banking services and invitation to special social and cultural events
- Separate cash counter and service desk for priority customer, so that they don't have to wait in queue.

OTHER FACILITIES OFFERED FOR CUSTOMER OF SCB

Phone Banking Service:

Standard Chartered Bank is the first bank in the country to offer automated 24-hour Phone banking service. SCB phone banking services include balance inquiry, fund transfer, change of TIN, chequebook request, statement request, foreign currency exchange rate etc. Phone link service is offered to all customers free of charge.

Money link Card:

Standard Chartered Bank launched Money link ATM in 1994, the first bank to offer this service in Bangladesh. Money link ATM service is free of charge, offering the following features:

- Cash Withdrawal & deposit
- Cheque deposit

- Cheque book request
- Change of PIN
- Printing of mini-statement
- Payment of utility bills.

Safe deposit locker:

Safe deposit locker offers the following facilities:

- Personalized service from a dedicated locker officer
- Available to any customers (for an annual fee which depends on locker size)
- Accessibility anytime during the banking hours
- No additional charge for locker visit

Bank can lend money to the customer when they have enough deposit in their banks. So it's necessary to please customer and give good service and let people know about their deposit and the interest that the customer will get, by which they get delighted.

3.3 Corporate Banking Products

Corporate Banking provides cash management, custody and trade finance services through their strong market networks in Asia, Africa, the Middle East and Latin America. They provide a bridge to these markets for clients from the U.S and Europe. The services provided are integrated, superior cross-border and local services that enable efficient transaction processing, with reliable financial information.

➤ Cash Management Service

The cash management service provides total solutions to improve cash flows. Standard Chartered is highly recognized as a leading cash management supplier across the emerging markets. Cash Management Services cover local and cross border payments, collections, information management, account services and liquidity management for both corporate and institutional customers.

With Standard Chartered's Cash Management Services, customers always know where their money is. Customers can manage their company's total financial position right from their desktop computer. They will also be able to take advantage of SCB's outstanding range of payment, collection, liquidity and investment services and receive reports detailing when and where cash has been moving.

▪ Account services

Account Services offer clients a wide range of account management solutions to ease the hassles of day-to-day banking.

- *Payment services*

Depending on your business requirements, Standard Chartered can offer you various payment services:

- International Payment Services
- National Payment Services
- Regional Straight Through Services

These eliminate wasted time spent settling payment and checking your payment status while maintaining full control over your cash resources.

- *Collection systems*

Spending time going to the branch, completing the deposit forms, queuing up for a teller, checking your statements to find out when funds have arrived, and reconciling net proceeds against deposits: all of these activities consume energy better spent on more productive activities.

Standard Chartered's Collection Services can assist you in collecting your local and foreign currency funds faster and more efficiently.

- *NATIONAL COLLECTION SYSTEM*

This improves a company's liquidity by shortening the collection cycle. It makes funds available quickly through the extensive local presence and in-depth knowledge of financial clearing systems worldwide. It addresses the need for greater liquidity, easier reconciliation and greater control over local currency receivables. In addition, it keeps one updated with the latest clearing and depositing information.

- ***Clearing Services***

With increasing business globalisation, your banking network may not have sufficient reach. You may not want to put in the extra infrastructure or resources to expand your network but still want to ensure your clients' transactions are serviced efficiently. Clearing is one of the important services in which your bank would need support to facilitate your clients' smooth international trade and cross-border transactions.

➤ Trade Services

Standard Chartered possesses 140 years of experience in Trade Finance. SCB's broad international customer base, professional insight and knowledge of the risks and rewards of international trade earned the bank a unique position in the industry. The bank offers world-class support across the worldwide buyer chain to minimize overall cost, maximize buyer base, and shorten administrative processes.

To enable customers to capture global opportunities, it has a presence in over 40 countries, in addition to the extensive network of overseas banking partners and correspondents.

Standard Chartered has a wide array of financing tools to ease your cash flow burden and help you grow your business.

- **Receivables Services**

It gives you the financial security to explore new markets overseas or grow your business locally, reducing your risk and cost.

- **Import Financing**

Instead of paying for your imports immediately, Standard Chartered

is able to offer you import financing, to finance a drawing under an Import Letter of Credit or Import Bill for Collection, giving you time for the goods to be cleared and resold.

- **Export Financing**

Do you need extra cash for manufacturing or purchasing the goods to fulfill your export order? Do you want to turn the goods into cash as soon as you have them shipped out? Standard Chartered offers you the opportunity to obtain pre-shipment and post-shipment financing. You can now trade with the added confidence of our financial help.

- **CUSTODY**

Standard Chartered Custody and Clearing Services' combination of local market expertise, with the security offered by being an integral part of one of the world's leading international banks has garnered an impressive client base which includes leading North American, European and Asian institutions.

Standard Chartered keeps its custody and clearing clients regularly informed of developments relating to securities market infrastructure and custody in Asia through a market information website. This information is available to clients with a registered login name and password. Clients are offered a customized and comprehensive range of products and services, which include:

- Custodial services
- Brokerage, clearing and settlement services
- Securities lending

- Foreign Exchange
- Transfer agent for institutional debt and equity offerings
- Delivery, receipt, settlement, registration and physical safe custody of securities

➤ **LENDING**

To support the local and international business, Standard Chartered offers various services to help with:

- Loan Structure and Syndication
- Loan facilities.

▪ *Loan Structure and Syndication*

Our leadership in loan syndication stems from ability to forge strong relationships not only with borrowers but also with bank investors. Because we understand our syndicate partners' asset criteria, we help borrowers meet substantial financing needs by enabling them to reach the banks most interested in lending to their particular industry, geographic location and structure through syndicated debt offerings. Our syndication capabilities are complemented by our own capital strength and by industry teams who bring specialized knowledge to the structure of a transaction.

▪ *Loan facilities*

To enhance the ability to meet financial obligations and operate effectively, SCB offers assistance in the form of working capital loans, overdrafts, term loans (including real estate loans and other secured debt), backstops and revolvers. SCB works closely with clients to understand the dynamics of the business so that the bank can anticipate and serve short-term and long-term funding needs in the

most efficient manner, drawing from the full range of global resources and capabilities.

Modern banking operations touch almost every sphere of economic activity. Bank credit is a catalyst for bringing about economic development. Without adequate finance there can be no growth or maintenance of a stable output.

There are some standard loan facilities provided by the corporate division of Standard Chartered. These are:

- Seasonal Loan
- Term Loan
- Permanent Working Capital Loan (Asset-based Lending)

SEASONAL LOAN-

A seasonal loan is generally defined as a short term, self-liquidating loan. This means that the funds advanced on a short-term basis are repaid in full when the assets purchased by the funds are converted to cash. Overdraft, Import Loan, Export Loan, L/C (Machinery), L/C (Raw Materials) , Guarantees etc. are seasonal loans provided by the local corporate division to different customers.

OVERDRAFTS

An overdraft facility is a revolving borrowing facility repayable on demand, made available concerning a current account. Where permitted by law, a customer can overdraw his current account when any entry is debited to the account for more than the available credit

balances on overdraft. Once the limit is utilized, interest will be charged on outstanding utilization on a daily basis.

Overdrafts are flexible for borrowing intended to finance day to day cash flow requirements generated to normal business activity. They are not intended for the financing of long term borrowing requirements for which more appropriate credit lines are available.

Overdraft facilities are uncommitted. The bank has the right to cancel the facility and demand repayment without prior written notice to the customer.

The typical tenor of an overdraft is one day. However, the Bank may agree to make overdraft facilities available for longer periods (maximum one year), with annual review/renewal and subject to the Bank's discretion to suspend/cancel the facility.

Letter of Credit (LC)

When any company needs to import raw materials from abroad then L/C is required. Since they are unknown to foreign supplier the Importer Company must open L/C in any bank. Then the bank will contact with other bank, which is situated in supplier country. When the bank gives financial guarantees to foreign bank through L/C application the foreign bank supplier will send raw material within a time period. Our bank will charge a specific amount for L/C, which is non-funded financing.

L/C is not only for import but also for local transaction. When any company collect raw material from local supplier on credit then L/C is required.

Revolving Loan (RL)

Revolving Loan is a contract between a borrower and Standard Chartered Bank (SCB) whereby SCB provides the borrower with a certain amount of currency, for a period more than one year and up to 5 years.

SCB gives the facility of loan to buy the raw material or other trade related products at a specific interest rate. When a manufacturing company does not have the working capital to bear the operating cost, they can collect this money from SCB at a specific interest rate to be repaid after 90/120/150 days. And it will be treated as Revolving Loan.

Loan against Trust Receipt (LATR)

Advances allowed for retirement of shipping documents and release of goods imported through L/C falls under this head. The goods are handed over to the importer under trust with the arrangement that sale proceeds should be deposited to liquidate the advances within import and known as post- import finance and falls under the category "Commercial Lending".

GUARANTEE

According to the contract act 1872, Guarantee can be defined as a contract to perform the promise or discharge of liability of a third person in case of his default. The person in respite, of whose default the guarantee is given is called principal debtor and the person to whom the guarantee is given is called the creditor. It is an irrevocable undertaking to pay in case of a certain eventually/contingency.

TERM LOAN-

A term loan is generally defined as a loan whose repayment term exceeds the operating cycle of the business. The borrower usually repays the loan in periodic payments from the cash profits of the business whereas a seasonal loan is repaid in full at the end of the seasonal asset conversion cycle.

Term loan may be extended for a variety of reasons. The bank most commonly associates term loan with a purchase of property, plant and equipment. Infact, it can be considered as property plant and equipment, and as assets that are converted to cash over a long period of time, not just in a season or a single production cycle. That conversion in turn takes place in the form of the assets' contribution to production, sales and the resulting cash generation of the company.

Term loan is also used to finance changes in ownership when the division of a company is sold to new owners in a leverage buyout or one company is acquired by the other.

PERMANENT WORKING CAPITAL LOAN (ASSET-BASED LENDING)-

Permanent working capital financing, frequently referred to as asset-based lending, is a substitute of owner's equity. As the term implies, near-term repayment of principal is not anticipated. Like the owner, the lender or debt investor looks to a required rate of return on permanently invested funds. This type of financing arises in most instances for commercial lenders, because the borrower is rapidly growing or is a startup with a small equity base. Because of its 'permanent' nature and strong suspicion, a repayment of principal is

far in the future, the asset-based loan facility carries a certain degree of risk. The defining characteristics of permanent working capital financing are the borrower's inability to repay in the near term. Lenders may also provide permanent or asset-based working capital loans to the following types of firms:

1. High growth companies whose rapid increase in sales ties up cash in the form of increasing debtors and stock.
2. Startup companies with no record of repayment capability

These two classes of borrowers may well progress from permanent capital status to term or seasonal loan status as their growth in sales slows, in the first instance, and as their repayment capabilities are proven over time, in the second instance.

➤ **ELECTRONIC CHANNELS**

Web Bank

Web Bank, the Internet Banking service for Standard Chartered's Wholesale Bank clients, combines convenience and security in an easy to use system, making it one of the most comprehensive Internet banking platforms available in the market today. Through Web Bank, you have access to Cash Management, Custody and Continuous Linked Settlement solutions as well as Trade, Lending and FX information that leverages on Standard Chartered's extensive international network.

3.4 CLIENT RELATIONSHIP PRODUCTS

Client relationships provides transaction banking, cash management, custody and trade finance services through their strong market networks in Asia, Africa, the Middle East and Latin America. They provide a bridge to these markets for clients from the U.S and Europe. The services provided are integrated, superior cross-border and local services that enable efficient transaction processing, with reliable financial information.

3.4.1 Transaction Banking

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3.4.4 LENDING

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- Loan facilities.
- Loan Structure and Syndication

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- Permanent Working Capital Loan (Asset-based Lending)

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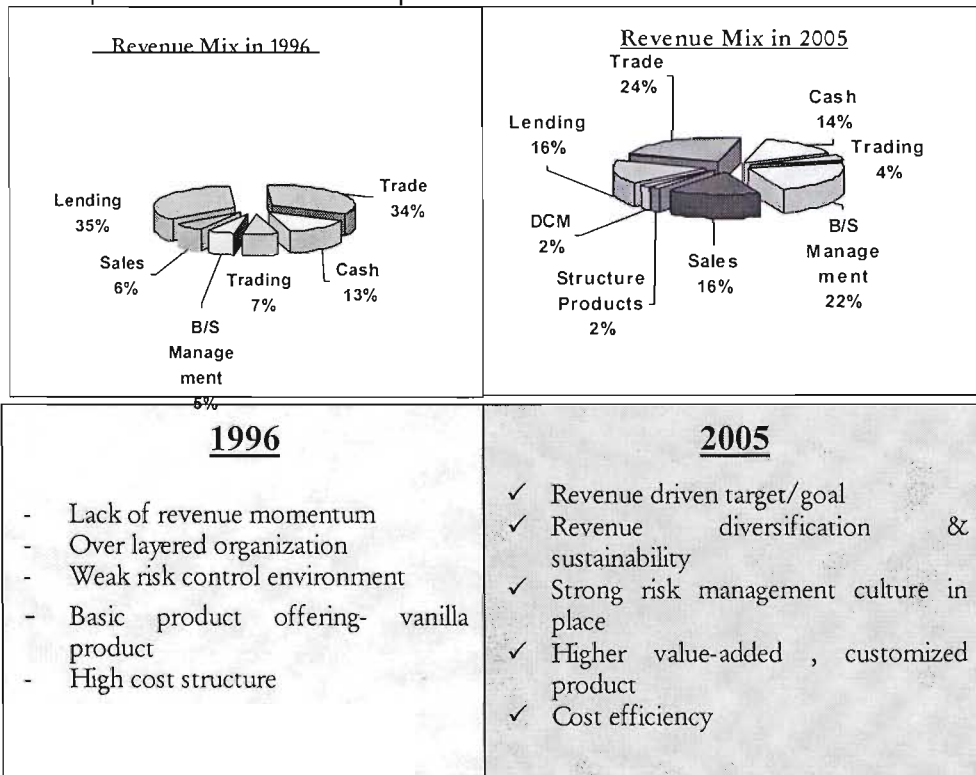
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Chapter Four:

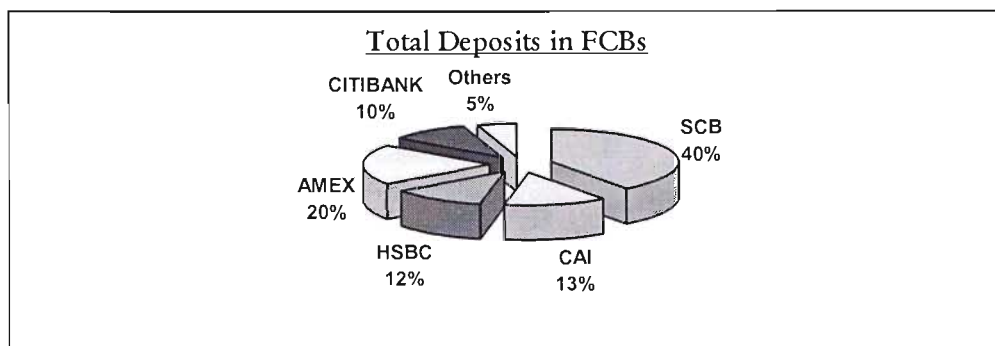
Performance & Growth

4.1 Performance & Growth

The change in strategy, performance and growth, adapted by Standard Chartered Bank is clearly evident in the following comparison between its performances in 1996 to that in 2005



All the foreign banks combined hold 9% in deposits as compared to 29% by private commercial banks and 62% by nationalized commercial banks. The comparative performance (holding market



share) of Standard Chartered Bank in terms of deposit and advance are presented separately in the following figures:

Figure 1- Source: Scheduled Bank Statistics, Bangladesh Bank, Oct-Dec 2005

From the above figure we see that of the 9% held by foreign banks in total deposits, SCB alone commands 40% of the deposits.

In terms of advances made, Standard Chartered Bank holds the leading position among the foreign banks with a market share of approximately 35%.

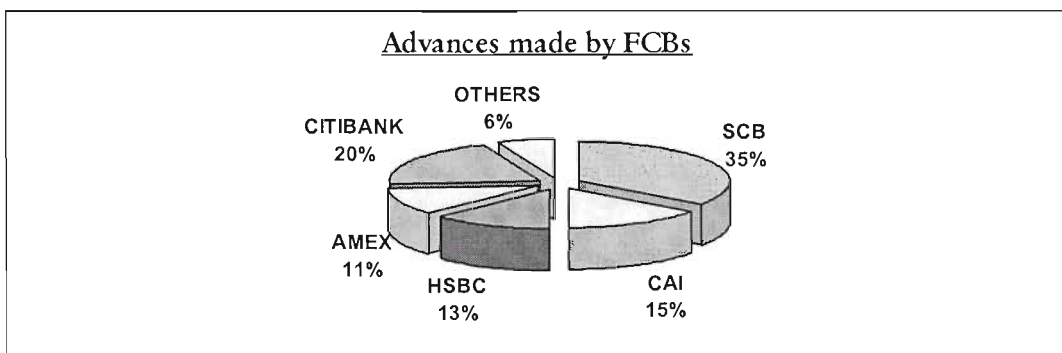


Figure 2- Source: Scheduled Bank Statistics, Bangladesh Bank, Oct- Dec 2005

Evaluation of SCB's Activities & Performance

- The banking industry is now experiencing the contractual employment fever that has started up and SCB has also fallen prey to it. Self-interest of the employees are actually hindering their performance because SCB is employing individuals from other agencies and giving them tough targets to reach and thereby not giving them the full benefits of a permanent employee. For example, many accounts are opened by Direct Sales Executives by luring customers with

loans, which they ultimately do not receive, and also opening accounts for customers who can hardly maintain the account and do not even pay the minimum opening amount. Even though SCB is getting benefited in the short run, the implications are long run losses.

Banks, who is offering better prospects, now enjoys customers switching to them as SCB offers low deposit rates and has set the minimum balances too high. Furthermore, long waiting cues, moderate customer service, non-functioning ATM machines and outrageously high charges lead to SCB being noted for these weaknesses as well. As a result, a large amount of customers have ceased transactions with the bank. Many customers' accounts have become overdrawn due to fees that have been charged by the bank's computer system for as long as three years because they have either simply not cared to close their accounts, or thought that they have been closed automatically.

- During the last 10 years the banking industry has become considerably monopolistic and hence SCB is starting to lose its market share to its rivals
- due to low barriers to entry, and the local banks' increasing aggressiveness
- Standard Chartered Bank is also facing problem in its system of collection and disbursement of cash. Many customers do not bear the proper knowledge as to the process of depositing and withdrawing money. The bank does not take many steps to assist them either. The system of withdrawal and deposit may be new and different from the system the customers have come across at local bank. Many of these customers or people they send to the bank on their behalf are not educated

and hence they face difficulty in the system of deposit or withdrawal. For instance, since the system of deposit is not that vivid, customer often drop the counterfoil of the deposit slip with the main copy into the slip box. Consequently, in many such cases it happened that a smart clerk picked up both the papers and took the money. Then there were no documents left for the bank or the customer to prove that he/she deposited the money.

- Because the way SCB makes charges to accounts cannot be properly explained, many customers believe and complain about the unethical banking of SCB.

- While dealing with its customers- especially in Consumer Banking, SCB emphasizes more on short-term profits than focusing on the maintenance of a long-term healthy relationship with them. This suffering of SCB from myopia- i.e. shortsightedness leads it to pursue strategies in such a myopic manner, and so in the long run, it may undergo severe losses. Another weakness of the bank that can be sighted as well is Poor coordination and communication between the head office and branches. As the head office undertakes many projects, the activities are hampered due to some activities of the branches. Even after the head office's carefully thought out action plan for a project, they still face problems in executing because the branches are not well aware of such a project and therefore, their actions do not comply with what is required for the ultimate success of the project.

4.2 MARKET SCENARIO

COMPETITIVE STANDING OF STANDARD CHARTERED BANK

- Standard Chartered Bank has a large capital base that gives it an edge over competitors. It is currently a provider of the highest range of products. It has a leading market position in Cash Management and Trade-related services, which provides the platform to drive future growth.

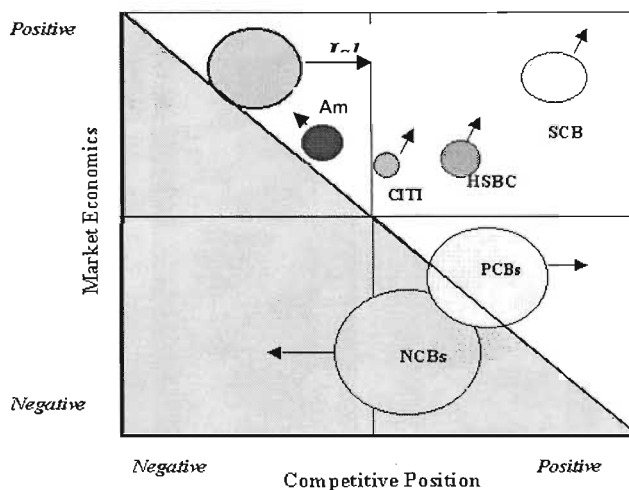


Figure: Competitive position of Standard Chartered Bank in 2005

Source: Annual Review, SCB, Bangladesh 2005

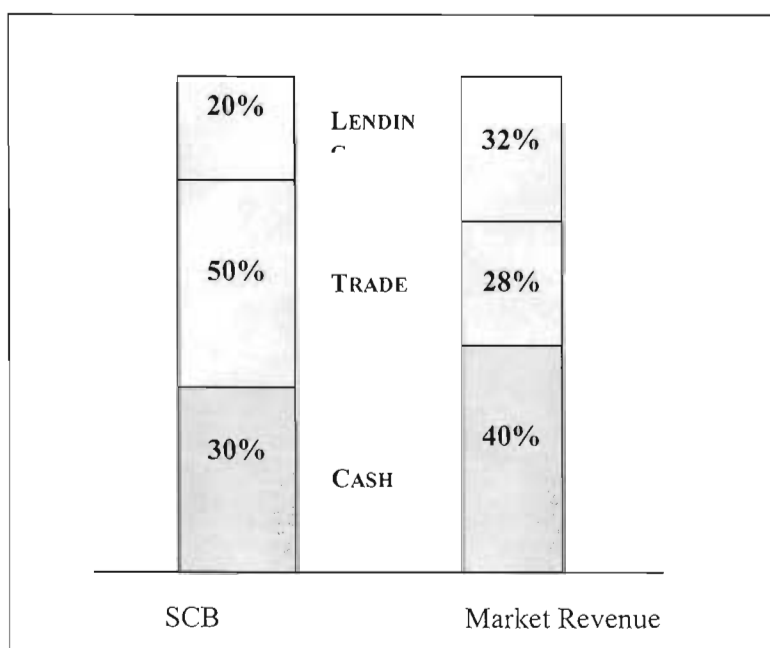
- Nationalized Commercial Banks (NCB) are less regulated than Standard Chartered Bank but NCBs are burdened with inefficiency and low quality lending portfolio, though those banks continue to dominate government businesses (90%) mainly due to regulatory advantages and geographic reach.
- Foreign Commercial Banks (FCB) continue to hurt the margin. They are the major competitors in Cash with a strong product range.
- HSBC and CITI , have limited capital and network

- American express has already wrapped up its corporate operations and thereby has decreased its competitive position in the market.
- Private Commercial Banks (PCB) with migrated skills from foreign banks are slowly moving away from vanilla products and age-old systems to higher value added products.
- SCGB is leading in terms of branch-wise share, deposit, loans & advances, reserves, and foreign exchange.

Competitive Performance of SCB

As per the Annual Review SCB, Bangladesh (2005), SCB's product mix seems to be more profitable compared to that of the market. The market, on the whole, is more dependent on cash management and

PRODUCT MIX: MARKET VS SCB



deposit products to generate revenue. In contrast,

Figure - Source: Annual Review SCB, Bangladesh, 2005

Standard Chartered Bank has successfully generated the highest proportion of revenue from its trade-related activities.

Standard Chartered Bank enjoys the number one position in Cash Management, and Trade activities. Due to a more conservative approach in lending activities Standard Chartered Bank has reduced its exposure in this area.

Products	No1	No.2	No. 3
▪ Cash	SCB	CITI	HSBC
▪ Trade	SCB	Islami	NBL
▪ Lending	Islami	EBL	Uttara

Table: Competitive standing of SCB Products; Source- Annual Review SCB Bangladesh 2005

Competitive position of SCB in Cash Management Services

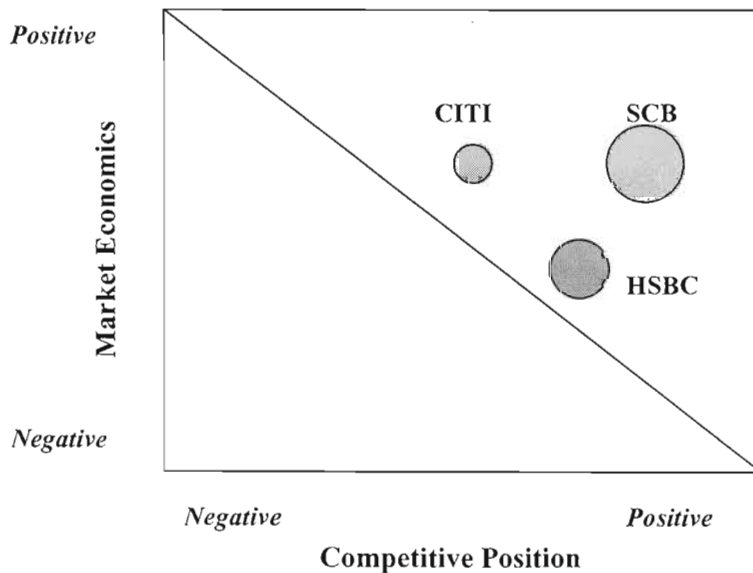


Figure - Source: Annual Review SCB, Bangladesh 2005

The cash management services of the bank are clearly ahead of the competitors thanks largely to a strong product range and the bank's appetite in this segment. It is hoped that the competitive edge the bank holds in this segment will provide the platform needed to drive the future growth of the bank.

In this field of activity the immediate competitors are the foreign banks, namely HSBC and Citibank who also offer a diverse range of products, similar to those of Standard Chartered Bank

Competitive position of SCB in Trade

Standard Chartered Bank enjoys the number one position in the market in trade-related activities. The major competitors in this area are the private commercial banks -

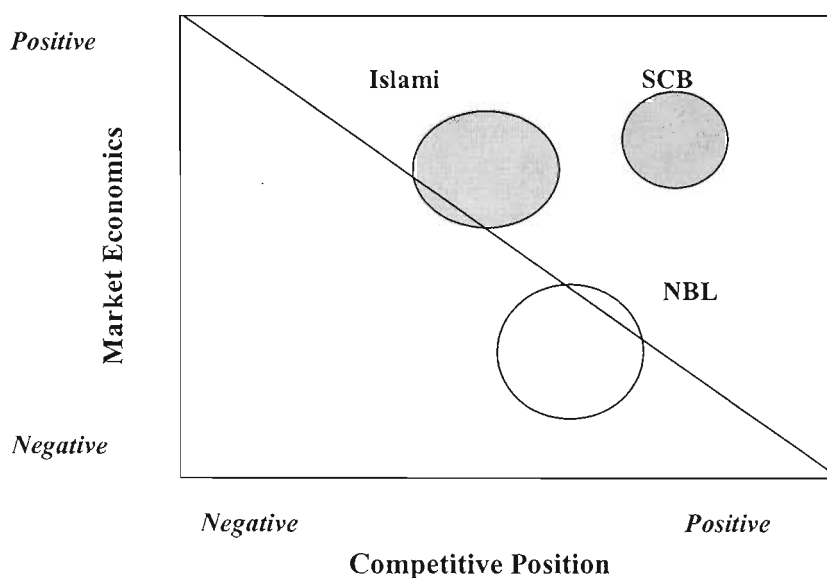


Figure - Source: Annual Review SCB, Bangladesh 2005

Islami Bank, Uttara Bank & National Bank who engage actively in lending to local corporate.

Competitive position of SCB in Lending

Standard Chartered has fallen behind in lending due to its conservative stance on taking too large an exposure on the comparatively volatile Bangladeshi market. As a result, the bank has shifted its portfolio from lower to higher quality lending.

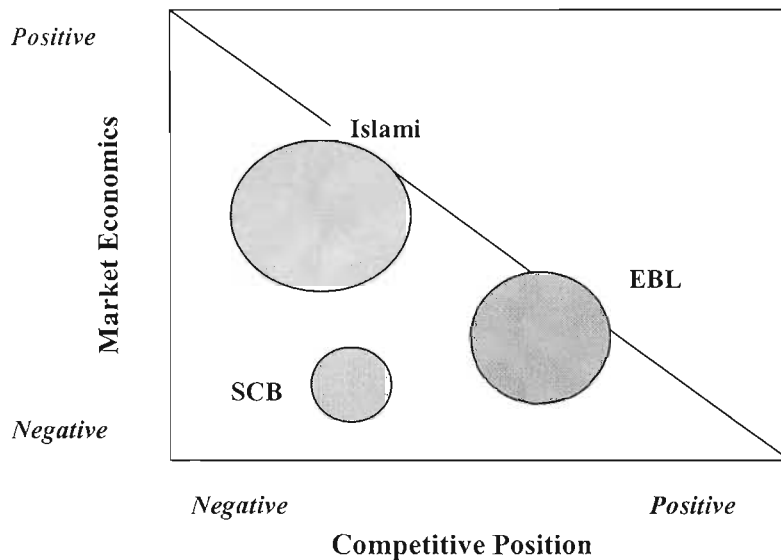


Figure -
Source: Annual Review SCB,
Bangladesh 2005

Islami, Eastern and Uttara Bank have an edge in this area through leveraging their extensive local network and strong positioning.

KEY SUCCESS FACTORS OF STANDARD CHARTERED BANK

- It is the second largest private bank of the country having a market dominance of roughly 67% among foreign banks
- Provider of the highest range of products and strategic points of delivery
- It has one of the largest capital bases.
- Its portfolio includes the biggest names
- Long standing presence in the country and therefore longest standing relationships.
- It has a technological edge over its competitors.
- It has the widest distribution network among foreign banks.

Chapter Five:

Prospects, Problems, Recommendations & Conclusion

Prospects of Standard Chartered Bank

Having a very good progress: After the acquisition with the ANZ Grindlays bank SCB is having good progress & they are broadening their activities throughout the country.

Large Scale Business: SCB has a large scale of business in the form of cards, Internet banking, consumer banking & many other activities.

Good talent management: SCB have tremendous talent at all levels of bank. The talent can focus on launching a new approach to organization. The employees have more control over their own training & development.

Extensive research for new products & services: SCB can ensure better customer satisfaction by innovating financial products & services which help give a new identity & reflect the customer's lifestyle & aspiration as well.

High reputation & market perception: SCB has celebrated 150 years as a company. This longevity is a proof of their strength & market position they hold.

Giving awards to the employees: SCB gives awards to the employees who have met the challenges they faced.

More emphasis on consumer banking: The biggest opportunity lies here as the middle income earners increase in size & prosperity in the market.

Cost efficiency: Cost control is achieved through tighter project management & strict discipline on general expenditure.

Capital efficiency: SCB has adequate capital by carefully assessing the capital needs.

Low interest rate for loan: This opens a great opportunity to have more customers.

Dedicated relationship managers: The managers are very good in advisory services.

In addition:

- SCB is the only one among the foreign banks that has been able to utilize its extensive marketing efforts in order to capture a wide customer base at a very short time.

- SCB's dedication is supreme in providing the best phone banking services in town. It is also keen to provide unmatched and instant 24 hour banking service and has recently opened the Call Centre at Lotus Kamal Tower in Nikunjo, Dhaka.

- In order to exude innovativeness and creativeness, SCB tries its best to come up with customers' banking problems and solve them. Another recent step taken by them is starting the Evening Banking service, which will be open from 6 pm to 8 pm in the evening. The customer, who has to keep his transactions stopped for 18 hours until the next banking hour arrives, will be benefited, as this will reduce the lag and hassle associated with it.

Problems of banking with Standard Chartered Bank

Problems with cash management

Low deposit interest rate: Investors who are less concerned about the security of the money are not satisfied with the present low deposit interest rate of SCB.

Hidden charges: More transactions per month mean more charge.

Lower service quality: Because of the large number of customers SCB cannot maintain the service standard at one time.

Irregular bank statement & poor advisory services: Bank statements provided are very irregular & sometimes the customers are not advised when a check has bounced.

Lack of contact & maximum number of current accounts: SCB emphasize more on current accounts as there is no interest on this account. The large number of accounts with the client manager also means customers are often not advised.

Discouraging fixed deposit: Customers are deprived of the advantages.

Payment delay: Bank should take strong action in case of payment delay.

Difficulties in account opening

Problems relating to customer service:

Standing on a big queue

Waiting for a long time

Not enough arrangement to sit

Minimum number of service providers to serve the customer

Large number of customers with many problems & queries

In addition:

- Banks which are offering better prospects now enjoy customers switching to them as SCB offers low deposit rates and has set the minimum balances too high. Furthermore, long waiting cues, moderate customer service, non-functioning ATM machines and outrageously high charges lead to SCB being noted for these weaknesses as well. As a result, a large amount of customers have ceased transactions with the bank. Many customers' accounts have become overdrawn due to fees that have been charged by the bank's computer system for as long as three years because they have either simply not cared to close their accounts, or thought that they have been closed automatically.

- The banking industry is now experiencing the contractual employment fever that has started up and SCB has also fallen prey to it. Self-interest of the employees are actually hindering their performance because SCB is employing individuals from other agencies and giving them tough targets to reach and thereby not giving them the full benefits of a permanent employee. For example, many accounts are opened by Direct Sales Executives by luring customers with loans, which they ultimately do not receive, and also opening accounts for customers who can hardly maintain the account and do not even pay the minimum opening amount. Even though SCB is getting benefited in the short run, the implications are long run losses.

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market share to its rivals due to low barriers to entry, and the local banks' increasing aggressiveness

- SCB is also facing problem in its system of collection and disbursement of cash. Many customers do not bear the proper knowledge as to the process of depositing and withdrawing money. The bank does not take many steps to assist them either. The system of withdrawal and deposit may be new and different from the system the customers have come across at local bank. Many of these customers or people they send to the bank on their behalf are not educated and hence they face difficulty in the system of deposit or withdrawal. For instance, since the system of deposit is not that vivid, customer often drop the counterfoil of the deposit slip with the main copy into the slip box. Consequently, in many such cases it happened that a smart clerk picked up both the papers and took the money. Then there were no documents left for the bank or the customer to prove that he/she deposited the money.

- Because the way SCB makes charges to accounts cannot be properly explained, many customers believe and complain about the unethical banking of SCB.

- While dealing with its customers- especially in Consumer Banking, SCB emphasizes more on short-term profits than focusing on the maintenance of a long-term healthy relationship with them. This suffering of SCB from myopia- i.e. shortsightedness leads it to pursue strategies in such a myopic manner, and so in the long run, it may undergo severe losses. Another weakness of the bank that can be sighted as well is Poor

coordination and communication between the head office and branches. As the head office undertakes many projects, the activities are hampered due to some activities of the branches. Even after the head office's carefully thought out action plan for a project, they still face problems in executing because the branches are not well aware of such a project and therefore, their actions do not comply with what is required for the ultimate success of the project.

- Increased competition by other foreign banks is a threat to SCB. At present HSBC and CITI Corp are posing significant threats to SCB regarding retail and business banking respectively. Furthermore, the new comers in private sector such as Prime Bank, Dutch Bangla Bank, EXIM Bank, BRAC Bank, Southeast Bank, Mercantile Bank, Social Investment Bank, Islami Bank and Bank Asia are also coming up with very competitive products. With customers shifting to these banks, SCB's profits, as well as market share is falling, and it faces the threat of being wiped out by competition.

- In today's economy, substantial amount of savings is remaining idle. Currently foreign direct investment in the country is very low. These economic situations of the country indicate political threats.

Recommendations

The following suggestions can help SCB to achieve better performance:

SCB should lower its minimum balance requirement: To give access to more clients.

Increase the number of alternate channels: Increase number of ATM's, more Internet banking transactions etc.

Increase the staff's strength: To give better service & train the front-office people to interact with customers.

SCB should offer higher deposit interest rate: Since it is lower than other private commercial banks.

SCB should improve its service quality: To attract more customers by providing regular bank statement, being more cautious about relationships, try to prevent its hidden charges

SCB should minimize its current account numbers

SCB should emphasize more on fixed deposit

SCB should restore confidence & preserve customer goodwill & relationship for the disappointed customers.

In addition:

- Standard Chartered Bank was approved permission to start Islami Banking from The Government of Bangladesh. The bank now has a whole new prospect opening up and also the opportunity to introduce a wide array of Islami Banking products. It also has the prospect of expanding its customer base. The country's growing population is gradually and increasingly learning to adapt to and use the banking service. As the bulk of our population is middle class, and Muslim, different

types of Islami Banking products will have a very large and easily pregnable market.

- SCB has rigorous credit screening policy and it is over conservative. By freeing their credit screening policy a little, they may be able to pursue many opportunist business ventures. SCB also has a good consumer base that maintains several accounts at once. SCB has the opportunity to keep these customers by reducing its current fees and charges and positioning attractively in middle class segment.
- More Branches around Dhaka specially and all over Bangladesh will enable SCB to capture more market share, and hold a stronger competition against local banks.
- By offering more attractive interest rates, and lowering the minimum balances eligible for interest, the bank can attract a lot of the old customers who have strewn away to other banks as well as new customers.

Conclusion

For more than 55 years in Bangladesh, SCB is known to bear the Banking Experience that provides it the strength of being the market leader in the foreign banking sector. Unlike any other multinational bank in Bangladesh, the long-term success of SCB is attributed to this strength of SCB whereas the long-term success of a bank heavily depends on its reputation while dealing with very sensitive commodity like money.

The first bank in Bangladesh to issue Money link (ATM) card is SCB. By grabbing the opportunity that exists in the market, SCB as the market leader, showed the most substantial corporate strength among the foreign banks. In addition, SCB has a bulk of qualified, experienced and dedicated human resources.

Standard Chartered bank enjoys a very good reputation in market as a foreign bank. The bank can explore the opportunities & address their weaknesses correctly. It can also recognize the threats behind professional management & implement good corporate governance along with modern technology. By doing these the bank can maintain & enhance their reputation as the best foreign bank in Bangladesh.