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BBA

**MARKETING OF FINANCIAL PRODUCTS
AND COMPARATIVE ADVANTAGE
OF SOUTHEAST BANK LIMITED'S
DEPOSIT SCHEMES**



 **Southeast Bank Limited**

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**MARKETING OF FINANCIAL PRODUCTS AND COMPARATIVE
ADVANTAGE OF SOUTHEAST BANK
LIMITED'S DEPOSIT SCHEMES**

Presented By
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ID # 1999-03-10-003

**BUS 499: INTERNSHIP REPORT
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SCHOOL OF BUSINESS, EWU
FALL - 2003**

Letter of Transmittal:

January 12, 2004

Dr. Golam Ahmed Faruqui
Assistant Professor
Faculty, School Of Business
East West University, Dhaka.

Dear Sir:

Here is the internship report on Southeast Bank Limited, which you had assigned to me at the beginning of the semester.

To aid you in analyzing this paper, it has been divided into two major sections focusing on the organizational aspects of Southeast Bank and analyzing the marketing policy of their financial products and evaluating the comparative advantage of Southeast Bank Limited's deposit schemes. A separate set of recommendations has been prepared for both the sections. I have tried my level best to gather all the relevant information about its products and services and organizational aspects of Southeast Bank Limited. The analysis and set of recommendations are subjective.

I sincerely hope that the report will aid you in analyzing the performance of the organization. I truly appreciate this assignment. If you need any assistance in interpreting the analysis, please do not hesitate to contact me.

Thanking you once again.

Sincerely,

Maksuda Akhter
ID # 1999 – 03 – 10 - 003

Retrospective Thanks:

The researcher would like to thank the following people without whose cooperation it would have been impossible to carry out this massive work. Special thanks go to each one of them.

- ✓ Mr. Moyazzem Hossain Sikder, Ms. Dilruba Yesmin and Mr. Mozammel Haque – For staying during the good and bad times.
- ✓ Md. Rashed Tanvir – All time great.
- ✓ Mr. Yousuf Hossain – For his wonderful co-operation.
- ✓ Mr. Amullya Ch. Adhikari - Asst. Vice President, Gulshan Branch.
- ✓ Mr. Maruf M. Ahshan – Manager Operation, Gulshan Branch.
- ✓ Mr. Shabbir Ahmed Imtiaz – Manager, Gulshan Branch.
- ✓ Mr. M. A. Muhith – Deputy managing Director.
- ✓ **To The Almighty Allah**

Executive Summary

Southeast Bank Limited is a scheduled commercial bank in the private sector, which is focused on the established and emerging markets of Bangladesh. It was incorporated as a public limited company on March 12, 1995 and started commercial Banking operations on May 25, 1995. SBL offers a full range of Banking Services and has twenty three branches throughout Bangladesh. The bank's operations in Bangladesh are in the areas of business banking, retail banking, and ATM card services division. The bank offers a number of retail products in the form of loan / savings scheme as well as various types of trade financing facilities to its customers. The major strengths of Southeast Bank Limited are its reputation, image, customer service and variety of products. At the same time, major weaknesses include lack of interdepartmental communication and storage facilities and centralized decision making prohibiting bottom-up communication. An industry analysis has been carried out to scan the macro environment which affects Southeast Bank Limited's operations in Bangladesh. A set of recommendations have been generated for further development and expansion of Southeast Bank Limited 's operations in Bangladesh.

SBL performed well in marketing its financial products. Southeast Bank Limited is th first bank in the country to use VSAT at all its branches across the country. And thereby introduced the new product of "**Real Time On-line Any Branch Banking Service**" for cash withdrawals, deposits, electronic fund transfer, balance enquiry, accounts statements etc. by customers. Southeast Bank Limited also launched a new product Islamic Banking from selected branches of the bank at Sylhet, Cox's Bazar and Chhagalnaiyh. SBL has also achieved tremendous success in deposit collection with in a short period of time. The growth rate in deposit is 31.42% compared to last year. This growth rate might be termed as remarkable achievement considering the volatile economic scenario of the country during the later part of 2002. Finally, a set of recommendations has been provided for overcoming the delinquency problem of SBL product marketing and deposit collection.

Introduction Of The Report

Origin Of The Report

This report is a presentation of 12 (twelve) weeks long Internship program as part of academic requirement of the Bachelor of Business Administration (BBA) program. One of the parts of this report is Organization part, which is an Overview of Southeast Bank Limited.

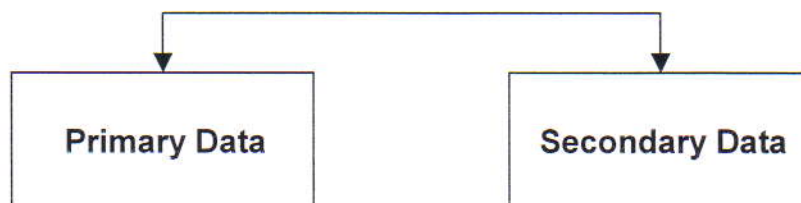
Objective Of the Report

The main objectives of this report are as follows:

- To have some practical exposure that will be helpful our BBA courses.
- To learn disk-wise activities in bank branch
- To gather knowledge the functions and transactions of credit departments of bank branch

Methodology of the Study

In order to make the report more meaningful and presentable, two sources of data and information have been used widely.



Both primary and secondary data sources are used to generate the report.

The "Primary Sources" are as follows:

- ✓ Face-to-face conversation with the respective officers and staffs of the Branch and Head Office.
- ✓ Information conversation with the Clients.
- ✓ Practical work exposures from the different desks of credit department of Branch.
- ✓ Relevant file study as provided by the officers concerned.

The "**Secondary Sources**" of data and information are:

- ✓ Annual Report (2002) of **SBL**
- ✓ Periodicals publications by Bangladesh Bank.
- ✓ Various books, articles, compilations etc. regarding general banking functions, foreign exchange operations and credit policies.

Limitations of the Study

The present study was not free for limitations. It is important to note that these limitations have somehow contributed in developing a dazzling and outstanding report. These limitations are discussed briefly below:

Inadequacy of Data: The annual report was the main secondary source of information that was not enough to complete the report and private the reader a clear idea about the bank.

✓ **Inadequacy of data :**

The annual report was the main secondary source of information that was not enough to complete the report and private the reader a clear idea about the Bank.

✓ **Limitation:**

12 (Twelve) weeks observation and orientation in not enough to be a mastermind of commercial banking despite having all sorts of cooperation from the employees. It was one of the main constraints that hindered to cover all aspects of the study.

✓ **Non Co-operative:**

Every organization has their own secrecy that is not relevant to others. While collecting the data i.e. interviewing the employees, executives of other banks, they did not disclose many inform information for asked of confidentiality of the organization.

✓ **Lack of Statistical Tools:**

Various statistical tools had not been used while analyzing 't the data, as the writer has very limited knowledge on Statistics and its applications.

INTERNSHIP PROGRAMME SCHEDULE

SL No	Subject to Covered	Period
01	<p><u>General Banking</u></p> <p>Customer Service</p> <ul style="list-style-type: none"> ✓ Cash ✓ Account Opening ✓ Remittance ✓ Clearing ✓ Collections ✓ Others 	<p>01-10-2003 To 09-10-2003</p> <p>[10 Days]</p>
02	<p><u>Account & Financial Control</u></p> <ul style="list-style-type: none"> ✓ Cash ✓ Account Opening ✓ Remittance ✓ Clearing ✓ Collections ✓ Others 	<p>10-10-2003 To 24-10-2003</p> <p>[15 Days]</p>
03	<p><u>Credit</u></p> <ul style="list-style-type: none"> ✓ Routine Works ✓ Statements Presentation ✓ Documentation ✓ Credit follow up ✓ Bank Guarantee ✓ Registration Formalities ✓ Loan Disbursement ✓ Others 	<p>25-10-2003 To 24-11-2003</p> <p>[30 Days]</p>
04	<p><u>Foreign Exchange</u></p> <ul style="list-style-type: none"> ✓ L/C Opening ✓ Lodgment ✓ Documentation Retirement ✓ Assessment ✓ Others ✓ 	<p>25-11-2003 To 19-12-2003</p> <p>[25 Days]</p>

SL No	Subject to Covered	Period
05	Commercial Banking Software PC Bank	20-12-2003 To 21-12-2003 [2 Days]
06	<p><u>Research Work</u></p> <ul style="list-style-type: none"> ✓ Collection of Data and Information ✓ Analysis of data ✓ Preparation of report ✓ Others 	<p><i>10-10-2003 To 09-12-2003</i> <i>[60 Days partly for Data Collection and Analysis]</i></p> <p>22-12-2003 To 30-12-2003 [8 Days]</p>



 **Part 1**

 ***Orientation to SBL***

An overview of Southeast Bank Ltd.

Southeast Bank Limited:

Southeast Bank Limited is a scheduled Bank under private sector established under the ambit of bank Company Act, 1991 and incorporated as a Public Limited Company under Companies Act, 1994 on March 12, 1995. The Bank started commercial banking operations effective from May 25, 1995. During this short span of time the Bank had been successful to position itself as a progressive and dynamic financial institution in the country. The Bank had been widely acclaimed by the business community, from small entrepreneur to large traders and industrial conglomerates, including the top rated corporate borrowers for forward-looking business outlook and innovative financing solutions. Thus within this very short period of time it has been able to create a image for itself and has earned significant reputation in the country's banking sector as a Bank with vision. Presently it has twenty three branches in operation.

Southeast Bank is one of the few banks permitted by the Bangladesh bank in the early 90s, the other banks permitted earlier were Dutch-Bangla Bank, AI-Arafah Islami Bank, Prime Bank, Dhaka Bank, Eastern Bank. These banks are known as the second generation banks and fortunate to remain immune from the bad loan culture. However, the performance of these banks are not the same, the Southeast Bank Limited remained as one of the top performers among them. Its performance also has been reflected in its good loan being the, 3.5 percent as against the national average of 33 percent in the private banking sector.

The emergence of Southeast Bank Limited at the junction of liberation of global economic activities, after the URUGUA YROUND has been an important event in the financial sector of Bangladesh. The experience of the prosperous economies of Asian countries and in particular of South Asia, has been the driving force and the strategies behind operational policy option of the Bank. The Company Philosophy "A Bank with Vision" has been preciously the essence of the legend of bank's success.

Southeast Bank Limited has been licensed by the Government of Bangladesh as a Scheduled Bank in the private sector in pursuance of the policy of liberalization of banking and financial services and facilities in Bangladesh. In view of the above, the Bank within a period of 6 years of Its operation achieved a remarkable success and met up capital adequacy requirement of Bangladesh Bank.

It has been growing faster as one of the leaders of tile new generation banks in the private sector in respect of business and profitability as it evident from the financial statements for the last 4 years.

Special Features of the Bank

a) It has been performing conventional commercial banking activity and striving to introduce

Islamic Banking functions.

b) It is the pioneer in introducing and launching different customer friendly deposit schemes to tap the savings of the people for channeling the same to the productive sectors of the economy.

c) For uplifting the standard of living of the limited income group of the population the Bank has introduced Consumer Credit Schemes by providing financial assistance in the form of loan to the consumers for procuring household durables, which have had encouraging responses.

d) The Bank is committed to continuous research and development so as to keep pace with

modern banking;

e) The operations of the Bank are fully computerized so as to ensure quick, prompt flawless and services to the customers.

f) Bank has introduced Camera Monitoring System (CCTV) to strengthen the security services inside the Bank premises.

Mission of SBL

After doubling itself in size and soundness between May 1995 and December 2003 Southeast Bank Limited has been consolidating its position and preparing itself for the new millennium by upgrading technology, training its work force, restructuring organizationally and creating a new work culture.

Product Mix of SBL



Deposit Scheme

Besides Fixed Deposits, Savings Bank Deposits and Current Account Deposits, the Bank has

Introduced the following customer friendly deposit schemes:

- a) Pension Savings Scheme (PSS)
- b) Education Savings Scheme (ESS)
- c) Marriage Savings Scheme (MSS)
- d) Savers Benefit Deposit Scheme (SBDS)
- e) Fixed Deposits (1,2,3,6 & 12 months and 2, 3 years)
- f) Bearer Certificate of Deposits (3, 6, 12 months)

Loan Schemes

- a) General Loan Scheme
- b) Consumer Credit Scheme

- c) House Building Loan/ Apartment Loan Scheme
- d) Advance against Share
- e) Loans against Imports
- f) Post import finance
- g) Export Credit
- h) Loan Syndication
- i) Project Finance

Performance of the Bank:

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The Southeast Bank Limited (SBL) was incorporated as a public limited company on March 12, 1995 under Companies Act. 1 -94. The bank started commercial banking operation effective from May 25, 1995. During this short span of time the Bank had been successful to position itself as a progressive and dynamic financial institution in the country.

The Bank had been widely acclaimed by the business community from small businessmen/ entrepreneurs to large traders and industrial conglomerates, including the top rated corporate borrowers for forward-looking business outlook and innovative financing solutions. The operating profit of the Bank in the year 1996 was appreciable compared to the loss of last year.

Business Activities:

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Southeast Bank Limited has been achieving a continuous growth rate in all the areas of operations during the year 2002 and earned a pre-tax profit of Tk, 435.55 million registering an annual growth of 8.28 % over than of the previous year 2001. The achievements were possible because of the service excellence of our management

team with support from a very resourceful and skilled workforce who are rendering efficient and specialized services.

Capital:

The authorized Capital of the Bank has increased in Tk.2500.00 million as on December 31, 2002. The issued and Paid-up Capital stood at Tk. 399.30 million as on December 31, 2002.

Reserve Fund and other Reserves

The Bank raised its reserve from Tk. 394.20 million to Tk. 571.66 million during the year 2002 which is quite significant compared to the position of the previous year.

Capital Adequacy Ratio

The Bank maintains a secured capital adequacy ratio, which is 8.23% of the Risk Weighted Assets as of December 31, 2002 as against the requirement of 8% set by the Bangladesh Bank.

Deposits

The accumulated total deposit of the Bank was Tk. 16,598.45 million as on December 31, 2002 as against Tk. 12,630.25 million as on December 31, 2001 registering an increase of 31.42%. The present strategy is to increase the deposit base through maintaining competitive Interest rates and having low cost of funds that would ensure a better spread with a moderate lending rate.

Loans and Advances

The amount of total loans and advances of the Bank was Tk. 13,027.13 million as on, December 31, 2002 against Tk. 9,178.03 million in the previous year showing an increase of 41.94%. Effective systems have been implemented to improve the recovery rate for the given loans and convert the non-performing assets into productive ones. SBL give importance to acquiring quality assets and performing appropriate lending analysis for commercial and trade loans.

Import and Export Business:

The foreign exchange business of the Bank marked an increase from that of the corresponding period. The Import and export business during the year 2002 reached Tk.12,817.01 million and Tk. 2,263.45 million respectively against 12,187.37 million and Tk. 2,675.05 million of the previous year. The growth in Import business was 5.17%, while that for export was 102.73%. The business position would have earned more revenue, but the recent debacle in the geo-political arena and our own macro-economic instability have slowed the growth of trade, export volume and foreign exchange reserve.

Guarantee Business:

The Bank issued total guarantees amounting to Tk. 2,502.48 million during the year compared to Tk. 1,854.50 million recorded in the previous year marking an Increase of 34.94 %

Investment

The size of the investment portfolio in the year 2002 was Tk. 2,282.08 million against

Tk.1,727.44 million in the previous year registering a growth of 32.11%. The portfolio included Government Treasury Bills, Prize Bonds and Shares in Public Limited Companies.



Treasury Operations

The treasury dealings of the Bank since its initiation developed considerably both in local and foreign currency. With automated Reuters Terminal the Bank had been able to develop its infrastructural abilities for treasury dealings more adequately for meeting the demand of customers.



Profit and operating results

The Bank turned in satisfactory performances of its operation and the operating profit of the Bank increase to Tk.492.56 million in 2002 compared to Tk. 492.13 million in the year 2001 indicating an impressive growth of 0.09%. The Bank declared 20% cash dividend, bonus share @10% (One bonus share against 10 shares held). The Bank also approved the issuance of Right Shares @ 2:1 (One share for every two shares).

The year 2002 encountered a couple of severe geo-political and economic distortions that created the adverse trend in the major financial markets and notable depreciation in the portfolio investment and wealth earning. Despite the reality, the prudent policy of the Bank in valuing loans and equity investments through the assistance of a well-committed management and skilled work-force, helped them in obtaining their profit margin which hopefully will continue to improve their position in future.

Dividend

The board of Directors has been pleased to note the continuous growth in the profit of the Bank and based on the performance of 2002 they have recommended 20% cash dividend and 10% stock dividend for the year 2002 which has already been approved by Central Bank (Bangladesh Bank).

Right Share

For raising the capital base of the Bank to a comfortable position the Bank decided to issue Right Shares at per @ 2:1 (One Right Share for every two shares held). This will create a solid financial base for the Bank and enable the Bank to go for investment of funds in larger projects.

Foreign Correspondents

The Bank is maintaining Foreign corresponding Relationship facilitating the Bank to meet transaction requirements to be incorporated with global business developments. The number of Foreign Correspondents and agents of the Bank in 2002 was 295 with 45 banks covering the major financial institutions and business centers of the world.

Automation

The regular operations and transactions of Southeast Bank Limited are fully automated and all the activities of trade and operations are being done now by automation tools such as ATM and SWIFT. SBL is gradually downscaling the applications of Telex and converting that to SWIFT for more effective communication. SBL is a member of a shared ATM network provided by Electronic Transaction Network Limited (ETN) and having more than twenty ATMs available throughout the country. In order to provide round the clock and current information

on the Bank to business community world-wide, SBL has a Web page which can be accessed under the domain name www.southeastbank-bangladesh.com

Branch Expansion

Southeast Bank Limited has a total of 19 Branches excluding Head Office. During the year 2002 it has opened Chouhatta branch in Sylhet and the Bank has a plan to open, around 6 branches including three Islamic banking branch at different corners of the country during the period 2003-2004.

WEB-PAGE

The Internet has brought about a revolutionary change in the world leading to convergence of communication and computing technologies. In order to provide round the clock and up to date information on the Bank to the trade and business communities worldwide, our own Information Technology Team has developed a web page for the Bank. It can be accessed under the domain name: www.southeastbank-bangladesh.com.

SWIFT

The Bank has become the member of SWIFT Alliance Access, a multi branch secure financial messaging system provided by the Society for Worldwide Inter-bank Financial Telecommunication (SWIFT), Belgium. With the activation of the SWIFT system the Bank enjoys instant, low-cost speedy and reliable connectivity for L/C transaction, fund transfers, message communication and others worldwide financial activities.

ATM Service

The bank has joined the shared ATM network Bangladesh, provide by Electronic Transactions Network Limited (ETN) – a joint venture with united group of Bangladesh and IFS International, USA. Polls of seven banks have joint the network. Under this system any customer of any member bank has access to any of the ATMs situates at different locations of Dhaka City. The service is providing twenty four hours cash withdrawal and utility bills payment facility to banks customers. Initially 12 ATMs have been installed in Dhaka City. The network will gradually be extended to other cities of the country. It is expected that about 500 ATMs will be installed by the next few years under this network.

Form of Organization

Board Of Directors

In SBL the board of directors has been conceived as the sources of all power headed by its chairman. It is legislative body of the bank board can delegate its power and authority to professionals, but can not delegate, relinquish or avoid their responsibilities. The board of directors of the bank consists of 13 members who are reputed business personalities and leading industrialists of the country.

Management

The management team headed by the CEO, Syed Abu Naser Bukhtear-Ahmed, the President and Managing Director has to take full loan of carrying out the guidelines, rules and regulations and directions given by the board from time to time and provide all the vital information to the BOD for their knowledge and effective decision making.

Division of Bank

- HRD /
- Administration Division

The division controls all the administrative activities of the bank.

- General Banking Division

Activities regarding general banking are cash affairs, opening new branches, customer service and legal affairs.

- Audit and Inspection Division

The role of this division is to conduct extensive visit to various branches and check and observe their performances and take notes on the issues, which they think are not fit to the originality.

- Credit Division

Various types of loans and advances are initiated, following up and recovered through this division.

- Financial Control Division

Central accounts division does all the A/Cs related activities here. All the branches send their monthly and daily statement to the Head Office. The bank using PC Bank 2000 for their electronic data management system.

- International Division

To deal foreign exchanges business, which is known as international division.

add

Branch Network

Southeast Bank Limited has a predominately network of its Nineteen branches, which are tightly bound with each other are displayed below.

Dhaka

- Principal Branch
- Gulshan Branch
- Dhanmondi Branch
- Uttara Branch
- Bangshal Branch
- Imamgonj Branch
- Kawran Bazar Branch
- New Eskaton Branch
- New Elephant Road Branch
- Agargaon Branch

Chittagong

- Agrabad Branch
- Khatungonj Branch

- Jubilee Road Branch
- Haliashahar Branch

Sylhet

- Laldighirpar Branch
- Moulavibazar Branch
- Chouhatta Branch
- Shahjalal Upashahar Branch

Khulna

- Khulna Branch

Asset vision of Southeast Bank Limited

Industrial Credit – Term Loan

One of the vital and prerequisites of country's development is its industrial growth. The bank has rightly identified and extended industrial Term Loan. Out of the total credit portfolio 32% has been deployed for large and medium scale industries and the Bank has been cottage industries too.

Loan Syndication / Club Finance

Southeast Bank Limited is enthusiastic and comfortable to participate in loan Syndication / Club Finance which in the recent past. Around 12% of the total Credit portfolios have been deployed in syndicated loans with a number of foreign and domestic banks. In loan syndication, the bank has also acted as lead arranger and security agent. Club Model Financing has also been extended to different business houses along with different banks as agreed by them.

Foreign Trade (Import / Export)

The Bank has been efficiently handling the foreign trade through 255 foreign correspondent banks / agents of 34 major banks abroad. The volume of import and export handled by the bank during 2002 stood at around Tk. 1219.00 Crore.

Guarantee Business

The Bank has been assisting different business houses by providing non funded banking facilities in the form of bank guarantee which is most lucrative and remunerating. The total bank guarantee business reached around Tk. 185.00 Crore during 2002 which is 42 % higher than that of the previous year.

Consumer Credit Scheme

The bank also extends its credits to the lower and middle income group of people with fixed income to help to increasing their living standard around Tk. 5 Crore has been extended under the scheme under easy terms.

Commercial Lending / Working Capital

The Bank has been continuously providing working capital / commercial lending support to the small and medium entrepreneurs / business and as well as large industries. Around Tk. 300.00 Crore i.e. 58% of the present credit portfolio has been extended in this area.

Loans to Leasing / Housing Finance Companies / Micro Finance Agencies

Southeast Bank Limited has also opened up the window of financing the leasing / housing finance companies / micro finance agencies on short, medium and long term basis for leasing / re-lending to their customer. Almost all the leasing companies have been enjoying this financing which presently amounts to around Tk. 70.00 Crore and the leasing business is found to be visibly vibrant.

Correspondent Banking Relationship Business (CBRB) and Southeast Bank Limited

The survival of a third generation bank like Southeast Bank Limited depends on a large extent on how you set up your agency arrangements with correspondent banks to facilitate mutual exchange of business, documents and information, without a vibrant international division it is nearly impossible to support a business community that is totally dependent on foreign trade for its survival. Southeast Bank Limited – “ A Bank With Vision” was aware of this fact since inception and it geared its activities accordingly.

The number of foreign correspondents in 1996 stood at 147 covering more than 45 countries with account relationship with 9 international banks in 6 countries. The steady rising trend continued in 1997 and 1998 and presently SBL have correspondent relationship with 34 major Banks covering most the important business centres in 62 countries. SBL have also successfully established credit lines with 6 major international banks to support global foreign trade business. It is interesting to note that the image created by SBL worldwide, has prompted one major bank to offer credit line facilities to us to route our elcees through them without formally approached by the bank. This is recognition of the quality of SBL's L/C's and payment commitments where there have been no default or undue delay in reimbursement.

Information Technology At Southeast Bank Limited

Now a day the financial services industry, especially the banking sector is under going revolutionary changes with the advent of modern technology and introduction of new products based on the electronic system, the concept of conventional banking has been changed.

In Bangladesh, although the banking industry are lacking a total integrated banking software solution of international standard, however, Southeast Bank Limited put its best efforts to introduce a computerized banking system which provides efficient, reliable, fast service and accurate information to its customer as well as management, shareholders and regulatory bodies.

The salient features of SBL's IT system

Banking Operation

All Branches of the Bank including the Head Office have a PC Based Local Area Networking

(LAN) using UNIX Operating System, which is a multi user and most reliable and internationally recognized secured operating system. SBL's banking program supports all core banking, facilities including: Current Accounts, Savings Accounts, Foreign Currency Accounts, Term and Fixed Deposits, BCD, Loans and advances, Special Schemes for Deposits and Advances etc. Besides the maintenance of various types of customer account, calculation and applications of interests, automatic deduction of various types of taxes on lives, the bank's books of accounts are also fully automated and integrated in to the banking software thus the Balance Sheet, Statement of Affairs and other management reports and generated by the computer system under Bank's Standard Chart of Accounts on daily basis.

Back Office Automation

Apart from the Front Office Automation and Automated book-keeping system of the bank, the bank has introduced computerized Provident Fund, management System, Inter Bank Reconciliation, Share Management System, MIS, Central Bank's reporting such as CL, CIB etc. SBL's in-house software development team developed a L/C Management System, which cover's the entire L/C operation starting from L/C opening, processing, vouchering, maintenance and retirement of L/C. The system has already been introduced on the occasion of the 5th Anniversary of the Bank on 5th May 2000.

Home Banking

Southeast Bank Limited is not only maintaining its Front-Office and Back-Office operation through modem computer system but also providing the home Banking Facilities to its Corporate Customers. With this facility SBL's customer has access to his / her account for inquiry, checking the account balances, seeing the days

transactions and taking print of Account Statement sitting at his / her: office or residence. At present SBL is providing this facility to a limited number of customers which are going to be extended to other corporate customers gradually.

ATM Service

In order to keep pace with the fast growth of electronic banking and provide better services to the clients, the Bank has joined the Shared ATM Network which will be one of the first of its kind in Bangladesh. Initially 15 to 20 ATMs will be installed in different locations of Dhaka, Chittagong, Sylhet and Khulna. The Network has started its operation in Dhaka in September, 2001. Under this service the customer of the bank will be able to withdraw money round the clock from any of the ATMs of the Network. Besides the cash withdrawal facility, the ATM Network will also provide other facilities like: fund Transfer, Balance Inquiry, Printing of Account Statements, PIN Changing etc. The Network is also planning to introduce the utility bills payment System through the ATMs.

Bank's Own Web-Page

Internet has brought about a revolutionary change leading to convergence of communication and computing technologies. The global presence and impact of the Internet, has made it essential for most business to sit up and take notice of the power on Internet technologies and devise ways to leverage it to gain competitive advantage. The interactivity and flexibility of the Internet technologies has generated a number of creative options for addressing the business issues facing various industries - the banking industry is no exception to this. Starting of with providing mere static information on the Net banks have evolved to having transactional Web Sites a virtual delivery channel for their customers "(News @bancs. issue 4, January, 2000). In order to provide instant access to bank's information to anybody, at any time from any where of the world, Southeast Bank Limited has launched it's own Web Page developed by it's IT Team soon.

Introduction of SWIFT

The Bank has become the member of the Society for Worldwide Inter-bank Financial Telecommunication (SWIFT). This will facilitate the bank as well as its customers the speedy and reliable communication system for trade messages and fund transfers.

REUTERS System

The Bank is going to install a Reuters Monitor at its Head Office soon. Necessary arrangements have already been made in this regard. With the implementation of this system the Bank will be able to handle its foreign exchange business / deals more efficiently and keep itself updated with the developments of international money market instantly.

Online Any Branch Banking

The Southeast Bank Limited is going to connect all its branches and Head Office under a Wide Area Network (WAN). Under this system the customer of a branch will be able to withdraw and deposit money from / to his / her account from any of the Southeast Bank branches across the country. This will also provide our customer instant fund transfer facility to any account maintained with any branches of the Bank.

The objective of an IT Department is to ensure that an efficient, secure and reliable computerized banking operation is running towards that end SBL is constantly striving to update and upgrade ourselves in all modern IT practices. SBL is committed to our clients to put all its efforts to adopt all modern concepts / technologies in order to cope with the constant changing environments of business. SBL's ultimate aim is to make Southeast Bank equipped with cutting-edge technologies in the financial sector of Bangladesh.

Human Resource Management of Southeast Bank Limited

Human resource development and management has been proved as one of the most critical aspects of attaining organizational effectiveness. Human Resource management (HRM) is concerned with the people dimension in management. Southeast Bank Limited, since its inception, has placed equal emphasis on all the four key functions of the process of HRM- acquisition, development, motivation and retention. The various programs undertaken by the Bank to enrich the quality of human resource are mainly aimed at increasing professional knowledge and skill levels of employees through training and development, in order form a well-equipped work force for providing superlative services to the customers. The reinforcement and enhancement of motivational aspects of the employees, at the same time, have remained one of the major concerns as we all know that "success of an organization lies in getting employees to give them little bit extra."

Southeast Bank Limited has arranged professional training programs for executives and officers at home and abroad. Under the executive development program (EDP),

the Bank has so far sent a number of executives for attending training for 8 countries and workshops in Japan, the United States of America, Hongkong, Singapore and India.

The ex-CEO of the Bank underwent and intensive training programs fully sponsored by the Bank at the Harvard University, USA on "Micro Credit Management". Moreover, top executive of the Bank are frequently sent abroad for enabling them to know the functions and mechanisms of financial, money and security market of the developed countries and also to exploring business opportunities. Quite a large numbers of executives and officers of the Bank have so far been trained at Bangladesh Institute of Bank Management (BIBM), Bangladesh Bank Training Academy (BBTA) etc. covering divers areas of the financial system including commercial banking as carefully selected are largely concentrated around core banking issues like credit management, international trade, treasury management, audit and inspection, loan review & monitoring and project management. The Bank has developed its own training centre with both in-house and visiting faculties and resource persons.

Southeast Bank Limited to further strengthen its efficient work force has recruited fresh business graduates of reputed universities as Management Trainees. The recruited personnel joined the mainstream of banking which would surely enrich the quality of human resources and eventually contribute towards the Bank's operational effectiveness and long term sustainable results.



Recruitment Policy of Southeast Bank Limited

Management trainee

Those who enter as management trainees undergo a probationary period of 12 (Twelve) months. After this, the trainee is considered an officer. These officers are then assigned with individual responsibilities.

Non-management trainee

People joining under this category do not have any fixed probationary period, and the time required for training would depend on the his / her performance. In case of non-management trainee, two ways of recruitment takes place:

- 1) Those taken as Banking Assistant, who has a training period of 3 (three) to 6 (six) months.
- 2) Those taken by signing a contract for 3 (three) months, and after that, whether the contract gets renewed or not depends on the performances of the person under observation.

Legal Considerations

- **Negotiable Instruments Act, 1881 (as modified up to June, 1994)**

The NI Act, 1881 deals with the various aspects and exchange of negotiable instruments in Bangladesh. This law sets different provisions and regulates transactions of NIs like Cheques, Promissory Notes, Bills of Exchange and of hers. The law sets rules regarding writing down cheques and its presentations, delivery and negotiation by endorsement. It also sets guidelines of presenting NI and payment and interest, discharging liability on notes, bills and cheques through cancellation, release and payment. Another key feature is how to dishonor

through non-acceptance and non-payment and who should get the notice of dishonor. Also stated are how acceptance and payment for honor is made and the different rules for compensation. Special provisions of cheques regarding crossing of cheques, account payee, special crossing and other relevant issues have also been stated in this Act.

- **The Bank Companies Act. 1991**

This act which has been revised up to May 1997 covers the major areas of establishing, operating, directing and winding up a bank. The major features of the Bank Companies Act are:

- ✓ A banking company shall have a paid up capital not less than Taka Twenty Crore or six percent of the total demand and time liabilities of the bank.
- ✓ No Banking company incorporated in Bangladesh will be allowed to commence business unless it satisfies that the subscribed capital of the company is not less than one half of the authorized capital and that the paid up capital is not less than one half of the subscribed capital.
- ✓ The capital of the company should consist of ordinary shares only.
- ✓ The voting rights of the shareholders are strictly proportionate to the contribution made by the individual.
- ✓ Other than new banks or specialized banks, every banking company must take the prior approval of Bangladesh Bank before appointing the CEO and the Adviser and shall not be dismissed or released before the prior approval of Bangladesh Bank.
- ✓ The position of the CEO can't be left vacant for more than three months. If the company fails to appoint a CEO within three months, Bangladesh Bank may appoint an administrator for discharging the duties of the bank.
- ✓ Every banking companies incorporated in Bangladesh shall create a reserve fund.

- ✓ A banking company shall not form any subsidiary company except for the purposes mentioned in the act.
- ✓ No banking company will be allowed to make loans and advances against the security of its own shares or grant unsecured loans or advances on the guarantee of the directors or family members of the directors.
- ✓ Bangladesh Bank may give directions to banking companies in matters of credit ceilings, minimum ratio of small loans, purpose and limit of advances and the rate of interest.
- ✓ No banking company will be allowed to operate unless it obtains a license from Bangladesh Bank.
- ✓ Bangladesh bank has the power to remove the Chairman, directors and the CEO of a Bank.
- ✓ Bangladesh bank has the power to supersede the decisions and activities of the Board of Directors of the Bank.
- ✓ In case of winding up of Business, the High Court Division of the Supreme Court may apply to Bangladesh Bank for the imposing moratorium on business.

- **Uniform Customs and Practices for Documentary Credit (UCPDC 500)**

The UCPDC 500, which has been prescribed by the International Chambers of Commerce (ICC), will apply to all documentary credits and will be binding on all the parties. This law deals with the whole gamut of International Trade Finance. It states the different types of credit, which can be classified in to revocable and irrevocable. It also states the liability of the issuing, advising and the confirming bank as well as revocation of a credit. The law also sets a standard for examination of documents in international trade and how to examine them and how to detect discrepancy. It states the bank to bank reimbursement arrangements. The transport documents in different types of mode of transport are also stated in the law. The law specifies required documents for sea, land and air transport. The provision of clean transport documents are also mentioned in the regulations.

- **Artha Rin Adalat Act, 1990**

An important legal framework to create a positive impact on bank's loan portfolio management is the ***Artha Rin Adalat Act, 1990***. The legal system must balance the rights of banks to foreclose on collateral with the rights of individuals and firms so that debts can be recovered in a timely manner. A system of laws and regulations is needed to promote the use of contracts, to encourage discipline and the timely enforcement of contracts. This is done by the Artha Rin Adalat. Prior to the setting up of this Act, banks had to file cases in the sub-judge courts, commercial courts, etc. which was not such an effective way due to various loopholes in the financial system. With the establishment of this Adalat, now there is a speedy process of money suits disposal although some legal impediments still remain.

- **Foreign Exchange Regulations Act, 1994**

This Act regulates the exchange of foreign currencies, remittances and opening of foreign currency account under various classifications. According to this law, FC accounts can be opened without any initial deposits and bears no interest. Both the account holders of an FC account can operate the account. The entire remittance is

tax-free. The documents required includes passports, visas, copy of employment contract with the foreign employer, account opening forms and others. Some other important guidelines are regulations regarding Non-resident Foreign Currency Deposit (NFCD) accounts, Resident Foreign Currency Deposit account, Exporters Foreign Currency account, etc. It also sets rules on foreign remittances regarding inward foreign remittance, foreign telegraphic transfer, foreign demand draft, issue of cash / travelers cheques.

- **Bankruptcy Act, 1997**

The banks and other financial institutions of this country have for a long time been urging for passing of a Bankruptcy Act to deal with their claims expeditiously. This act has already been passed by the parliament and will introduce procedure for corporate restructuring that go beyond liquidation like the bankruptcy act of industrially developed countries.

Macro Environment Scanning

In order to understand and analyze the external factors that affect the growth and development of the banking industry, it is very important to pursue a macro environment scanning (MES). MES will help the banks to identify the threats or opportunities and allow them to develop strategies in order to face the unknowable.

- **Political and Legal**

It is a major external factor that affects the financial sector of Bangladesh.

1) Trade Liberalization

Bangladesh has been going through trade liberalization and deregulation after the political changes in 1975.

In the mid eighties Bangladesh started the Structural Adjustment Program (SAP) as recommended by IMP and World Bank in order to pursue economic reform Policies through cutting down the budget as well as the trade deficits. The country is now experiencing an economic reform that allows and encourages active participation of the private sector.

During the early nineties Bangladesh launched financial sector reform program (FSRP) that aimed at straightening out the problem of NCBs, DFIs and PCBs. In this program, new policies and regulations have been made for smooth operations of the financial institutions. Bangladesh Bank has been given more monitoring authority in order to check and control the operations and performance of the banks. Lending Risk Analysis (LRA) has been introduced in order to analyze the credit risk of the borrower prior to the sanctioning of the loan. Credit Information Bureau (CIB) is considered to be one of the most important aspect of FSRP. Financial information of all the borrowers are recorded in the CIB. Before any credit facility is provided by a bank, the CIB report is collected in order to understand the viability of a potential client. In addition, a credit exposure matrix has been created where a client having a loan of more than Tk. 10 Lac will be reported to Bangladesh Bank. Under the reform program recommended by World Bank, Bangladesh, is still going through trade liberalization and deregulation and structural reforms.

Another step in the enhancement of the power provided to Bangladesh Bank is the recommendation by World Bank to abolish the Banking Division of the Ministry of Finance.

Some of the examples or outcomes of the economic deregulation in the country is the rapid growth of the private sector through the emergence of private banks like SBL and Dhaka Bank as well as the multinational banks like Hong Kong Bank and Faisal Islamic Bank.

2. Changes in the Legal System

The legal system of the country is also going through some changes for smoother operation of the financial sector. New laws have been introduced like the Bank Companies Act, 1991, which have been made exclusively for the establishment, functioning and operations of banks or financial institutions. This law regulates the banking industry in various ways.

Another similar Act that has facilitated the process of recovering or realizes the outstanding advances is the Artha Rin Adala Act. This Act enables the bank to file suit against a defaulter in the Artha Rin Adalat instead of the lower courts like the assistant judge courts. This will expedite the process of disposal of money suits. The Bankruptcy Act of 1997 is another positive change for the financial sector where banks would be able to recover their overdue from the defaulter at a much faster rate. All these changes in the financial sector has impacted the financial sector of Bangladesh.

3. International Trade

Bangladesh is the signatory of the Uruguay Round of trade liberalization. It is now experiencing both unilateral and multilateral trade liberalization, which has helped in eliminating the trade barriers of the country.

Trade barriers have to be eliminated by the year 2004 according to multilateral trade liberalization. The volume of international trade has increased very rapidly due to trade liberalization and the opening up of the economy. The new private banks that have emerged recently are taking the full advantage of the open economy and

earning revenues through L/Cs mostly. Trade finance has become a major source of income for the banks that is relatively secure than commercial or industrial lending.

4. Energy Sector

The energy sector of the country is growing at a rapid rate with the prospect of gas, oil and other mineral reserves. This has attracted multinational giants like Shell, Cairn and BP to invest in this sector. This boom in turn has attracted multinational banks to start operations in Bangladesh. Moreover, private banks in the country are also getting benefited since they will be able to provide counter guarantee to the foreign banks that are issued to the oil company.

5. Unionization

This has a major impact on the financial institutions of Bangladesh. It has different impact on the NCBs, DFIs and PCBs. The NCBs and the DFIs are under the grip of illegal trade unionism where the management is threatened by the trade union leaders who are backed by the leading political parties. The performance and productivity of the NCBs' are severely jeopardized due to the illegal trade unionism. Even in Bangladesh Bank, trade unions are engaged in violence and very recently a top executive of Bangladesh Bank has been assaulted by a junior employee. However, the scenario is totally different in the PCBs. Till now the PCBs are free from trade unions. As a result, productivity is higher in PCBs than the NCBs. Therefore, the PCBs and FCBs are free from the curse of illegal trade unionism.

- **Technological Forces**

Technological forces have impacted the global scenario of not only the financial sector but also any other sector of the economy. Banks are now using the latest updated technological equipment to provide better and quality service in order to compete in the dynamic industry. The technological advancements that are getting very popular among the financial institutions are on-line banking operations, VSAT and Telebanking and ATM.

1. On-line Banking

On-line banking system has already gained worldwide acceptance in terms of its service. Most of the multinational banks in the country have already installed the on-line banking system. Previously, if a customer required any service from a bank, he/she has to go to that particular branch of the bank where the account was opened. But with the introduction of on-line banking, he client or customer does not have to go to that particular branch. Rather the transactions can take place at any branch of the bank due to the on-line banking system.

2. VSAT

The VSAT is worldwide most modern, secured, reliable and uninterruptible communication media. It is a satellite based communication system, which is established more speedy communication. The most of the developed countries are now using VSAT to establish their communication worldwide. Specially, banking sectors needs more securities rather than the others. So, SBL first time introduce this costly technology to provide better and reliable services to its customers around the country.

Using VSAT SBL provide customers, online banking, instant fund transfer, global banking from the any bank branches in the country.

3. Telebanking and ATM

ATM has become a household name in terms of its efficient service globally. A customer does not need to go to a bank for withdrawal or deposit if he / she has access to ATM service. Non-bank ATMs have been introduced in Bangladesh by the foreign banks like Standard Chartered and HSBC. In telebanking a customer can simply make transactions through the telephone without having to be physically present.

- **Economic Forces**

A country's economic forces can have a significant impact on the growth and development of the banking industry. Some of the major economic forces that affect this industry are :

1. Growth Rate

A country's GDP growth rate is the key indicator, which reveals the country's economic performance. Recent statistics show that, Bangladesh's GDP growth rate is 4.8%. It is expected that an increasing but a steady growth supported by economic and financial sector reforms will boost up the volume of business and profitability of the financial institutions. A vibrant stock market, high investments, high consumption will make positive contributions for the operation of the banks. A rapidly growing economy allows a bank to have more profitable projects for investment and also creates more deposits.

2. Inflation

Inflation rate also plays a substantial role for the growth and development of financial institutions. At present, inflation rate is picking up in Bangladesh and if this continues, banks may face various problem in future regarding attracting customers for deposit schemes.

3. Fiscal and Monetary Policy

The fiscal and monetary policies of the Government can have a strong impact on the operation and growth of the financial institutions. These are the two primary instruments through which GOB regulates the economy and in turn controls the financial institution. Through fiscal policy, GOB can finance its trade or budget deficits and through monetary policy, Government controls the money supply in the market. If the government wants to boost up industrialization, in that case GOB can go for an expansionary monetary policy where the banks go for credit expansion strategy making huge amount of loan disbursement to force and accelerate the pace of industrialization in the country. On the other hand, banks are also affected by the Government's decisions to borrow. The government borrows from banks to finance its defaults and may force banks to purchase its treasury bills and various government bonds. Therefore, the fiscal and monetary policy of the government can greatly influence the financial institutions.

- **Social Forces**

1. Consumer Taste and Psychology

Traditionally banks were considered only in terms of deposits and lending. But now with the changing times, people are taking the consumer credit facility for purchase of household goods like refrigerators, ovens, air-conditioners, cars, etc. This shows the change in consumer taste and preference.

2. Customer Attitude

Traditional banking no longer appeals to the customers. Now customers want innovative and fast service. They also want to go to a bank that is attractive and well decorated. They prefer a bank that will give them their required service but much faster. The upcoming private banks like SBL, Dutch Bangla and Dhaka Bank have well decorated interiors and impressive branches in order to attract customers.

Industry Analysis

1. Threats of New Entry

For every industry there is always a threat of new entry. This is an important aspect of analyzing the industrial environment. Similarly, the banking industry is not out of the threat of new entry.

The new private banks that will emerge in the future and the foreign multinational banks that are planning to operate in Bangladesh are posing as threats to the existing banks. As mentioned earlier, the energy sector of Bangladesh is attracting foreign banks to invest in the country and this in turn is making the existing banks feel ~ threatened of new entrants to the industry.

2. Growth in the Industry

The rivalry among the competitors depends on the overall growth of the industry and also on the stage of the business cycle and the industry life cycle. If the industry is booming and expanding and the industry life cycle is in the growing stage, then there would be a higher intensity of rivalry among the competitors. The competitors would try to grab the market share and get consumer confidence through cutthroat competition. However, if the industry is in a declining stage then there would be a low intensity of rivalry because at that time the question of survival would come first than market share.

Standard Chartered Bank launched ATM first in Bangladesh. They took all the risks of providing a new system to the customers, rearranged their organization structure to accommodate a new department, and then ventured into the market. The other banks followed suit after they saw that it was a profitable venture. In this way a high intensity competition leads to a high growth rate in the industry.

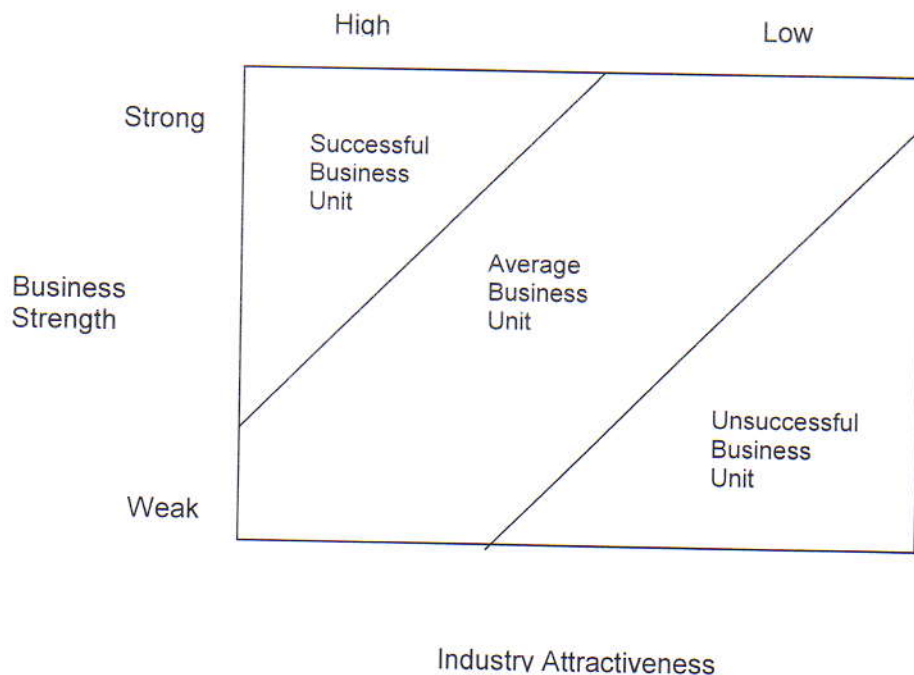
3. High Strategic Risks

High strategic stakes is an important factor that determines the intensity of rivalry among the competitors. If a bank introduces a new line of service, it has to reorganize the organizational structures, policies and procedures. At the same time, other competitors would sit idle and they would also develop similar service strategies in order to compete in the industry. If this trend continues in the industry, then it causes strategic risks for the innovative company.

4. Bargaining Power of the Customer

Since there are a lot of banks providing their services to customers, the customers have the choice to choose from the options. Therefore, the customers have the bargaining power and they will obviously select the bank that will provide them with the best service. As a result, the banks themselves have to pursue the customers to come to their banks.

GE Framework:



The GE framework developed by General Electronics evaluates the attractiveness of the industry in which the firm is operating against the strength of its business.

Industry Attractiveness Criteria:

- **Annual Industry Growth Rate - moderate**

In the banking industry the growth rate is moderate since a group of banks are given the permission to operate at a time. Individual banks are seldom given the permission alone. Therefore, there is a time gap from one group of banks to another to operate. As a result the growth rate is moderate in the banking industry.

- **Historical Profitability of the Industry - moderate**

The NCBs, DFIs and PCBs are not making such profit whereas, the private banks are making most of the profits. As a result, the profitability of the industry is moderate.

- **Macro Environmental Opportunities and Constraints - moderate**

This industry has both opportunities and constraints. There is recession in the economy and political instability which affects the industry. On the other hand, there are also many opportunities.

➤ **Overall Industry Size** - **large**

Compared to the market size, the banking industry is quite large. There are quite a number of NCBs, DFIs and PCBs as well as private and foreign multinational banks.

➤ **Intensity of Competition** - **high**

Due to a lot of banks providing similar services to the customers, the intensity of competition becomes high. At the same time, there are only few depositors and so the banks have to hunt down the depositors.

➤ **Industry Predisposition to Unionization** - **low**

I Due to trade unions being illegal in PCBs and FCBs, the industry predisposition to unionization is low.

➤ **Rate of Innovation in the Industry** - **high**

New products are being innovated in the banking industry all the time. e.g. credit cards, A TM, Telebanking, etc.

Therefore, after evaluating all the industry attractiveness criteria, one can say that the I banking industry is moderately attractive in Bangladesh.

Business Unit Strength Criteria

❖ **Market Share** - **increasing**

The market share of SBL is increasing rapidly in terms of deposits, and loans and advances.

❖ **Firm Profitability** - **increasing**

Overall, SBL shows a good performance in its profits.

❖ **Service Quality** - **excellent**

As mentioned earlier the customer service in the retail banking section is very good. Moreover, its customer services in the credit and foreign exchange departments are also very good. Therefore, we can say that the quality of service in total is good.

❖ **Managerial and Personnel Skill** - **increasing**

As already mentioned earlier, the top management of SBL has an extensive banking skill and expertise to run the organization. The top officials have adequate skill to I lead the organization in this fierce world of competition.

❖ **Technological Strength** - **increasing**

SBL is currently using a Banking software called Commercial Banking System (CBS) which is used by all SBL subsidiaries. The any Branch Banking of SBL is using the the software and Communicate among bank branches using VSAT first time in Bangladesh.

❖ **Company Reputation** - **excellent**

SBL enjoys a favorable image in the banking community of Bangladesh particularly among the private commercial banks. It has established a good image with high organizational growth rate and profitability.

SWOT ANALYSIS

SWOT analysis is a device by which a company can evaluate its strengths, weaknesses, opportunities and threats. This analysis helps the company to take future and present decisions in order to cope up with the market situation. Therefore, it is very important for every company to do the SWOT analysis in order to know the market position.

Strengths

□ **Company Reputation**

SBL has already established a favorable reputation in the banking industry of the country particularly among the new comers. With a period of seven years, SBL has already established a firm footing in the banking sector having tremendous growth in the profits and deposits. All these have lead them to earn a reputation In tl1e banking field.

□ **Sponsors**

SBL has been founded by a group of eminent entrepreneurs of the country having adequate financial strength. The sponsor directors belong to large industrial conglomerates of the country. The Board of Directors headed by its Chairman Mr. M.A. Kashem is a former President of FBCCI and has years of experience and has earned the reputation of being a successful businessman. Other directors include Mr. Yusuf Abdullah Haroon, who is also the current President of FBCCI and Mr. Ragib Ali as the vice Chairman of the Bank who is also the owner of the country's largest tea plantation. Therefore, SBL has a strong financial strength and IS built upon a strong foundation.

□ **Leadership**

At SBL, eminent banker Mr. Shah Md. Nurul Alam as the CEO of the Bank head of the management team his years of banking experience at AB bank limited and others have enable him to navigate the organization in the turbulent ocean of fierce competition and taking SBL to a new millenium. Mr. M. A, Muhith, currently the DMD of the Bank, support the CEO. The bold leadership of the CEO and the DMD are the foundations of the

management team of SBL.

□ **Top management**

Like the CEO and DMD the top management of the bank is also a major strength for the SBL and has contributed heavily towards the growth and development of the bank. The top management officials have all worked in reputed banks and their years of banking experience, skill, expertise will continue to contribute towards further expansion of the bank. At SBL, the top management is the driving force and the think tank of the organization where policies are crafted and often cascaded down.

□ **Market share Profitability**

SEM

As already mentioned earlier, SBL has established a firm footing among the newcomers in the banking industry of Bangladesh. They have already achieved high growth rate accompanied by an impressive profit growth rate in 2002. The number of deposits and the loans and advances are also increasing rapidly.

□ **Strong financial resources**

Southeast Bank Limited has strong financial resources to run the banking business. In the year 2002 the capital fund of the bank including paid up capital, reserves, retained earnings stood at around Tk 56.00 crore. It is expected that in the near future the bank's financial resources will get much more stronger.

□ **Facilities and Equipment**

SBL has adequate physical facilities and equipment's to provide better service to the customers. The bank has computerized banking operations under the software called PC Bank. Counting machines in the teller counters have been installed for speedy service at the cash counters. Computerized statements for the customers as well as for the internal use of the banks are also available. All the branches of SBL are equipped with Telex and Fax facilities. The Head Office and the Dhaka & Chittagong based branches also have

Internet facilities.

□ **Impressive Branches**

SBL has earned a reputation in the banking sector for establishing impressive branches. The Gulshan Branch, Dhanmondi Branch, KawranBazar Branch and Uttara Branch and the Agrabad Branch are the most lavish and impressive branches of SBL. This creates a positive image in the minds of the potential customers and many people get attracted to the bank. This is also an indirect marketing campaign for the bank for attracting customers. The other branches of the bank are also impressive and are compatible to foreign banks.

□ **Interactive Corporate Culture**

SBL has an interactive corporate culture. Unlike other local organization, SBL's working environment is very friendly, interactive and informal. There are no hidden barriers or boundaries while interactive among the superior or the subordinate. The environment is also lively and since the nature of the banking job it self is monotonous and routine, SBL's lively work environment boosts up the sprit and motivation of the employees. At the same time, music system in the office also plays, a key role in making the environment lively.

□ **Team work at mid level and lower level**

At SBL's mid level and lower level management, there are often team works. Many jobs are performed in-groups of two or three in order to reduce tile burden of the workload and enhance the process of completion of the job. People are eager to help each other and people in general are devoted to work.

□ **Relatively less intervention from the Board of Directors compared to other Banks:**

At SBL, the scenario is relatively better in terms of intervention of the board in management practices compared to other banks. Though, in a private bank there are often undue interventions from the board regarding the processing of credit facilities.

However, at SBL the scenario is somewhat better and has fewer interventions from the board in the management practices. However, certain interventions from the board are inevitable in a Bangladesh Bank.

Weakness

□ No Vision

The greatest irony is that despite claiming to be "***A Bank with Vision***" which is used as its advertising platform and mission statement, the bank as of today has failed to develop a prescribed set of vision as it embarks in to the cyber age of twenty first century. The bank still could not identify the core area of business and where it should concentrate in its business, as the new millenium is about to start. The bank does not have any long-term strategies of whether it wants to focus on retail banking or become a corporate bank. Till now, the bank is in a nowhere situation. Unofficially, retail banking is discouraged but at the same time the bank is not being able to pull itself away from retail banking. At the same time SBL has failed to be a full-fledged corporate bank. The path for the future should be determined right now.

□ Advertising and Promotion:

This is a major set back for SBL and one of its weakest areas. SBL does not pursue an aggressive marketing campaign. It does not expose it self to the general public and are not in the lime light unlike other banks. Other than the neon sign at Farm gate Bridge, SBL does not have neon sign or any, advertisement in the city. As a result people are not aware of the existence of this bank.

□ Poor Recruitment

During its inception, SBL has not recruited competent people in filling up its lower and some mid level positions. Other than the recruitment of the Probationary Officers and Management Trainees, people who were recruited from banks for the lower management are not competent enough to provide the best output. As a result the services of the bank are being jeopardized. The external search of the bank in attracting people from other banks had flaws in it and the right people were not taken from the right bank.

❑ **Reference Appointment**

This is one of the set backs of SBL and will have a long-term repercussion on the quality of Human Resource. Many people have been recruited under the reference of the recommendation of the Board of Directors, which has become a chronic disease in tile PCB's. as a result, people having inadequate qualifications and experience have been recruited only because of their ties with the sponsors. The practice must be stopped considering the future of the bank and it is very important to have a component workforce.

❑ **Disguised Employment**

This has also become growing problem at SBL. Currently there are "Too many heads but few hands." Again this is related to the problem of reference appointment. There are people who are only drawing salaries at the end of the month but making a minimum or no contribution towards the organization. On the other hand there are officers who work hard but are not appraised accordingly.

❑ **Poor Service Quality**

This has become a major problem for the bank. The customer service quality in all the departments and in most of the branches is very low. The qual ity of tile service at SBL is lower than those in the contemporary banks such as Dhaka Bank, Prime or Dutch-Bangia. Where as SBL was suppose to provide services compared to those in the FCB's, they are not being able to complete with its contemporary rivals in terms of service quality. If this trend continues, SBL will soon fall into the category of the traditional banks. The service quality is worst in the General Banking Division, as there are several system errors.

❑ **Low remuneration package**

The remuneration package for tile entry and the mid-level management is considerably low. The compensation package for SBL entry level positions is even lower than the contemporary banks. Under the existing low pay structure, it will be very difficult to

attract and retain MBA's at SBL. Since foreign banks pay double that of SBL, it will be very difficult to attract competent MBA's in future for SBL, Therefore SBL will have to attract competent NOA's and retain them if they do not revise their pay structure.

❑ **Human Resources Department**

The HR department is another weak area of SBL. The HR department is very small relative to the size of the bank and other than the Head of HR wing. The staffs in this wing are incompetent to be an official in the HR department. Most of the HR practices and policies are not being followed or implemented here. The annual performance appraisal report of the employees has not been scrutinized yet and employees are not getting type required feedback. There is also no prescribed set of promotion policies. The bank is still practicing the traditional method where solely the experience or length of service is considered as the criteria for promotion. On the other hand, criteria for work output or productivity is not considered. Moreover, the HR department is only confined in the Head Office and does not have any role in the branch level activities.

❑ **Centralized Decision - Making**

At SBL, corporate decisions, the CEO, DMD and other top management officials craft policies and strategies and then they are cascaded down. At times the Board of Directors are also engaged in making corporate decisions, As a result of this practice there is only a top down flow communication at SBL. The scope for bottom up communication is very limited and many bright ideas or opinions are not being able to climb up the ladder to the top management. Ideas remain their forever.

❑ **Noise Pollution**

This has become another major problem of SBL. Since there are no cubical shaped offices, there is a tremendous noise in each department of the Gulshan Branch. The noise greatly hampers the work activity and the level of concentration. This is the problem of having an open space office where everyone is communicating with each other and creates noise.

❑ **Lack of qualified system operators and computer operators**

Currently at SBL's Head office and in the Branches, there are system operators who do not have any background academic knowledge on computer applications. As a result they frequently make mistakes in the preparation of various computerized statements. At the same time, computer operators do not have the skill to carry out their activities.

❑ **Few staff meetings**

It has been observed that there are very few staff meetings and departmental meetings at the branch level. During the last four months there was only one staff meeting and one departmental meeting. This is not a good management practice.

❑ **Limitations of the PC Bank**

PC Bank is not a modern and comprehensive banking software. It does not provide adequate support in providing the services. It is not user friendly and management should consider replacing the PC Bank system by a more comprehensive Banking System.

OPPORTUNITIES

⊕ Diversification

SBL can pursue a diversification strategy in expanding its current line of business. The management can consider options of starting merchant banking or diversify in to leasing and insurance. By expanding their business portfolio, SBL can reduce their business risk.

⊕ Product line proliferation

There are several opportunities for SBL to expand its product line. In this competitive environment SBL must expand its product line to enhance its sustainable competitive Advantage (SCA). As a part of its product line proliferation, SBL can Introduce the following products.

○ ATM

This is the fastest growing modern banking concept. SBL should grab this opportunity and take preparations for launching ATM services around the country. Since SBL is a local bank, they can form an alliance with other contemporary banks in launching the ATM throughout the country.

○ Credit Cards and Tele banking

These are the new retail banking services provided by the foreign banks. SBL can evaluate the option of launching credit cards and Telebanking system. There are the recent developments in the banking sector and SBL should also evaluate the option of doing it.

○ On-line banking

SBL already launched the on line banking operations around the country but they can take the opportunity to increase the banking service area by using on-line communication by replacing the adequate and modern banking software. It is

high time that they should go for this because the foreign banks as well as some local banks are thinking their service area by using on-line banking. So, they can take the advantage to implement the real on-line banking.

⊕ **Introduction of SBL's Own Savings Scheme**

This can be another new retail product for SBL. They can start introducing their own savings scheme or pension scheme for different professions. For example, Standard Chartered Grindlays has **SYFANZ** and **PLANZ** and Standard Chartered also as similar offers. Therefore for attracting more depositors, the management should consider the option of its own savings scheme.

⊕ **Introduction of corporate scheme**

This is an innovative way of attracting corporate clients to the bank. Instead of providing CCS to executives of various companies, SBL can introduce a special scheme for corporate officers for the purchase of consumer durable at an attractive interest rate. In this way, the bank will be able to attract a lot of corporate clients and in the long run the bank would be benefited by getting business for the bank from the corporate clients in terms of L/C, Loans and advances etc. for example, officers of BTC, Lever Brothers, Square, Beximco can be entered in to the corporate scheme.

⊕ **Separate schemes for service holders**

The bank as a part of expanding its loan portfolio can assistance in terms of giving loans to service holders under various professions under a separate scheme. The bank can provide assistance to Engineers, Doctors, Lawyers and other professions under a separate scheme. Standard Chartered has already introduced such a scheme for different professions.

THREATS

✓ **Multinational Banks**

The emergence of the multinational banks and their rapid expansion poses a potential threat to the new PCB's. due to the booming energy sector, more foreign banks are expected to arrive in Bangladesh. Moreover, the already existing foreign banks such as Standard Chartered is now pursuing an aggressive branch expansion strategy. This bank is establishing more branches country wide and are expected to get into for operation soon. Since the foreign banks have tremendous financial strength, it will pose a threat to local banks to a certain extent in terms of grabbing the lucrative clients.

✓ **Upcoming Bank**

The upcoming private local banks can also pose a threat to the existing PCB'S. It is expected that in the next few years more local private banks may emerge. If that happens the intensity of competition will rise further and banks will have to develop strategies to complete against an on slaughter of foreign banks.

✓ **Contemporary Banks**

The contemporary banks of SBL such as Dhaka Bank, Prime Bank and Dutch-Bangia are its major rivals. Prime Bank and others are carrying out aggressive campaign to attract lucrative corporate clients as well as big time depositors. SBL should remain vigilant about the steps take by these banks as these will in turn affect SBL strategies.

✓ **No new deposit creation**

This is a problem and a threat faced by the whole banking sector of Bangladesh. Due to the current economic slowdown, there is hardly any new deposit creation as there few investments and savings accompanied by a galloping inflation. As a result the new banks are not being able to attract absolutely new depositors but rather they have to hunt or snatch away depositors from other banks. Moreover, due to financial turmoil in

Southeast Asia, foreign remittance of Bangladeshis is also decreasing due to the massive retrenchment. Therefore all these adversaries are blocking the creation of new deposits and banks are operating by snatching away depositors from one to another.

✓ **Default Culture**

This is a major problem in Bangladesh. As SBL is a very new organization the problem of non-performing loans is very minimum or insignificant. However, as the bank becomes older this problem arises and the whole community suffers from this chronic disease. SBL has to remain vigilant about this problem so that proactive strategies are taken to minimize this problem if not elimination.

Strategic Task Analysis

▪ Mission

- To establish and develop a market drives leadership and lays great emphasis on securing of quality business.
- Through pragmatic and market friendly policies to continue increase in volume of business.
- Product and Service expansion.
- Maintaining internal quality management through training to its employees.

▪ Vision

"To build an institution that can stand the test of time and one day emerges as world class Bank by the year 2020"

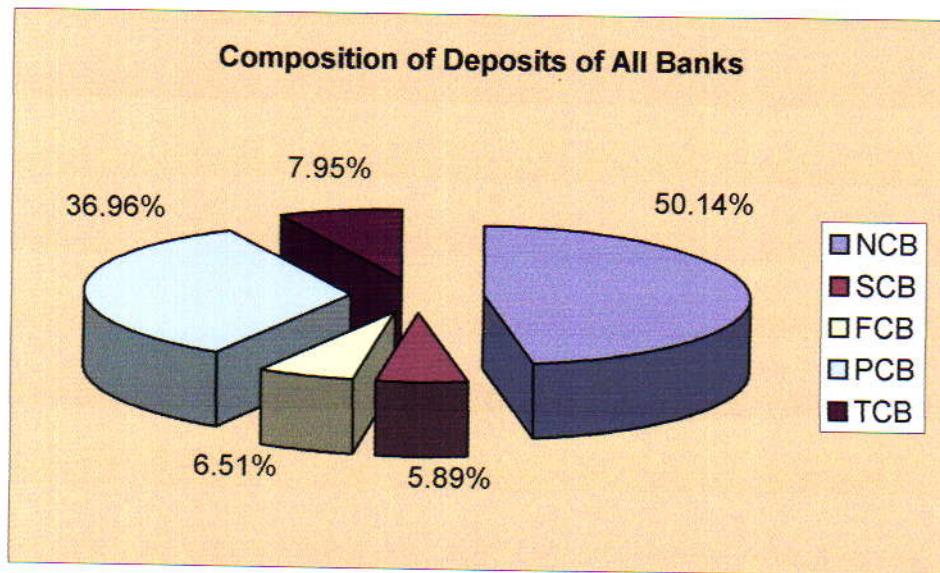
▪ Long Term Objective

To be the market leader both in terms of deposits and good loans among private commercial banks by 2010.

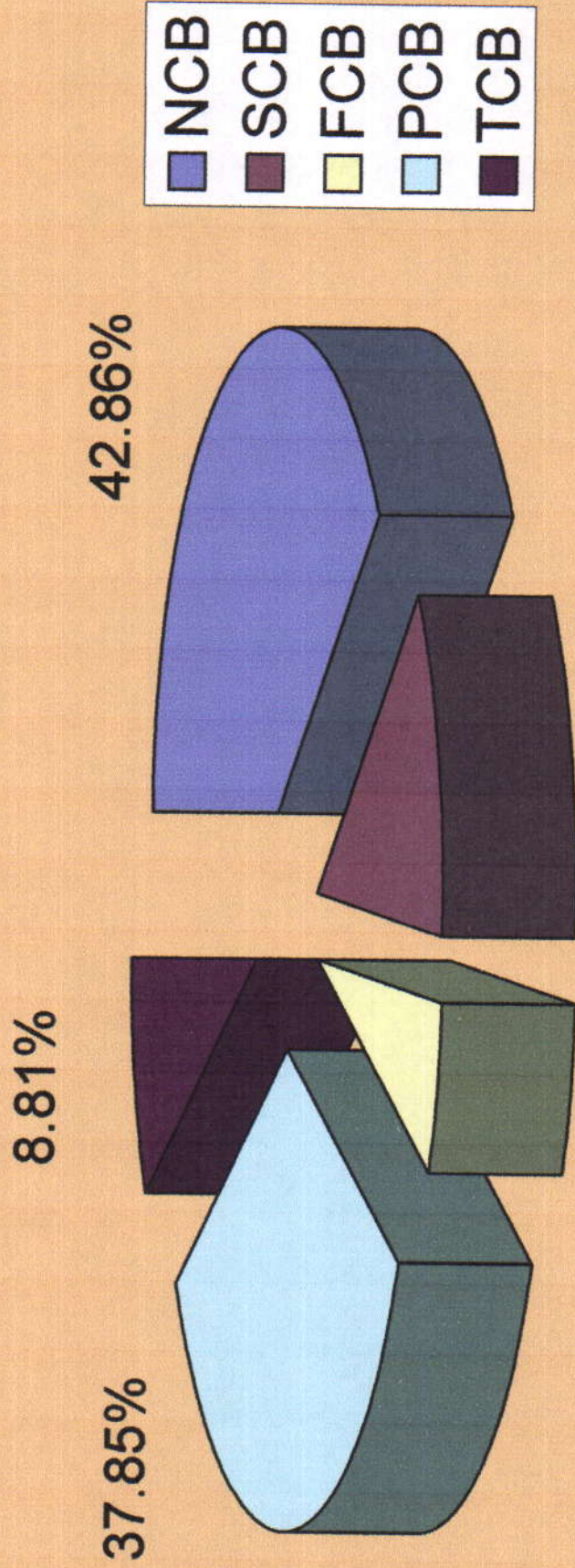
▪ Short Term Objective

- To increase current market shares at least 2% by 2005.
- To increase it's number of branches to 20 by 2003.

<i>Name of Sector</i>	<i>Amount</i>	<i>%</i>
NCB	50911.8	50.14
SCB	5925.36	5.89
FCB	6544.56	6.51
PCB	37147.65	36.95
TCB	7997.62	7.96



Composition of Advances of All Banks



Recommendations (Organization)

□ Enhance communication

In order to overcome the problems of interdepartmental communication, there should be more interactions among various departments or divisions of the bank. The objective should be to achieve overall organizational goals and targets instead of emphasizing on departmental objectives and strategies. In order to ensure organizational goals being fulfilled and smoother operations of SBL in Bangladesh. The management must concentrate on developing both formal and informal communication channels in order to enhance organization wide communication at SBL.

□ Improve Storage Facilities

Some branches of SBL have limited storage facilities and some branches have adequate storage facilities. Like earlier in Gulshan Branch has an adequate storage facilities. Currently, there is no space to preserve and store valuable bank documents, such as receipts, vouchers and other papers. The situation should be immediately improved by adding more storage facilities for all divisions

□ More Aggressive Strategy

Although SBL is already established in the banking sector, but currently it is facing ever threats from upcoming local and foreign banks and contemporary banks such as Standard Chartered Bank. The competitors of SBL have launched an aggressive marketing strategy as well as product line proliferation in order to grab the market and become the market leader. Therefore, in order to combat the threats from the upcoming local banks as well as contemporary banks, SBL's local management must pursue an aggressive strategy in order to retain as well expand its market share.

□ Remain Vigilant Against Defaulters

his is a major problem for the banking sector of Bangladesh where the concept of

default culture has weakened the strength of the financial institutions. The management should be aware about the trend of default rate and should take proactive strategy in order to combat the growing number of defaulters in its various business portfolios. It is wiser to identify earlier and take precautionary actions against defaulters as well as potential defaulters in order to achieve a higher recovery from its loans and advances.

□ **Extensive Government Lobbying**

Bangladesh being a developing country, having a high degree of corruption and nepotism, it is very difficult to operate without lobbying key Government officials and politicians. In order to compete at the era of fierce competition, as well as to combat the threats from competitors, local management must pursue an extensive lobbying with Government agencies and officials. The primary target for lobbying would be the Bangladesh Bank, Ministry of Finance and the key officials in these departments. SBL should carry out publicity measures as well as provide incentives to these key officials and departments in order to sustain an expand business in Bangladesh. It should be noted that SBL's rival banks are already pursuing an extensive lobbying which is far more powerful than SBL.

□ **Increase Skilled Human Resource**

The management of SBL should understand the emergence of skilled human resource. Because, it is necessary for giving quality services to its clients and for proper office works. For that bank should have agreement with different training institution in country and abroad for training and attending seminars of its executives and officers. The bank should also endeavor to recruit skilled and qualified personnel for implementing its mission of rendering world-class service through the managerial excellence and a dedicated workforce.

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- **Goals**

- Become the most profitable bank
- Provides highest level of satisfaction to customers.
- Enhance the value of shareholders Investments and optimize return on their investment.

- **Strategic Intent**

Bring out new financial products and to ensure that customers receive a consistent standard quality of service.

- **Business Strategies**

- Achieve business vision through quality and customer acceptance by providing financial services.
- Maintain highest ethical standards in every aspect.
- Customer focus -a perspective of quality throughout
 - The entire organization or each department and bank.
 - All processes, systems and services.
- Compliance – with regulatory requirements.
- Added value -through continuous improvements to benefit customers and the bank.

Financial Ratio Analysis of SBL

Liquidity Ratio

- **Current Ratio:**

This tells how many times the business can cover its short-term obligations using all of its short-term assets. A guideline of 2:1 is common. If a high ratio exists, it may reflect that the business is carrying more low earning assets than necessary to remain liquid. A low ratio may reveal potential difficulty in meeting the liabilities as they become due.

$$\text{Current Assets} / \text{Current Liabilities} = \text{Current ratio}$$

Profitability Ratios

- **Return on Equity (ROE):**

This is the measurement that indicates the rate of return flowing to the bank's stockholders. It approximates the rate of return the stockholders have received in return for their capital invested (i.e. placing their funds at risk in the hope of earning suitable profits).

$$\text{ROE} = \text{net income after taxes} / \text{Total equity capital}$$

- **Return On Assets (ROA):**

This is primarily an indicator of managerial efficiency, it indicates how capable the management of the bank has been in converting the institutions assets (i.e. its total resources) in to net earnings.

$$\text{ROA} = \text{Net income after taxes} / \text{Total assets}$$

- **Net Interest margin**

This measure indicates how large a spread between interest revenues and interest costs management has been able to achieve by close control over the bank's earning assets and pursuit over the cheapest sources of funding.

$$\text{Net Interest Margin} = \frac{\text{Interest inc. from loans \& investments} - \text{interest exp. on debt issued}}{\text{Total assets or total earning assets}}$$

- **Net Bank Operation Margin**

This ratio also indicates the management efficiency regarding the growth of revenues against rising costs of the bank.

$$\text{Net Bank Operating Margin} = \frac{\text{Total operating revenue} - \text{total operating expenses}}{\text{Total assets}}$$

- **Earnings Per Share (EPS)**

This ratio indicates how much the shareholders are earning against each share of the bank that they are holding.

$$\text{EPS} = \text{Net Income After Taxes} / \text{Common equity shares outstanding}$$

Closer Analysis

- **Net Profit Margin (NPM):**

This reflects the effectiveness of expense management and service pricing policies.

$$\mathbf{NPM} = \text{Net income after taxes} / \text{Total operating revenue}$$

- **Asset Utilization Ratio (AUR)**

This reflects portfolio management policies (especially the mix and yield on bank's assets).

$$\mathbf{AUR} = \text{Total operating revenue} / \text{Total assets}$$

- **Equity Multiplier (EM)**

The bank's equity multiplier reflects the leverage or financing policies: the sources chosen to fund the bank (debt or equity).

$$\mathbf{EM} = \text{Total Assets} / \text{Total equity capital accounts}$$

Ratios of SBL's Operations

Year	2002	2001
Current Ratio	1.02 %	1.03 %

The above ratio indicates SBL's operations in Bangladesh are facing a liquidity crisis. Generally, the current ratio should be 2: 1. But here for each liability, the bank has less assets in hand to repay the debt. However, the situation has slightly decrease in 2002 as the ratio has decrease to 1.02%. The possible reason for such a low ratio is probably because of the conservative style of SBL in providing loans and advances. Therefore, here are few assets to payoff the debt.

Year	2002	2001
Return on Assets	0.0134	0.0278

The above ratio shows the return on assets for SBL. In 2001, the bank earned an ROA of 0.0278 or 2.78 %. But in 2002, it decreased to 1.34%. This shows that the bank has been earning less on its assets in 2002 than 2001.

Bangladesh Banking Sector at a Glance

○ Number of Banks	:	49
1. NCBs	:	4
2. PCBs	:	26
3. FCBs	:	10
4. Specialized Banks	:	5
5. Islamic Banks	:	4
○ Number of Branches	:	6,228
▪ Urban	:	2,534 [40.69 %]
▪ Rural	:	3,694 [59.31 %]
○ NCB Branches	:	3,471
○ PCB Branches	:	1,416
○ FCB Branches	:	32
○ Specialized Bank Branches	:	1,309
○ Total Bank Deposits	:	100026300000
○ Numbers of Accounts	:	31002627
○ Average Deposits Per A/C	:	32256

○ Total Advances

○ **Numbers of Accounts**

○ Average Advances Per A/C : 835963200000

: 7599515

: 110002

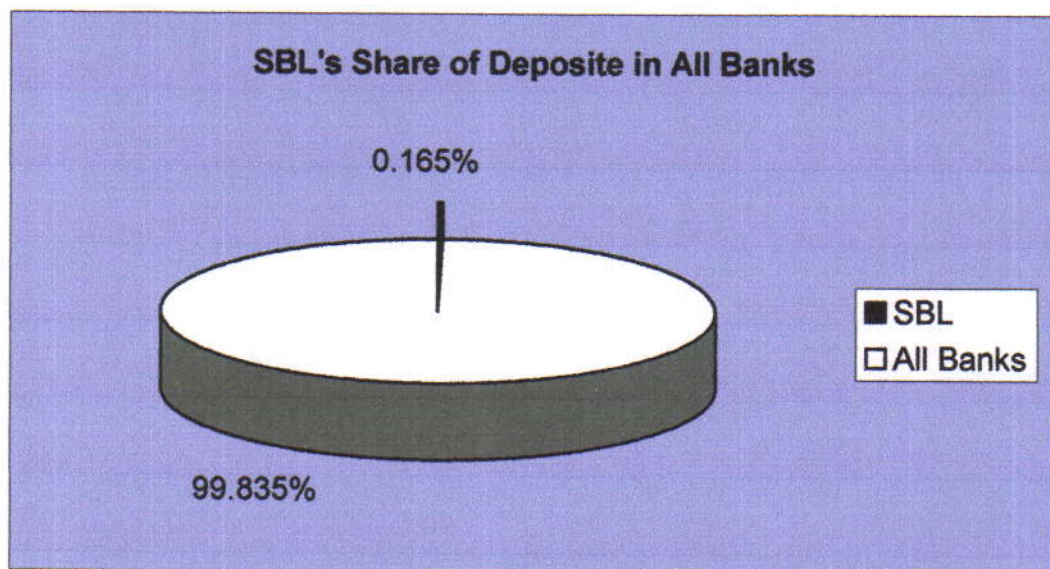
○ Average Weighted rate of
Interest on deposits

○ Average Weighted rate of
Interest on Advances

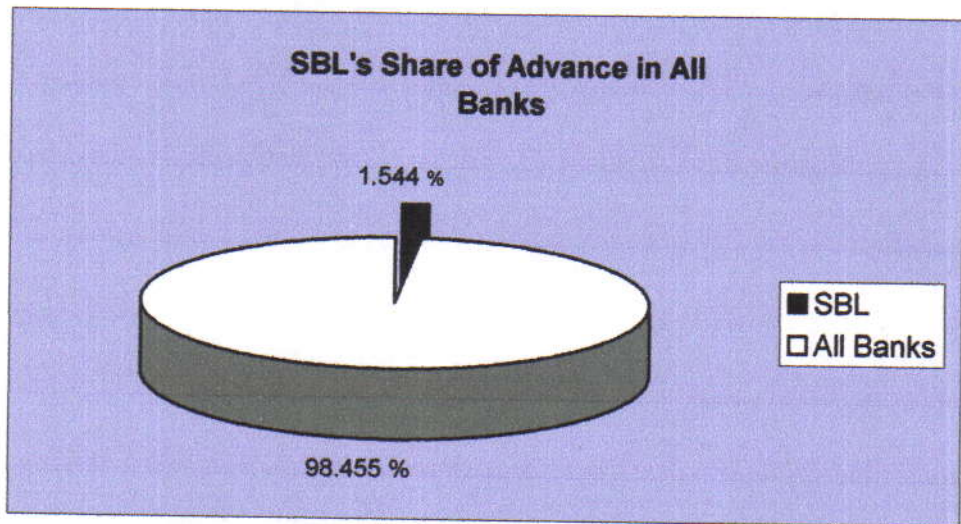
: 6.54%

: 13.10%

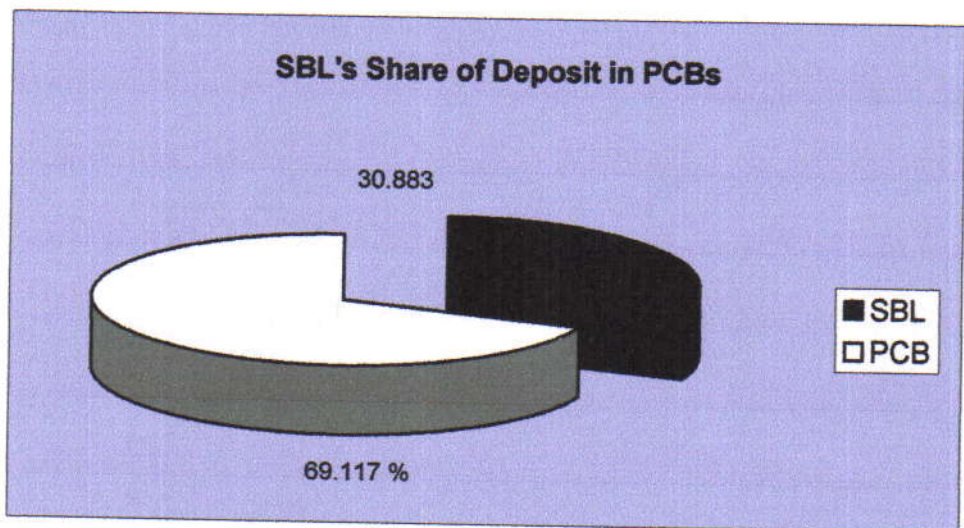
Name	Amount
SBL	1659.45
All Banks	1005293.2



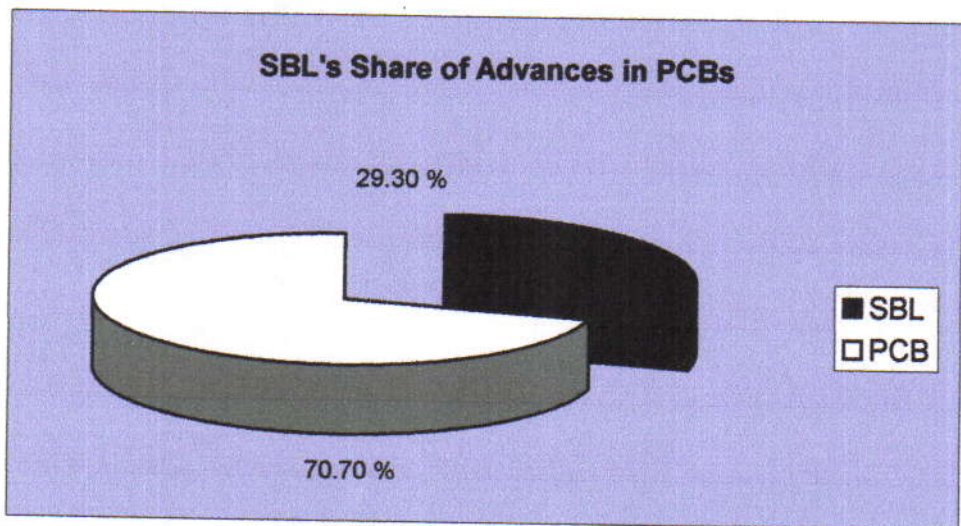
Name	Amount
SBL	13027.13
All Banks	830308.3



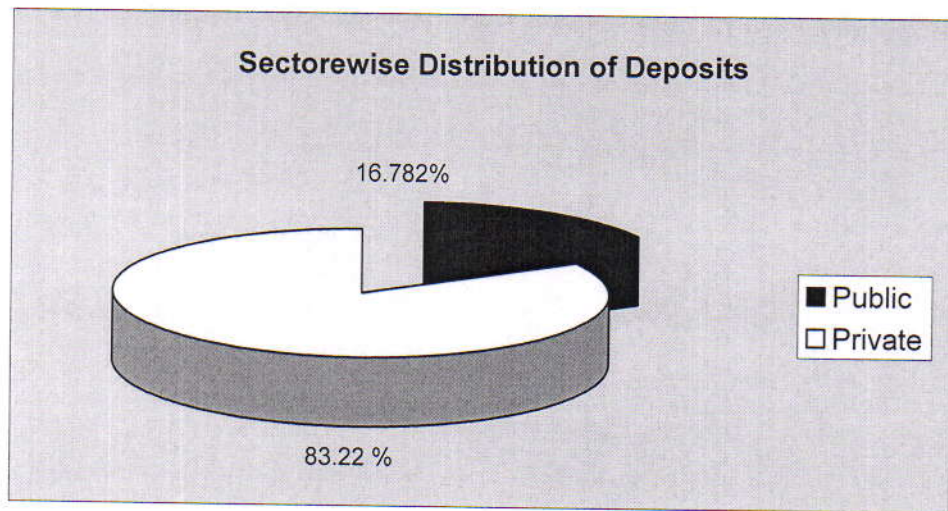
Name	Amount
SBL	16598.45
PCB	37147.65



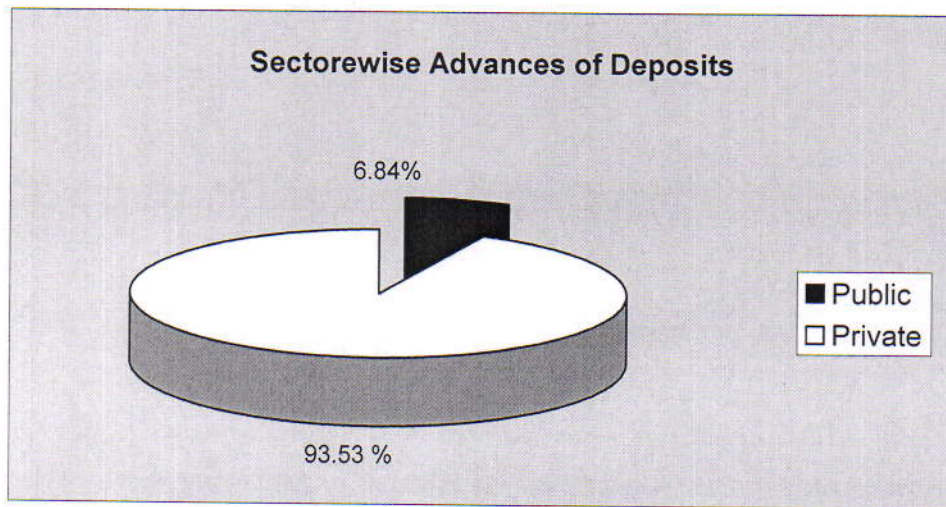
Name	Amount
SBL	13027.13
PCB	31430.64



<i>Name of Sector</i>	<i>Amount</i>
Public	16870.88
Private	83658.49



<i>Name of Sector</i>	<i>Amount</i>
Public	5614.3
Private	76516.53





Part 2

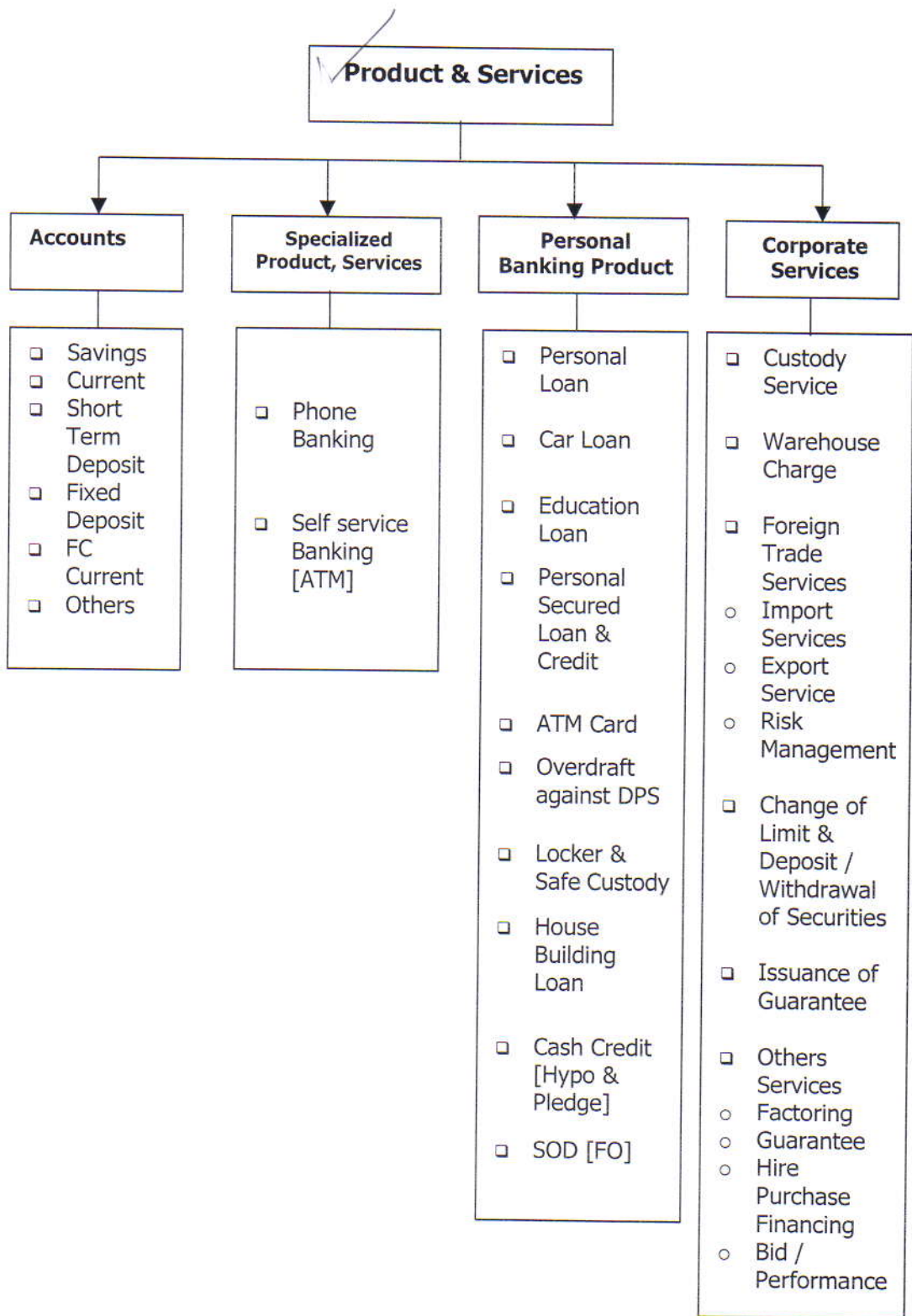
***MARKETING OF FINANCIAL PRODUCTS AND
COMPARATIVE ADVANTAGE OF SOUTHEAST
BANK LIMITED'S DEPOSIT SCHEMES***

Introduction

Southeast Bank Limited, one of successful private commercial bank in Bangladesh successfully launched many financial products and services in the market. Within a short span of time, Southeast Bank Limited has successfully marketed its financial products and services and at present they have lots of account holders. But at the same time number of private commercial banks as well as foreign banks increased. So the market becomes competitive. Therefore it is very important to carry out an effective study in identifying proper marketing techniques for it's financial products and services. The proposed study would help to identify new marketing strategies of its financial products and services and develop it's existing product and services.

Financial products of SBL

The financial products of SBL can be categorized into two groups -Asset products and liability products. Asset products are the various types of credit and loan schemes offered to consumers whereas the liability products consist of all the savings and deposit schemes offered to customer.



Current Marketing Activities of SBLs Financial Products:

High quality financial services

High quality financial service through the integration of the latest and tested banking technology and products is SBLs tool to achieve success. Customers are their first priority. Providing advisory service to them is also essential to their identity. For uplifting the standard of living of the limited income group of the population the bank has introduced consumer credit schemes by providing financial assistance in the form of loan to the consumers for procuring household durables, which have had encouraging responses. SBL is also the pioneer introducing and launching different customer friendly deposit schemes to tap the savings of the people for channeling the same to the productive sectors of the economy.

Using Latest Technology

Southeast Bank limited is the first bank in the country to use VSAT (Satellite Based Communication System) at all its branches across the country and thereby introduced the new product of "Real-time On-line Any Branch Banking Service" for cash withdrawals, deposits, electronic fund transfer, balance inquiry, account statement etc by customers. Bank is also making headway for introduction of credit card operations for clients. Bank intends to enter into agreement with reputed exchange companies in USA, UK and UAE for safe and steady flow of foreign remittances into the country from Bangladeshi expatriates working at those places.

Fast & Accurate Customer Service

Southeast Bank Limited provides more fast and accurate customer service to their customer. For better customer service they computerized their banking service. The banking transactions are also fully automated and all activities of trade and operations are being done through computers and other automation tools such as ATM, SWIFT etc. The bank is a member of the shared ATM Network provided by Electronic Transaction Network Ltd.(ETN). At present 20 ATMs are available throughout Dhaka city and in the cities of Chittagong and Sylhet. In order to provide round- the- clock as well as correct information on the bank to the business

community throughout the world we have a Web Page which can be accessed under the domain name : www.southeastbank-bangladesh.com.

✓ **Advertising**

For advertising SBLs financial products they mainly use newspaper media and leaflets. They also use billboards. In Dhaka city they use two billboards in two busy highways. One billboard put on Farmgate road. Another billboard put on Gulshan-Tejgaon link road. And their message on billboard also attractive. The message is "Southeast Bank Limited. A Bank With Vision." It is also the banks main philosophy. They also give add on newspaper less frequently but they provide any kinds of information are available at any branches of SBL.

◀ **Branch Expansion**

For marketing SBLs financial products SBL expand their branches so that customer can fulfill their any query about SBLs financial products from any place. Total number of the bank branches presently stands at 23. They have a plan for opening more branches in commercially important places of the country in future, which will raise the banks reputation image.

◀ **Well Decorated Bank**

To attract the customer SBL use well decoration for their all branches. They think customer also feel better in this environment. For customer security SBL has introduced camera monitor system to strengthen the security services inside the bank premises.

◀ **Threats to SBLs financial products:**

For economic uncertainties peoples of Bangladesh like to save their income. Because of this number of banks are increasing day by day and they offers lots of financial products to customers. They also provide lots of extra services schemes to their

customer. For example Prime Bank Limited offers its customer One Stop Utility Service Scheme so that customer not only take the service but also attract other financial products to customer.

So SBL have to increase their service oriented product to attract the customer. Another threat come to SBL like many foreign bank come to Bangladesh to operate their business and they bring huge fund to provide service to customer and maintain standard quality to satisfy the customer. So SBL have to go ahead with this concern.

New Marketing Opportunities for SBL

To marketing SBLs financial product SBL have to seek opportunities in the market. Form the chart given below we can assume how people's deposits distributed in various types of accounts.

Breakdown by types of deposits accounts revealed that the share of fixed deposits increased from 34.02% at the quarter ending October,2002 to 35.21% at the end of quarter January- March,2003. The amount of fixed deposits increased by Tk 1013.86 crores or 2.96% to Tk 35208.99 crores at the end of the quarter under review as compared to increases of Tk 1340.53 crores or 4.08% and Tk 193.62 crores or 0.67% at the preceding quarter (October- December, 2002) and the corresponding quarter(January- March, 2003) of the last year respectively. The share of saving deposits to total deposits decreased from 29.45% on the 31st December, 2002 to 28.84% on the 31st March, 2003. Therefore we can conclude that maximum people want to invest into long term and secured schemes for more interest rate. So SBL can offer long term deposit schemes to their customer.

In case of advances we see that trade and industry loans increased. In this two sectors people need loans than other sectors. So SBL can provide more fund for trade and industry loan.

Proposed Marketing Strategies for Effective Marketing of SBLs Financial Products:

Selective Strategies

As apart of this strategy, SBL should be more selective in providing financial products to the target customers. Firstly they have to decide from which customer they collect deposit and to whom they provide loan. It will be helpful for SBL to collect deposit from middle-income group of people. As a result their number of account holders increase and their fund also diversify in this way. Because now they collect big amount deposit from some rich people and they have few accounts but large amount of deposit. If they withdraw their fund from SBL, then bank may face liquidity crisis. To provide loan SBL have to diversify their investment area. In this case SBL should innovate such type of financial product which are helpful to their target customer.

Establishment of R&D department

As the numbers of private commercial bank increasing rapidly, the competitions also increase. So marketing research for rendering service by bank become necessary for SBL. For marketing research R&D department also necessary for SBL. Because marketing research can generate information that assists the banks management in making decisions. Marketing research also helps management respond to the ever changing environment in which businesses operating well. It is useful in problem solving, planning for the future and controlling on monitoring ongoing performance. From information of marketing research SBL can link with its customer, then can identify and define marketing opportunities, generate, refine and evaluate marketing actions, monitor marketing performance and improve understanding of marketing as a process.

Targeting customer needs

Targeting customer needs is very important for financial product marketing. According to customer needs SBL can divided its target customer into tradition, region, age , class, income range. For example Islamic Banks are doing well by

targeting conservative Muslim people who are more sensitive to take compounding interest. Now SBL also introduced Islamic Banking activities under Muslim shariah following Islamic Banks success.

Developing new product

Developing new products drives sales and profit growth for many banks. One study found that companies leading their industries in profitability and sales growth gain 49% of their revenues from product developed and companies at the bottom in sales and profit growth achieve only 11% of sales from new products. So SBL can develop different types of new products like customer friendly deposit schemes as well as different types of personal loans which has tremendous need to middle income group peoples. SBLs management also go for personal visits to customer for asking which types of financial help they need. SBLs management can also follow what type of new products launched by its competitors and became successful. Following their success SBL can launch improved new products.

Cost effective pricing

Pricing decisions are very important for a bank. Especially cost effective pricing can ensuring market survival, enhancing sales growth, increasing market share, maximizing profits, realizing a certain return on investment, determine competition and establishing or maintaining a particular quality image. In case of banking sector it is difficult to follow cost effective pricing. Because banks couldn't stale lower interest rate as their wish on asset products. All banks always have to under rules and regulations of Bangladesh Bank. Banks also have to keep balance on interest rate of asset products and liability products to earn profit. But SBL can make its asset products cost effective by providing easier procedure for loan getting and can provide interest rebate to encourage customer to make regular loan repayments.

Effective advertising

Advertising plays an important role in the total marketing communications program. SBLs advertising policy is not effective. Many people in Bangladesh don't know about

SBL and its service. Especially SBL can use most appropriate media channels such as television, news paper or radio to overcome the problem. For example Dutch Bangla Bank Limited use television media for marketing their financial products and heightening consumer awareness for saving their income in their bank branches. So SBL can use many different message strategies through advertising to achieve their marketing objective. SBL can give frequent adds on television and newspaper of their financial products.

Direct marketing communication

Direct marketing communications are directed at target audiences using one or more media. SBL can also use direct marketing communication, and then can gain two objectives. One objective is to elicit a response by telephone, mail or personal visit from a prospect or customer. Another objective to maintain and enhance customer relationships is growing in importance. SBL can get immediate response from direct marketing communication if SBL can target specific customer, maintain customer database or lists and reach them its products and services. In our country housing companies like DBH, national Housing get success from direct marketing communication.

Deposit Schemes of SBL

Historically, commercial banks have been playing a vital role in the world economy and financial system. It is the place where the people with surplus fund can deposit the money with full trust and safety and also the people who are in deficit position can borrow money to fulfill their needs. Bank is not only a financial institution, it is a helping hand for the common people, different organizations and also for the government.

Over the period banks are providing several financial services one of them is deposit scheme. People deposit their money to get several benefits. It also the biggest source of fund for any bank. The selected Bank for this internship report Southeast Bank Ltd. offers different financial services. It has current deposit account, Savings Deposit account, short term deposits accounts, Fixed deposit Accounts, foreign currency deposits Accounts, customer friendly Deposit Schemes and severs benefit deposit schemes. Through these accounts, SBL generally collects funds and uses these funds for several earning purposes.

Calculation of Excise Duty & Source Tax on All the Deposit Account

Each of the depositors must be paid the excise duty and source tax to the govt. SBL generally deducted the taxable amount from each depositor's deposited money at the end of period or yearly basis. Usually, SBL collects the taxable amount from the depositors by following way:

Excise Duty:

Deducted from all the deposits account as follows:

- | | |
|------------------------------------|------------|
| ○ Tk. 10,000/- | Nil |
| ○ Tk. 10,000 to Tk. 100,000/- | Tk. 120/- |
| ○ Tk. 100,000/- to Tk. 1,000,000/- | Tk. 250/- |
| ○ Tk. 1,000,000 to Tk. 1 core | Tk. 500/- |
| ○ Tk. 1 core to 5 core | Tk. 2500/- |
| ○ Tk. 5 core to above 5 core | Tk. 5000/- |

Beside this each of the depositors must pay 10% source tax. This source tax is levied on the accrued interest income of the any deposit account. The National Board of Revenue (NBR) of Bangladesh fixes the source tax rate and excise duty rate. The tax rate is same for all the deposit accounts of SBL.

Characteristics & Interest Calculation of Deposit Accounts of SBL

Current Account

The SBL offers current account mainly for business purpose. This type of account is popular all over the world. Because the depositor can withdraw money without any prior notice. The depositors can write several cheques in a day against the account. There is no limitation of amount. Current account can be opened by individual, proprietorship business, partnership business, or by limited companies both private and public. The account can be opened in individual name or in joint name. Interest is not given in this account but the bank takes incidental charge(service charge) for the account. This charge is known as IC charge in the SBL. The minimum balance to open this deposit account is Tk.5000/= and IC charge is Tk. 300 that is charged on the account balance at the end of the half year.

Some times the depositors may allow withdrawing money by exceeding their deposit limit. Banks do this kind of practice only for their prime customers. This thing creates one kind of loan.

IC Charge Calculation of Current Account

Suppose the following transaction occurred in a current account

Date	Amount in Tk
Jan 30	5,000/-
Feb 29	4,000/-
Mar 31	10,000/-
April 30	20,000/-
May 31	30,000/-

June 30	50,000
	(300/=)
July 31	20,000/-
Aug 30	60,000/-
Sep 31	10,000/-
Oct 30	45,000/-
Nov 30	58,000/-
Dec 31	60,000/-
	(300/=)
Dec 31	59,400/-

Therefore, at the end of the year, Dec 31, the current account balance is 60,000/-. But due to the deduction of the IC charge the actual balance is Tk. 59,400/- .

Savings Account

Savings deposit is the most popular and most common demand deposit of our banking system. SBL also offers this account. The specialty of this deposit account is the depositors can withdraw the money whenever he / she wishes but not more two times in a week. In case of emergency, permission has to be taken from the branch manager. For the savings deposit interest rate is 7.50 %. Interest is paid half-yearly basis on the daily balance. There is no such restriction of minimum balance but if the depositors want to earn interest then he/she has to keep Tk. 10,000/- or above in the account. SBL charges Tk. 600/= annually as service charge for below than minimum balance along with the excise duty and 10% source tax.

Interest Calculation of Saving Account:

SBL calculates interest on the daily balance of each account, which have minimum balance of Tk. 10,000/-. Suppose, an account holder has a balance of Tk. 10,000/- on January 31, 2003. At the end of month the account holder will earn interest in the following way:

Jan 1, 2003	Balance is Tk. 10,000/-
Jan 31,2003	Balance is Tk. 10,000/-
Jan 31,2003	Interest is Tk. 64.58 [10,000 X 31 days X 0.075/360 days]

Deductible amount, on this balance is Tk. 6.458 [Source tax Tk.-6.458(0.10 X 64.58) + excise duty is Nil]. Therefore, the actual interest is 58.122 (64.58 minus 6.458). So, at the end of January 31,2003 the balance is

Tk. 10,058.12.

If the account holder withdraw Tk. 2000/- in Jan 15, 2003. Then the calculation will be as follows:

Jan 1, 2003 Balance is	10,000/-
Jan 15, 2003 withdrawal is	(2,000/-)
Jan 31,2003 Balance is	8,000/-

Now, the interest on the current balance will be:

Jan 1 to Jan 15 interest is Tk.31.25 [10000 X 15 days X 0.075/360 days].

Jan 15 to Jan 31 the Interest is Zero because the balance is less than 10,000/-.

Deductible amount is Tk.3.125 calculated by [source tax 3.125 (0.10 x 31.25) + excise duty is Zero].

Therefore, the actual interest is 28.125 and at the end of month, the balance is Tk. 8028.12 .

Short Term Deposit (STD):

In Short Term Deposit, the deposit should be kept for at least seven days to get interest. For the Short Term Deposit two types interest rate offers. For banks and NBFIs the interest rate is 4.50% and for customers the interest rate is 6.00 %. The interest offered for STD is less than that of saving deposit. If, the depositor want to

take out his or her money, he/she must give a notice maximum 15 days or minimum 7 days before. Interest is paid at the time of withdrawal. Minimum balance is the negotiable amount between the depositors and the bank managers.

In SBL, various big companies, organizations, government departments keep money in STD accounts. Frequent withdrawal is discouraged and requires prior notice.

Interest Calculation of STD account:

Suppose, the account holder deposited Tk. 100,000 on Jan 2003. Now he / She wants to take out the money on July 01,2003. Then he/She will get the interest of Tk. 3000/= Calculated by: $100,000 \times 180\text{days} \times 0.06 / 360$. [30 day month basis]. The deductible amount is Tk. 525/=[source tax Tk 325+excise duty is Tk. 200.] After all the deduction, the interest earned by the depositor is Tk. 2475/=

Fixed Deposit Receipts (FDR):

This is a contract between the bank and the depositor for a specified fixed period of time that the bank will maintain the deposit amount and will give a fixed rate of return to the depositor. The bank does not need to maintain any cash reserve against these deposits as per the central bank's rules. Therefore the bank offers high rate of interest on such deposits. The instrument is automatically renewed within seven days after the date of its maturity if the client does not come to e1aaSh the FDR. If the depositor wish, he/she can take out the earned interest al the end of maturity. If any reason the depositor does not take out the interest, then the bank will open a new FDR including interest amount for the next due period. Alternatively, if the account holders instruct the other people, they can take out the money. This FDR is transferable or payable by issuing pay order as per instruction of client. In case of lost FDR, the client is asked to record a GD in the nearest police station. After that, the client has to furnish an indemnity bond to the Bank then a duplicate FDR is issued to the customer by the bank.

Interest is calculated on the daily basis. The calculation procedures are same as savings account interest calculation. Excise duty and source tax is deductible on the

interest earned by the FDR. Minimum Tk.10,000/= is required to open the FDR in SBL. However, there are several packages in the FDR account. The interest given in those packages are as follows:

Up to Tk 1 Crore

- 3 month deposit 8% interest
- 6 month deposit 8.5% interest
- 12 month deposit 9 % interest
- 24 month deposit 9.5% interest
- 36 month deposit 10% interest

Above Tk 1 Crore

- 3 month deposit 9% interest
- 6 month deposit 9.5% interest
- 12 month deposit 10 % interest
- 24 month deposit 10.5% interest
- 36 month deposit 11% interest

 **Interest Calculation of FDR Account:**

Suppose, a client opened a FDR by depositing Tk. 10,000/= for 3 month, starts from Jan 1,2003. Before calculating the interest, total number of days calculated in FDR should be find out

Jan	31 days.
Feb	28 days
March	31 days
<hr/>	
Total	90 days

sep 16

So the interest calculation is:

$10,000 \times 90 \text{ days} \times 0.08 / 365 \text{ days} =$ Tk. 197.26/- interest.

Deductible amount:

Source tax (10% on Tk.197.26) Tk. 19.73/=

Excise duty Nil

Total Interest after deduction = Tk 177.53

Foreign Currency Deposit Account:

This account is for the non-resident and resident of Bangladeshi people. To open this account the resident must prove that they have legal income in the foreign currency and have the legal and valid passport. Same rule as for the non- resident people also. If the depositors are employers, they must be shown the employer certificate and must be proved that the organization they work that, gives them salary in the foreign currency. This account may be current account or the fixed deposit account. The interest calculation is the same as above in the calculation in current or the FOR. However, the interest rate is decided by the government and central bank (Bangladesh Bank) based on the current market situation. Recent central Bank exchange control interest rate is 1.68%.

Interest Calculation of the Foreign Currency Deposit Account:

For the deposit of \$500 for 4 month starting at January 01, 2003 interest will be Calculated as follows:

$\$ 500 \times 120 \times 0.0168/365 = \2.76 is interest on the \$500. However, the excise duty and source tax is deducted also from this account

General Terms & Conditions for All Deposit Account

- The depositor must be 18 years old.
- The depositor may not be disabled person.
- Dual accounts, society, clubs and co-operative society can open the deposit account.

- Each person related to the account must provide two copies of passport size photo.
- To open the deposit account they must be referred by other depositors or respective person.
- Thumb signature is allowed for illiterate person.

Terms & Condition for the Business Firms to open a Current Account:

- Individual, firms, limited company and joint venture firm that are listed in the DSE can open this account.
- Trade license must be shown for individual, firm, limited company or joint venture Company.
- Board of directors of SBL's will be given the permission to open this account.
- Dhaka Stock Exchange (DSE) and RJSC (Regulatory of Joint Stock Company) certificates must be shown to open this account.

Some Important Facts

SBL provides good service to their clients. It uses the PC Bank software to calculate the interest through computers. It calculates the interest on the daily transaction amount, weekly transaction, monthly transaction and annual transaction amount. It also follows the SBS-123 rules to calculate the interest. SBL also categorized their depositors into three sectors. These are, industry sector, group sector (individual) like as deposit amount Tk. 1 to Tk, 25,000 and 25,000 to 50,000 etc. and economic code sector like as professional groups doctors, engineers, lawyers, teachers, government employees etc. SBL sends all the related information to the Bangladesh Bank.

Competitive Advantage of SBL's deposit schemes

To find out competitive advantages of SBL's deposit schemes we have to compare services provided by SBL and its competitor banks. Here we take the Dhaka Bank Limited and Prime Bank Limited to compare with Southeast Bank Limited. Because, SBL's management think that this to two private commercial banks are their main

competitors. Based on most popular deposit schemes a comparison of DBL, SBL and PBL are given below:

For Savings Deposit

DBL

Prime

Product Feature	SBL	DBL	PBL
<u>Product Name</u>	<u>Savings Account</u>	<u>Savings Account</u>	<u>Savings Account</u>
Minimum Relationship Amount	BDT 2000/=	BDT 5000/=	BDT 2000/=
Chaque Book Delivery	Either given instantly or after client returns the bank thanks letter	Either given instantly or after client returns the bank thanks letter	Either given instantly or after client returns the bank thanks letter
Calculation of Interest and Payment	Interest is calculated on daily basis and paid half yearly.	Interest is calculated on average monthly balance and paid half yearly.	Interest is calculated on daily basis and paid half yearly.
Interest Rate	7.5 % on any amount kept as balance	7.0 % on any amount kept as balance	7.5 % on any amount kept as balance
Relationship Fees	None	None	None
Deposit Bellow than minimum balance fee	BDT 600 /=-	None	BDT 500 /=-

Product Feature	SBL	DBL	PBL
Product Name	Savings Account	Savings Account	Savings Account
Requirements for earning interest	Monthly Interest forfeited if customer withdraws or issues cheque / transfer less than 5 lac of balance or writes more than two chaques a month.	Monthly Interest forfeited if customer withdraws or issues cheque / transfer more than 1/10th lac of balance or writes more than two chaques a month	Monthly Interest forfeited if customer withdraws or issues cheque / transfer less than 5 lac of balance or writes more than two chaques a month
Ledger Fees	No Fees	No Fees	No Fees
A/C closing Fees	BDT 200 /=	BDT 100 /=	BDT 200 /=
Fees for closing of A/C With in three months of opening	BDT 200 /=	BDT 100 /=	BDT 200 /=
Phone Banking	Free	BDT 500 /=	Not Applicable
ATM	Total ATM 2	Total ATM 1	Not Applicable
Annual ATM Charge	BDT 500 /=	BDT 500 /=	Not Applicable
Card replacement / Lost card fees	BDT 300 /=	BDT 500 /=	Not Applicable
Counter Chaque	Free	BDT 50 /=	Free
Intercity Transaction	Free	Free	BDT 50 /= Up to 1 lac, 0.075 for more than 1 lac.

← For Short Term Deposit

Product Feature	SBL	DBL	PBL
Product Name	Fixed Deposit	Fixed Deposit	Fixed Deposit
Minimum Balance Amount	BDT 10,000/=	BDT 10,000/=	BDT 10,000/=
Chaque Book Delivery	Either given instantly or after client returns the bank thanks letter	Either given instantly or after client returns the bank thanks letter	Either given instantly or after client returns the bank thanks letter
Interest Rate	1 Month None 3 Month 8.25 – 10.25% 6 Month 8.50 – 10.5% 12 Month 9.0 – 11.0 % 24 Month 9.5 – 11.5 % 36 Month 10.0–12.0 %	1 Month None 3 Month 9.25 % 6 Month 9.5 % 12 Month 9.75 % 24 Month 9.75 % 36 Month 9.75 %	1 Month None 3 Month 8.5 – 9.75% 6 Month 9.0 – 10.0% 12 Month 9.25–10.25 % 24 Month 9.75–10.25 % 36 Month 10.25–11.25 %
Interest Cycle	Interest is paid on maturity	Interest is paid on maturity	Interest is paid on maturity
Tenure	1/3/6/12/24/36 months	1/3/6/12/24/36 months	1/3/6/12/24/36 months
Condition for pre-mature encasements	No interest, if withdrawn in 1 month and saving accounts interest of the same bond, if withdrawn before maturity.	No interest, if withdrawn in 1 month and saving accounts interest of the same bond, if withdrawn before maturity.	No interest, if withdrawn in 1 month and saving accounts interest of the same bond, if withdrawn before maturity.

Foreign Currency Current Account:

Product Feature	SBL	DBL	PBL
Product Name	FC Current Accounts	FC Current Accounts	FC Current Accounts
Opening Balance	None	None	None
Chaque Book Delivery	No cheque book given	No cheque book given	No cheque book given
Ledger Fees	None	None	None
Minimum Relationship Fees	None	None	None
Foreign Currency ATM Card	Not Available	Not Available	Not Available

From the above comparison, we can find out which are SBL Deposit scheme's comparative advantages. These are given below:

Services offered to these accounts

Wide ranges of services are offered to the customers who hold these accounts. Some such services are:

- Phone banking service
- Cheques/ cash deposits
- Standing instruction
- Quarterly/monthly statement of account
- Foreign currency Endorsement against travel quota and sale of Travelers checks
- (Thomas Cook).
- Issue of Solvency/bank certificate
- Payment orders, demand drafts, Telegraphic transfers.
- Inward and outward funds transfer and receiving

- Collect GrameenPhone Bills
- New offer Islamic Banking

Some unique services are also provided to customers using SBL accounts. These services are Phone Banking & Self Services Banking. These products are briefly discussed in the following section:

Phone banking:

SBL phone banking services are called Automated Tele Banking services (ATB). SBL in Bangladesh launched phone banking service on May 2003. It is a state-of-the-art automated telephone banking service for its customers.

- The customers can avail this service by filling out an application form.
- With this service SBL customers are able to access their accounts 24 hours a day from the comfort of their office, home or car avoiding the need to go to the bank.
- Phone banking is easy to use, secure, fast and convenient.

The facilities provided Include

- Checking account balances
- Transferring money between accounts
- Details of one's last five transactions
- Ordering a statement or cheques book
- Paying bills to pre-designated third parties in local currency and
- Inquiring about foreign exchange and time deposit interest rates and much more.

The phone banking service is available to all customers of SBL free of charge. Access to the system is through a 10 digit phone banking number (PBN) followed by a six-digit personal identification number (PIN).

Self Service Banking (ATM):

SBL ATM's provide a wide range of self-banking services to its customers and the customers can banking around the clock. Services provided through ATM are as follows:

- Cash/Check Deposits
- Cash withdrawals
- Transfer funds
- Request cheques books
- Order account statements
- Balance inquiries
- Account activity reports and inquiries
- Give written or standing instructions.
- Make payments to other SBL accounts

SMS Banking (New Product)

Conclusion:

The banking sector of Bangladesh is passing through a tremendous reform under the economic deregulation and opening up of the economy. Currently, this sector is becoming extremely competitive with the arrival of multinational banks and as well as emerging local private banks. At the same time, there is also a domination from the huge NCB's. In order to sustain in this competitive world, SBL's local management should be more careful and pursue proactive strategies to overcome its problems and deficiencies in various areas that have been identified. Management should explore the potential opportunities that are available for the bank for further expansion and consolidation of its market share in Bangladesh. For increasing attractive ness of SBLs Financial Products bank should generate new ideas for new products and services. Continuous observation necessary on competitors banks that, what's new services they are launching in market. In case of deposit schemes SBL have to find out new ways to attract its depositors where as others banks illegally give more interest rate to the depositors.

List of Abbreviations

ATM	:	Automated Teller Machine
BB	:	Bangladesh Bank
CMS	:	Commercial Banking System
CIB	:	Credit Information Bureau
CM	:	Current Month
DFI	:	Development Financial Institution
FCB	:	Foreign Commercial Bank
FBI	:	Foreign Direct Investment
FDR	:	Fixed Deposit Receipt
L/C	:	Letter of Credit
LRA	:	Lending Risk Analysis
LTR	:	Loan on Trust Receipt
MES	:	Macro Environment Scanning
NCB	:	Nationalized Commercial Bank
PCB	:	Private Commercial Bank
UCPDC:		Uniform Customs Practice of Documentary Credit
WB	:	World Bank

Part 3

References

References Documents
Of
Bangladesh Banks Statistics

TABLE-2
SCHEDULED BANKS' CREDIT, INVESTMENT AND
BORROWINGS FROM BANGLADESH BANK

(Taka in crores)

At the end of quarter	Scheduled Banks' Credit			Scheduled Banks' Investment			Borrowings from Bangladesh Bank
	Advances	Bills	Total	Govt. Investment	Others	Total	
2002							
Jan.-Mar.	<u>74611.30</u>	<u>3122.84</u>	<u>77734.14</u>	<u>12846.15</u>	<u>1169.19</u>	<u>14015.34</u>	<u>5104.04</u>
	95.98%	4.02%	100%	91.66%	8.34%	100%	
	2.56	-4.10	2.27	3.50	-14.60	1.70	5.76
Apr.-Jun.	<u>76772.36</u>	<u>3314.68</u>	<u>800087.04</u>	<u>13312.74</u>	<u>1111.37</u>	<u>14424.11</u>	<u>4885.06</u>
	95.86%	4.14%	100%	92.30%	7.70%	100%	
	2.90	6.14	3.03	3.63	-4.95	2.92	-4.29
Jul-Sept.	<u>78224.38</u>	<u>2816.93</u>	<u>81041.31</u>	<u>16712.67</u>	<u>1142.48</u>	<u>17855.15</u>	<u>5055.56</u>
	96.52%	3.48%	100%	93.60%	6.40%	100%	
	1.89	-15.02	1.19	25.54	2.80	23.79	3.49
Oct-Dec.	<u>83030.83</u>	<u>3886.58</u>	<u>86917.41</u>	<u>17488.21</u>	<u>1356.96</u>	<u>18845.17</u>	<u>4785.09</u>
	95.53%	4.47%	100%	92.80%	7.20%	100%	
	6.14	37.97	7.25	4.64	18.77	5.54	-5.35
2003							
Jan-Mar.	<u>83596.32</u>	<u>4068.80</u>	<u>87665.12</u>	<u>16771.04</u>	<u>1336.65</u>	<u>18107.69</u>	<u>4851.17</u>
	95.36%	4.64%	100%	92.62%	7.38%	100%	
	0.68	4.69	0.86	-4.10	-1.50	-3.91	1.38

Note : Figures in parentheses represent rates of growth in percent over the preceding quarter.
Minor differences may be found due to separate rounding off.

Deposits by Category of Banks

The decrease of Tk.526.74 crores or 0.52% in total deposit liabilities during the quarter (January-March,2003) over the preceding quarter (October-December, 2002) was shared by the increases in private banks by Tk.447.29 crores or 1.20%, in specialised banks by Tk.46.24 crores or 0.78% and in foreign banks by Tk.607.53 crores or 9.28% and decrease in nationalised commercial banks by Tk.1627.80 crores or 3.20%. The net accretion in deposits during the quarter under review over the same quarter (January-March,2002) of the last year amounting to Tk.12700.94 crores or 14.55% was due to increase in deposits of nationalised

commercial banks by Tk.3745.68 crores or 8.23%, in private banks by Tk.7536.54 crores or 25.07%, in specialised banks by Tk.455.19 crores or 8.25% and in foreign banks by Tk.963.53 crores or 15.56%. Of the total deposits of Tk.100002.63 crores at the end of the quarter under review, the shares of nationalised commercial banks, specialised banks, foregin banks and private banks were Tk.49284.00 crores (49.28%), Tk.5971.60 crores (5.97%), Tk. 7152.09 crores (7.15%) and Tk.37594.94 crores (37.59%) respectively. The position in respect of deposit liabilities by category of banks is shown in Table-3.

TABLE-3
DEPOSITS DISTRIBUTED BY CATEGORY OF BANKS

(Taka in crores)

At the end of quarter	Nationalised Commercial Banks	Specialised Banks	Foreign Banks	Private Banks (Including IB)	Islamic Banks	All Banks
2002						
Jan.-Mar.	<u>45538.32</u> 52.16% -2.62	<u>5516.41</u> 6.32% 2.24	<u>6188.56</u> 7.09% 0.95	<u>30058.40</u> 34.43% -0.99	<u>6156.06</u> 7.05% 3.51	<u>87301.69</u> 100% -1.52
Apr-Jun.	<u>48155.30</u> 51.73% 5.75	<u>5881.65</u> 6.32% 6.62	<u>6268.24</u> 6.73% 1.29	<u>32778.95</u> 35.21% 9.05	<u>6650.48</u> 7.14% 8.03	<u>93084.14</u> 100% 6.62
Jul-Sept.	<u>47898.64</u> 50.68% -0.53	<u>5826.08</u> 6.16% -0.94	<u>6579.87</u> 6.96% 4.97	<u>34205.50</u> 36.19% 4.35	<u>7240.72</u> 7.66% 8.88	<u>94510.09</u> 100% 1.53
Oct-Dec.	<u>50911.80</u> 50.64% 6.29	<u>5925.36</u> 5.89% 1.70	<u>6544.56</u> 6.51% -0.54	<u>37147.65</u> 36.95% 8.60	<u>7997.62</u> 7.96% 10.54	<u>100529.37</u> 100% 6.37
2003						
Jan-Mar	<u>49284.00</u> 49.28% -3.20	<u>5971.60</u> 5.97% 0.78	<u>7152.09</u> 7.15% 9.28	<u>37594.94</u> 37.59% 1.20	<u>8319.44</u> 8.32% 4.02	<u>100002.63</u> 100% -0.52

Note : Figures in parentheses represent rates of growth in percent over the preceding quarter. Minor differences may be found due to separate rounding off.

Deposits by Types of Accounts

Breakdown by types of deposits accounts revealed that the share of fixed deposits increased from 34.02% at the quarter ending October-December, 2002 to 35.21% at the end of quarter January-March, 2003. The amount of fixed deposits increased by Tk.1013.86 crores or 2.96% to Tk.35208.99 crores at the end of the quarter under review as compared to increases of Tk.1340.53 crores or 4.08% and

Tk. 193.62 crores or 0.67% at the preceding quarter (October-December,2002) and the corresponding quarter (January-March, 2002) of the last year respectively. The share of savings deposits to total deposits decreased from 29.45% on the 31st December, 2002 to 28.84% on the 31st March, 2003. Deposits distributed by types of accounts are shown in Table-4.

TABLE-4
DEPOSITS DISTRIBUTED BY TYPES OF ACCOUNTS

(Taka in crores)

At the end of quarter	Current and Cash Credit Deposits	Deposit Withdrawable on Sight	Savings Deposits	Convertible Taka Account of Foreigners	Foreign Currency Accounts	Wage Earners' Deposits	Resident Foreign Currency Deposits	Short Term Deposits	Fixed Deposits	Pension Scheme Deposits	Negotiable Certificates of Deposits	Restricted (Blocked) Deposits	Total Deposits
2002													
Jan.-Mar.	8391.61	2147.78	26258.69	93.44	1134.01	344.82	119.99	9689.72	29071.03	9211.82	798.40	40.38	87301.69
	9.61%	2.46%	30.08%	0.11%	1.30%	0.39%	0.14%	11.10%	33.30%	10.55%	0.91%	0.05%	100%
	-10.66	-3.29	-1.60	-10.52	-18.77	148.61	263.39	-1.52	0.67	0.14	10.76	4.10	-1.52
Apr.-Jun.	9246.54	1883.31	27781.57	141.61	736.46	290.77	527.89	10929.59	31113.66	9525.24	863.05	44.45	93084.14
	9.93%	2.02	29.85%	0.15%	0.79%	0.31%	0.57%	11.74%	33.43%	10.23%	0.93%	0.05%	100%
	10.19	-12.31	5.80	51.55	-35.06	-15.67	339.94	12.80	7.03	3.40	8.10	10.08	6.62
Jul.-Sept.	8456.90	2172.26	29073.94	156.39	423.32	380.50	536.23	9762.13	32854.60	9717.85	941.24	34.73	94510.09
	8.95%	2.30%	30.76%	0.17%	0.45%	0.40%	0.51%	10.33%	34.76%	10.28%	1.00%	0.04%	100%
	-8.54	15.34	4.65	10.44	-42.52	30.86	1.58	-10.68	5.60	2.02	9.06	-21.87	1.53
Oct.-Dec.	10252.18	2097.65	29606.51	243.14	411.21	499.85	652.81	11060.65	34195.13	10580.89	894.82	34.53	100529.37
	10.20%	2.09%	29.45%	0.24%	0.41%	0.50%	0.65%	11.00%	34.02%	10.53%	0.89%	0.03%	100%
	21.23	-3.43	1.83	55.47	-286	31.37	21.74	13.30	4.08	8.88	-4.93	-0.58	6.37
2003													
Jan.-Mar.	9228.97	2431.51	28843.54	132.81	583.90	406.68	932.79	10896.27	35208.99	10478.55	832.28	26.34	100002.63
	9.23%	2.43%	28.84%	0.13%	0.58%	0.41%	0.93%	10.90%	35.21%	10.48%	0.83%	0.03%	100%
	-9.98	15.92	-2.58	-45.38	42.00	-18.64	42.89	-1.49	2.96	-0.97	-6.99	-23.72	-0.52

Note : Figures in parentheses represent rates of growth in percent over the preceding quarter. Minor differences may be found due to separate rounding off.

Deposits by Major Sector

The share of private sector deposits (83.60%) was 5.10 times more than that of the public sector deposits (16.40%) at the end of the quarter January-March,2003 Deposits in the private sector decreased by Tk.56.21 crores or 0.07% to Tk.83602.28 crores at the end of the quarter under review, as compared to an increase of Tk.4488.90 crores or 5.67% and a decrease of Tk.877.94 crores or 1.19% at the end of the preceding quarter (October-December,2002) and the corresponding quarter January-March,2002 of the last year respectively. Deposits in the public sector decreased by Tk.470.53 crores or 2.79% to Tk.16400.35 crores at the end of the quarter under review as

compared to an increase of Tk.1530.38 crores or 9.98% and a decrease of Tk.468.49 crores or 3.21% at the preceding quarter (October-December,2002) and the corresponding quarter(January-March, 2002) of the last year respectively Government deposits in the public sector decreased by Tk.209.69 crores or 3.24% to Tk.6266.50 crores as compared to an increase of Tk.830.17 crores or 14.70% and a decrease of Tk.288.91 crores or 5.07% at the end of the preceding quarter (October-December,2002) and the corresponding quarter(January-March,2002) of the last year respectively. The details of deposits by public sector and private sector with their corresponding growth rates are shown in Table-5.

TABLE-5
DEPOSITS DISTRIBUTED BY MAJOR SECTORS

(Taka in crores)

At the end of quarter	Public Sector			Private Sector	Total Deposits (Pub.+Pri.)	Ratio (Pub./Pri.)
	Government	Other than Government	Total			
2002						
Jan.-Mar.	<u>5411.29</u>	<u>8734.86</u>	<u>14146.15</u>	<u>73155.54</u>	<u>87301.69</u>	<u>0.19</u>
	6.20%	10.01%	16.20%	83.80%	100%	
	-5.07	-2.01	-3.21	-1.19	-1.52	
April-June	<u>5997.61</u>	<u>9683.65</u>	<u>15681.26</u>	<u>77402.88</u>	<u>93084.14</u>	<u>0.20</u>
	6.44%	10.40%	16.85%	83.15%	100.00%	
	10.84	10.86	10.85	5.81	6.62	
Jul-Sept.	<u>5646.02</u>	<u>9694.48</u>	<u>15340.50</u>	<u>79169.59</u>	<u>94510.09</u>	<u>0.19</u>
	5.97%	10.26%	16.23%	83.77%	100%	
	-5.86	0.11	-2.17	2.28	1.53	
Oct-Dec.	<u>6476.19</u>	<u>10394.69</u>	<u>16870.88</u>	<u>83658.49</u>	<u>100529.37</u>	<u>0.20</u>
	6.44%	10.34%	16.78%	83.22%	100%	
	14.70	7.22	9.98	5.67	6.37	
2003						
Jan-Mar.	<u>6266.50</u>	<u>10133.85</u>	<u>16400.35</u>	<u>83602.28</u>	<u>100002.63</u>	<u>0.20</u>
	6.27%	10.13%	16.40%	83.60%	100%	
	-3.24	-2.51	-2.79	-0.07	-0.52	

Note : Figures in parentheses represent rates of growth in percent over the preceding quarter.
Minor differences may be found due to separate rounding off.

Division-wise Urban/Rural Deposits

Distribution of deposits by administrative areas revealed that Dhaka Division contributed more than half (58.02%) of the total deposits and the share of urban deposits in this division was 52.54% at the end of the quarter under review. The deposits in this division increased by 0.08% to Tk. 58020.93 crores at the end of the quarter (January-

March, 2003) as compared to an increase of 7.41% and a decrease of 1.31% at the end of preceding quarter (October-December, 2002) and the corresponding quarter of the last year (January-March, 2002) respectively. The share of deposits in Barisal Division (2.24%) was the lowest. Division wise distribution of deposits in urban and rural areas is shown in Table-6.

TABLE-6 (Contd.)
DIVISION-WISE URBAN/RURAL DISTRIBUTION OF DEPOSITS

(Taka in crores)

At the end of quarter	Chittagong Division			Dhaka Division			Khulna Division		
	Urban	Rural	Total	Urban	Rural	Total	Urban	Rural	Total
2002									
Jan.-Mar.	<u>13666.07</u>	<u>4782.04</u>	<u>18448.11</u>	<u>44696.67</u>	<u>5030.10</u>	<u>49726.77</u>	<u>3248.02</u>	<u>1794.76</u>	<u>5042.78</u>
	15.65%	5.48%	21.13%	51.20%	5.76%	56.96%	3.72%	2.06%	5.78%
	-0.02	0.20	0.04	-1.31	-1.30	-1.31	-6.98	-2.10	-5.30
Apr-Jun.	<u>14538.73</u>	<u>4733.59</u>	<u>19272.32</u>	<u>47897.79</u>	<u>5268.54</u>	<u>53166.33</u>	<u>3416.65</u>	<u>1936.76</u>	<u>5353.41</u>
	15.62%	5.09%	20.70%	51.46%	5.66%	57.12%	3.67%	2.08%	5.75%
	6.39	-1.01	4.47	7.16	4.74	6.92	5.19	7.91	6.16
Jul-Sept.	<u>14903.45</u>	<u>4841.55</u>	<u>19745.00</u>	<u>48504.37</u>	<u>5471.78</u>	<u>53976.15</u>	<u>3406.29</u>	<u>1985.77</u>	<u>5392.06</u>
	15.77%	5.12%	20.89%	51.32%	5.79%	57.11%	3.60%	2.10%	5.71%
	2.51	2.28	2.45	1.27	3.86	1.52	-0.30	2.53	0.72
Oct--Dec.	<u>15650.18</u>	<u>5012.71</u>	<u>20662.89</u>	<u>52231.70</u>	<u>5742.68</u>	<u>57974.38</u>	<u>3675.26</u>	<u>2038.01</u>	<u>5713.27</u>
	15.57%	4.99%	20.55%	51.96%	5.71%	57.67%	3.66%	2.03%	5.68%
	5.01	3.54	4.65	7.68	4.95	7.41	7.90	2.63	5.96
2003									
Jan-Mar.	<u>15849.03</u>	<u>4917.30</u>	<u>20766.33</u>	<u>52541.46</u>	<u>5479.47</u>	<u>58020.93</u>	<u>3607.89</u>	<u>1955.86</u>	<u>5563.75</u>
	15.85%	4.92%	20.77%	52.54%	5.48%	58.02%	3.61%	1.96%	5.56%
	1.27	-1.90	0.50	0.59	-4.58	0.08	-1.83	-4.03	-2.62

Note: Figures in parentheses represent rates of growth in percent over the preceding quarter. Minor differences may be found due to separate rounding off.

TABLE-6 (Concl'd.)
DIVISION-WISE URBAN/RURAL DISTRIBUTION OF DEPOSITS

(Taka in crores)

At the end of quarter	Rajshahi Division			Barisal Division			Sylhet Division			All Divisions		
	Urban	Rural	Total	Urban	Rural	Total	Urban	Rural	Total	Urban	Rural	Total
2002												
Jan.-Mar.	4116.14 4.71% -5.35	2529.25 2.90% -3.16	6645.39 7.61% -4.53	11167.80 1.34% -6.04	888.87 1.02% -0.95	2056.67 2.36% -3.91	3202.43 3.67% -0.62	2179.54 2.50% 0.28	5381.97 6.16% -0.26	70097.13 80.29% -1.64	17204.56 19.71% -1.04	87301.69 100% -1.52
Apr.-Jun.	4676.18 5.02% 13.61	2699.13 2.90% 6.72	7375.31 7.92% 10.98	1280.32 1.38% 9.64	953.34 1.02% 7.25	2233.66 2.40% 8.61	3517.73 3.78% 9.85	2165.38 2.33% -0.65	5683.11 6.11% 5.60	75327.40 80.92% 7.46	17756.74 19.08% 3.21	93084.14 100% 6.62
Jul-Sept.	4555.33 4.82% -2.58	2714.74 2.87% 0.58	7270.07 7.69% -1.43	1215.19 1.29% -5.09	957.41 1.01% 0.43	2172.60 2.30% -2.73	3705.13 3.92% 5.33	2249.08 2.38% 3.87	5954.21 6.30% 4.77	76289.76 80.72% 1.28	18220.33 19.28% 2.61	94510.09 100% 1.53
Oct-Dec.	4893.96 4.87% 7.43	2780.77 2.77% 2.73	7674.73 7.63% 5.57	1322.95 1.32% 8.87	982.10 0.98% 2.58	2305.05 2.29% 6.10	3862.20 3.84% 4.24	2336.85 2.32% 3.90	6199.05 6.17% 4.11	81636.25 81.21% 7.01	18893.12 18.79% 3.69	100529.37 100% 6.37
2003												
Jan.-Mar.	4848.71 4.85% -0.92	2378.64 2.38% -14.46	7227.35 7.23% -5.83	1277.42 1.28% -3.44	960.75 0.96% -2.17	2238.17 2.24% -2.90	3905.56 3.91% 1-12	2280.54 2.28% -2.41	6186.10 6.19% -0.21	82030.07 82.03% 0.48	17972.56 17.97% -4.87	100002.63 100% -0.52

Note : Figures in parentheses represent rates of growth in percent over the preceding quarter.
Minor differences may be found due to separate rounding off.

Advances by Category of Banks

The nationalised commercial banks accounted for 42.45% of the total advances at the end of the quarter under review. Advances made by nationalised commercial banks decreased by 0.27% to Tk.35490.01 crores at the end of the quarter under review as compared to increases of 3.76% and 1.56% at

the end of the preceding quarter (October-December, 2002) and the corresponding quarter (January-March, 2002) of the last year respectively. The share of specialised banks' advances slightly decreased to 12.95% on the 31st March, 2003 from 13.15% on the 31st December, 2002. Advances classified by category of banks are shown in Table-7.

TABLE-7
ADVANCES CLASSIFIED BY CATEGORY OF BANKS

(Taka in crores)

At the end of quarter	Nationalised Commercial Banks	Specialised Banks	Foreign Banks	Private Banks (Including Islamic Banks)	Islamic Banks	All Banks
2002						
Jun-Mar.	<u>33283.90</u> 44.61% 1.56	<u>10790.02</u> 14.46% -0.35	<u>3956.23</u> 5.30% 4.76	<u>26581.15</u> 35.63% 4.77	<u>5780.18</u> 7.75% 2.78	<u>74611.30</u> 100% 2.56
Apr-Jun.	<u>33908.25</u> 44.17% 1.88	<u>10840.05</u> 14.12% 0.46	<u>4169.53</u> 5.43% 5.39	<u>27854.53</u> 36.28% 4.79	<u>6131.77</u> 7.99% 6.08	<u>76772.36</u> 100% 2.90
Jul-Sept.	<u>34298.10</u> 43.85% 1.15	<u>10808.58</u> 13.82% -0.29	<u>4378.45</u> 5.60% 5.01	<u>28739.25</u> 36.74% 3.18	<u>6455.25</u> 8.25% 5.28	<u>78224.38</u> 100% 1.89
Oct-Dec.	<u>35586.42</u> 42.86% 3.76	<u>10921.64</u> 13.15% 1.05	<u>5092.13</u> 6.13% 16.30	<u>31430.64</u> 37.85% 9.36	<u>7318.51</u> 8.81% 13.37	<u>83030.83</u> 100% 6.14
2003						
Jan-Mar.	<u>35490.01</u> 42.45% -0.27	<u>10824.21</u> 12.95% -0.89	<u>5064.45</u> 6.06% -0.54	<u>32217.65</u> 38.54% 2.50	<u>7706.59</u> 9.22% 5.30	<u>83596.32</u> 100% 0.68

Note : Figures in parentheses represent rates of growth in percent over the preceding quarter. Minor differences may be found due to separate rounding off.

Sector-wise Advances

Advances in the private sector increased by Tk.1350.94 crores or 1.77% to Tk.77867.47 crores at end of the quarter January-March,2003 as compared to increases of Tk.4326.53 crores or 5.99% and Tk.575.15 crores or 0.85% at the preceding quarter (October-December, 2002) and the corresponding quarter (January-March, 2002) of the last year respectively. Loans to the public sector decreased by Tk.785.45 crores or 12.06% to Tk.5728.85 crores as compared to increases of Tk.479.92 crores or 7.95% and Tk.1287.07 crores at 25.03% during the above respective quarters.

The decrease in advances to public sector was due to decreases in 'Other than Government' sector by Tk.307.80 crores or 6.22% to Tk.4638.83 crores and in 'Government' sector by Tk.477.65 crores or 30.47% to Tk.1090.02 crores at the end of the quarter under review as compared to an increase of Tk.557.89 crores or 12.71% & a decrease of Tk.77.97 crores or 4.74% and increases of 26.92% & 17.50% respectively at the preceding quarter (October-December, 2002) and the corresponding quarter (January-March, 2002) of the last year. The sector-wise position of advances is shown in Table-8.

TABLE-8
SECTOR-WISE CLASSIFICATION OF ADVANCES

(Taka in crores)

At the end of quarter	Public Sector			Private Sector	Total Advances (Pub.+Pri.)	Ratio (Pub./Pri.)
	Government	Other than Government	Total			
2002						
Jan-Mar.	<u>1214.52</u>	<u>5214.44</u>	<u>6428.96</u>	<u>68182.34</u>	<u>74611.30</u>	<u>0.09</u>
	1.63%	6.99%	8.62%	91.38%	100%	
	17.50	26.92	25.03	0.85	2.56	
Apr-Jun.	<u>1493.79</u>	<u>5471.23</u>	<u>6965.02</u>	<u>69807.34</u>	<u>76772.36</u>	<u>0.10</u>
	1.95%	7.13%	9.07%	90.93%	100%	
	22.99	4.92	8.34	2.38	2.90	
Jul-Sept.	<u>1645.64</u>	<u>4388.74</u>	<u>6034.38</u>	<u>72190.00</u>	<u>78224.38</u>	<u>0.08</u>
	2.10%	5.61%	7.71%	92.29%	100%	
	10.17	-19.79	-13.36	3.41	1.89	
Oct-Dec.	<u>1567.67</u>	<u>4946.63</u>	<u>6514.30</u>	<u>76516.53</u>	<u>83030.83</u>	<u>0.09</u>
	1.89%	5.96%	7.85%	92.15%	100%	
	-4.74	12.71	7.95	5.99	6.14	
2003						
Jan-Mar.	<u>1090.02</u>	<u>4638.83</u>	<u>5728.85</u>	<u>77867.47</u>	<u>83596.32</u>	<u>0.07</u>
	1.30%	5.55%	6.85%	93.15%	100%	
	-30.47	-6.22	-12.06	1.77	0.68	

Note : Figures in parentheses represent rates of growth in percent over the preceding quarter. Minor differences may be found due to separate rounding off.

Economic Purpose-wise Advances

Bulk of Advances (33.37%) was used for 'Trade' purpose followed by advances for 'Industry' (20.50%) and 'Agriculture' (11.03%) at the end of the quarter January-March, 2003. Trade loans increased by Tk.1520.93 crores or 5.77% to Tk.27895.43 crores where as 'Industrial' loans showed an increase of Tk.120.46 crores or 0.71% to Tk.17133.67 crores at the end of the quarter under review as compared to increase of 4.34% and 4.64% respectively at the end of the preceding quarter (October-December, 2002) and an increase of 2.34% and a decrease of 1.38% respectively at the corresponding quarter (January-March, 2002) of the last year. 'Transport and communication' loans decreased by 1.06% to

Tk.1229.19 crores and 'Agriculture' loans decreased by 5.85% to Tk.9218.65 crores as compared to increases of 15.70% and 6.37% at the end of the preceding quarter (October-December, 2002) and increases of 17.19% and 0.41% respectively at the corresponding quarter (January-March, 2002) of the last year respectively. 'Others' loans showed a decrease by 6.37% to Tk.8068.93 crores at the end of the quarter under review as compared to the preceding quarter 'Construction' loan increased by 0.06% to Tk.5632.58 crores and 'Working Capital Financing' loan increased by 0.39% to 14414.87 crores respectively at the end of the quarter under review. Table-9 shows economic purpose-wise classification of advances.

TABLE-9
ECONOMIC PURPOSE-WISE CLASSIFICATION OF ADVANCES

(Taka in crores)

At the end of quarter	Agriculture, Forestry & Fishing	Industry	Construction	Transport & Communication	Trade	Working Capital Financing	Others	Total
2002								
Jun-Mar.	<u>9548.07</u> 12.80% 0.41	<u>17792.31</u> 23.85% -1.38	<u>4307.49</u> 5.77% 5-81	<u>1319.61</u> 1.77% 17.19	<u>22742.34</u> 30.48% 2.34	<u>7406.78</u> 9.93% 22.27	<u>11494.70</u> 15.41% -1.94	<u>74611.30</u> 100% 2.56
Apr-Jun.	<u>9412.16</u> 12.26% -1.42	<u>18322.37</u> 23.87% 2.98	<u>4572.55</u> 5.96% 6.15	<u>1265.38</u> 1.65% -4.11	<u>2360.02</u> 30.75% 3.80	<u>9800.86</u> 12.77% -32.32	<u>9792.02</u> 12.75% -14.81	<u>76772.36</u> 100% 2.20
Jul-Sept.	<u>9205.21</u> 11.77% -2.20	<u>16259.18</u> 20.79% -11.26	<u>5154.12</u> 6.59% 12.72	<u>1073.76</u> 1.37% -15.14	<u>25277.36</u> 32.31% 7.08	<u>13544.43</u> 17.31% 38.20	<u>7710.32</u> 9.86% -21.26	<u>78224.38</u> 100% 1.89
Oct-Dec.	<u>9791.29</u> 11.79% 6.37	<u>17013.21</u> 20.49% 4.64	<u>5629.41</u> 6.78% 9.22	<u>1242.33</u> 1.50% 15.70	<u>26374.50</u> 31.76% 4.34	<u>14362.35</u> 17.30% 6.04	<u>8617.74</u> 10.38% 11.77	<u>83030.83</u> 100% 6.14
2003								
Jan-Mar.	<u>9218.65</u> 11.03% -5.85	<u>17133.67</u> 20.50% 0.71	<u>5632.58</u> 6.74% -0.06	<u>1229.19</u> 1.47% -1.06	<u>27895.43</u> 33.37% 5.77	<u>14417.87</u> 17.25% 0.39	<u>8068.93</u> 9.65% -6.37	<u>83596.32</u> 100% 0.68

Note : Figures in parentheses represent rates of growth in percent over the preceding quarter. Minor differences may be found due to separate rounding off.

Security-wise Advances

An analysis of advances classified by securities revealed that 19.16% of the total loans were outstanding against 'merchandise' and 29.45% loans against 'real estate' at the end of the quarter under review. Advances against 'merchandise' decreased by 1.05% to Tk. 16015.05 crores and that against 'real estate' increased by 5.24% to Tk. 24623.13 crores at the end of the quarter January-March,

2003. 'Other Items' which includes (i) crops stock of crops hypothecation (ii) other secured advances recorded a decrease of 7.60% to Tk.23473.97 crores at the end of the quarter January-March, 2003 as compared to increases of 4.73% and 2.08% at the end of the preceding quarter (October-December, 2002) and the corresponding quarter (January-March, 2002) of the last year respectively. Security-wise classification of advances is shown in Table-10.

TABLE-10
SECURITY-WISE CLASSIFICATION OF ADVANCES

(Taka in crores)

At the end of quarter	Gold and Gold Ornaments	Shares & Securities	Merchandise	Machinery & Other Fixed Assets	Real Estate	Financial Obligations	Others	Total
2002								
Jun-Mar.	48.44	429.64	15903.10	9433.96	18774.37	5417.33	24604.46	74611.30
	0.06%	0.58%	21.31%	12.64%	25.16%	7.26%	32.98%	100%
	67.27	0.08	-7.88	1.18	9.00	23.83	2.08	2.56
Apr-Jun.	25.69	476.50	16095.52	9621.63	19668.41	5763.31	25121.30	76772.36
	0.03%	0.62%	20.97%	12.53%	25.62%	7.51%	32.72%	100%
	-46.97	10.91	1.21	1.99	4.76	6.39	2.10	2.90
Jul-Sept.	106.31	416.19	15366.07	10784.86	21412.75	5881.41	24256.79	78224.38
	0.14%	0.53%	19.64%	13.79%	27.37%	7.52%	31.01%	100%
	313.82	-12.66	-4.53	12.09	8.87	2.05	-3.44	1.89
Oct-Dec	97.15	517.41	16185.30	10941.51	23397.97	6487.57	25403.92	83030.83
	0.12%	0.62%	19.49%	13.18%	28.18%	7.81%	30.60%	100%
	-8.62	24.32	5.33	1.45	9.27	10.31	4.73	6.14
2003								
Jan-Mar.	41.06	503.94	16015.05	12031.43	24623.13	6907.74	23473.97	83596.32
	0.05%	0.60%	19.16%	14.39%	29.45%	8.26%	28.08%	100%
	-57.74	-2.60	-1.05	9.96	5.24	6.48	-7.60	0.68

Note : Figures in parentheses represent rates of growth in percent over the preceding quarter. Minor differences may be found due to separate rounding off.

Division-wise Urban/Rural Advances

Division-wise break-up of advances revealed that Dhaka Division consumed 65.71% of total advances, of which the share of urban and rural stood at 61.36% and 4.34% respectively at the end of the quarter January-March, 2003. The loans in Chittagong, Division increased by 0.81% to Tk.14531.92 crores and in Khulna Division decreased by 1.51% to Tk. 5308.97 crores

respectively and that in Dhaka Division increased by 0.79% to Tk. 54929.21 crores during the quarter under review. The loans in Sylhet Division increased by 2.23% to Tk.1467.87 crores, in Barisal Divisions increased by 1.46% to Tk.1403.98 crores and in Rajshahi Division increased by 0.85% to Tk.5954.37 crores. Division-wise distribution of urban and rural loans is shown in Table-11.

TABLE-11 (Contd.)
DIVISION-WISE URBAN/RURAL CLASSIFICATION OF ADVANCES

(Taka in crores)

At the end of quarter	Chittagong Division			Dhaka Division			Khulna Division		
	Urban	Rural	Total	Urban	Rural	Total	Urban	Rural	Total
2002									
Jun-Mar.	<u>10991.89</u>	<u>1516.56</u>	<u>12508.45</u>	<u>46298.77</u>	<u>3619.22</u>	<u>48917.99</u>	<u>3822.35</u>	<u>1141.17</u>	<u>4963.52</u>
	14.73%	2.03%	16.76%	60.71%	4.85%	65.56%	5.12%	1.53%	6.65%
	0.53	1.11	0.60	3.59	1.23	3.41	-1.20	-0.04	-0.92
Apr-Jun.	<u>11507.23</u>	<u>1414.51</u>	<u>12921.74</u>	<u>46833.34</u>	<u>3679.87</u>	<u>50513.21</u>	<u>3877.96</u>	<u>1130.42</u>	<u>5008.38</u>
	14.99%	1.84%	16.83%	61.00%	4.79%	65.80%	5.05%	1.47%	6.52%
	4.69	-6.73	3.30	3.39	1.68	3.26	1.45	-0.94	0.90
Jul-Sept.	<u>11727.83</u>	<u>1412.15</u>	<u>13139.98</u>	<u>48050.88</u>	<u>3688.49</u>	<u>51739.37</u>	<u>3997.76</u>	<u>1112.54</u>	<u>5110.30</u>
	14.99%	1.81%	16.80%	61.43%	4.72%	66.14%	5.11%	1.42%	6.53%
	1.92	-0.17	1.69	2.60	0.23	2.43	3.09	-1.58	2.03
Oct-Dec.	<u>12961.82</u>	<u>1453.87</u>	<u>14415.69</u>	<u>50696.48</u>	<u>3804.29</u>	<u>54500.77</u>	<u>4242.94</u>	<u>1147.60</u>	<u>5390.54</u>
	15.61%	1.75%	17.36%	61.06%	4.58%	65.64%	5.11%	1.38%	6.49%
	10.52	2.95	9.71	5.51	3.14	5.34	6.13	3.15	5.48
2003									
Jan-Mar.	<u>13094.56</u>	<u>1437.36</u>	<u>14531.92</u>	<u>51297.24</u>	<u>3631.97</u>	<u>54929.21</u>	<u>4153.02</u>	<u>1155.95</u>	<u>5308.97</u>
	15.66%	1.72%	17.38%	61.36%	4.34%	65.71%	4.97%	1.38%	6.35%
	1.02	-1.14	0.81	1.19	-4.53	0.79	-2.12	0.73	-1.51

Note : Figures in parentheses represent rates of growth in percent over the preceding quarter. Minor differences may be found due to separate rounding off.

TABLE-11 (Concl.d.)
DIVISION-WISE URBAN/RURAL CLASSIFICATION OF ADVANCES

(Taka in crores)

At the end of quarter	Rajshahi Division			Barisal Division			Sylhet Division			All Divisions		
	Urban	Rural	Total	Urban	Rural	Total	Urban	Rural	Total	Urban	Rural	Total
2002												
Jan.-Mar.	<u>2990.20</u> 4.01% 4.51	<u>2637.55</u> 3.54% 0.65	<u>5627.75</u> 7.54% 2.67	<u>713.41</u> 0.96% 5.87	<u>600.64</u> 0.81% -0.25	<u>1314.05</u> 1.76% 2.98	<u>692.95</u> 0.93% 6.40	<u>586.59</u> 0.79% -0.74	<u>1279.54</u> 1.71% 3.01	<u>64509.57</u> 86.46% 2.85	<u>10101.73</u> 13.54% 0.72	<u>74611.30</u> 100% 2.56
Apr. Jun.	<u>3109.80</u> 4.05% 4.00	<u>2559.52</u> 3.33% -2.96	<u>5669.32</u> 7.38% 0.74	<u>723.01</u> 0.94% 1.35	<u>625.59</u> 0.81% 4.15	<u>1348.60</u> 1.76% 2.63	<u>725.69</u> 0.95% 4.72	<u>585.42</u> 0.76% -0.20	<u>1311.11</u> 1.71% 2.47	<u>66777.03</u> 86.98% 3.51	<u>9995.33</u> 13.02% -1.05	<u>76772.38</u> 100% 2.90
Jul-Sept.	<u>3019.24</u> 3.86% -2.91	<u>2529.09</u> 3.23% -1.19	<u>5548.33</u> 7.09% -2.13	<u>719.80</u> 0.92% -0.44	<u>620.77</u> 0.79% -0.77	<u>1340.57</u> 1.71% -0.60	<u>765.80</u> 0.98% 5.53	<u>580.03</u> 0.74% -0.92	<u>1345.83</u> 1.72% 2.65	<u>68281.31</u> 87.29% 2.25	<u>9943.07</u> 12.71% -0.52	<u>78224.38</u> 100% 1.89
Oct-Dec.	<u>3264.22</u> 3.91% 7.52	<u>2657.98</u> 3.20% 5.10	<u>5904.20</u> 7.11% 6.41	<u>748.02</u> 0.90% 3.92	<u>635.75</u> 0.77% 2.41	<u>1383.77</u> 1.67% 3.22	<u>837.59</u> 1.01% 9.37	<u>598.27</u> 0.72% 3.14	<u>1435.86</u> 1.73% 6.69	<u>72733.07</u> 87.60% 6.52	<u>10297.76</u> 12.40% 3.57	<u>83030.83</u> 100% 6.14
2003												
Jan.-Mar.	<u>3460.85</u> 4.14% 6.61	<u>2493.52</u> 2.98% -6.19	<u>5954.37</u> 7.12% 0.85	<u>778.48</u> 0.93% 4.07	<u>625.50</u> 0.75% -1.61	<u>1403.96</u> 1.68% 1.46	<u>872.54</u> 1.04% 4.17	<u>595.33</u> 1.71% -0.49	<u>1467.87</u> 1.76% 2.23	<u>73656.69</u> 88.11% 1.27	<u>9939.63</u> 11.89% -3.48	<u>83596.32</u> 100% 0.68

Note : Figures in parentheses represent rates of growth in percent over the preceding quarter.
Minor differences may be found due to separate rounding off.

Division-wise Advances/Deposits Ratio

Ratio of Advances to deposits in Chittagong, Dhaka, Khulna, Rajshahi, Barisal and Sylhet Division were 0.70, 0.95, 0.95, 0.82, 0.63 and 0.24 respectively at the end of the quarter under review as compared to 0.70, 0.94, 0.77, 0.60 and 0.23 respectively at the end of the previous quarter (October-December, 2002). Table-11A shows the Division-wise Advance/Deposit Ratio.

Growth of Scheduled Bank Branches

The number of scheduled bank branches in the country decreased by 3 or 0.05% to 6228 during quarter January-March, 2003 as compared to increases by 17 to 6231 and 111 to 6293 during the preceding quarter (October-December, 2002) and the corresponding quarter (January-March, 2002) of the last year respectively. The share of

rural branches during the quarter was 59.31%. The number of urban branches increased by 4 or 0.16% during the quarter under review as compared to increases of 17 or 0.67% during preceding quarter October-December, 2002. The number of branch licenses held unutilised by the banks changed from 115 to 114 (urban branches 48 and rural branches 67) at the end of the quarter under review as compared to the end of the preceding quarter (October-December, 2002). During the quarter under review 11 urban and 6 rural branches licenses were issued. The growth of bank branches of Nationalised Commercial Banks, Specialised Bank, Private Banks and Foreign Banks is shown in Table-12. Division/Area-wise distribution of bank branches is shown in Table-13.

TABLE-11A
DIVISION-WISE ADVANCE/DEPOSIT RATIO

(Taka in crores)

Divisions	January-March, 2003			October-December, 2002		
	Advances	Deposits	Ratio	Advances	Deposits	Ratio
Chittagong	14531.92	20766.33	0.70	14415.69	20662.89	0.70
Dhaka	54929.21	58020.93	0.95	54500.77	57974.38	0.94
Khulna	5308.97	5563.76	0.95	5390.54	5713.27	0.94
Rajshahi	5954.37	7227.35	0.82	5904.20	7674.73	0.77
Barisal	1403.98	2238.17	0.63	1383.77	2305.05	0.60
Sylhet	1467.87	6186.10	0.24	1435.86	6199.05	0.23

Grameen Bank

Under Grameen bank a total of 1,181 branches were in operation at the end of March, 2003. On that date, Grameen bank extended its services to 42,127 villages of Chittagong, Tangail, Rangpur, Dhaka, Patuakhali, Bogra,

Sylhet, Rajshahi, Dinajpur, Fairdpur, Comill, Mymensingh, Narayanganj, Khulna and Noakhali districts where 25,97,952 landless people (1,23,463 males and 24,74,489 females) were organised into groups for providing with financial assistance.

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