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BBA

An Evaluation of  
Consumer Credit of  
"Standard Chartered Grindlays Bank"

AN EVALUATION OF  
CONSUMER CREDIT  
OF  
STANDARD CHARTERED GRINDLAYS BANK

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EAST WEST UNIVERSITY

Report - 60

December 11, 2001

Dr. Tanbir Ahmed Chowdhury  
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Mohakhali, Dhaka  
Bangladesh.

Sub: Request for submission of Internship Report.

Dear Sir,

As a student of business administration I have to submit an Internship report for the fulfillment of my graduation degree. I have tried my very best to fulfill the requirement of the course.

Working three months in Standard Chartered Grindlays Bank was a worthwhile experience for me as it helps to combine practical experience with my theoretical knowledge.

My Internship in Standard Chartered Grindlays Bank was a worthwhile experience and the exposure of such a reputed organization would be a definite value for me. I would like to mention that I am extremely grateful to you for your valuable guidance, incessant effort for me, which provide me the opportunity to do the Internship report.

I shall be pleased to answer any query you consider necessary as and when needed.

Your Sincerely,



Md. Nayan Mahady

ID # 1997-3-10-020

## AGKNOWLEDGEMENT

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This project is the outcome of my research at Standard Chartered Grindlays Bank in Consumer Credit Section after 90 days of field work and data collection. I am highly indebted to the founders and executors of the East West University, who have provided the opportunity to do my internship in the Standard Chartered Grindlays Bank. Special thanks are due to Ms. Ferdous Ali (Registrar), Mr. Nusrat Ali Chowdhury (Department Head of BA), Mr. Tanbeer Ahmed.

I am very much obliged to Mr. Zakir H. Joarder, Head of Human Resource, SCGB for giving me the opportunity for working as an intern in his prestigious organization.

I am also grateful to Mr. Faruk Kamal (Department Head of Consumer Credit Devesion), who extended all out co-operation while conducting the project work. I also want to thank Mr. Asaduzzaman, Mr. Raziur Rahman, Mr. Ahad Uddin Khan, Ms. Faria Afzal of Consimer Credit Departments for helping me a lot in doing this project.

## PREFACE

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The BBA Internship program is a compulsory for the students who are graduating from the East West University. It is a 3 credit hour course with duration of 3 months. Students who have completed all the required courses (at least 117 credit hours) are eligible for this program.

In the Internship program I was attached with the Standard Chartered Grindlays Bank for the last three months. During this period I learned how the host organization works in the field of banking sector. The first portion of the report is on the overview and overall performance of Standard Chartered Grindlays Bank. The project part particularly focuses on the loan process that SCGB is providing.

The main theme of the Internship is to gather practical experience and knowledge about the corporate banking environment of the financial sector in our country. It also helps a student to match theoretical knowledge with the practical field and this helps the student to get more exposure in the service life in a banking sector.

For the accommodation of readers this report divided into four different sections. The first section is the Introduction part of the report. The second part deals with the organizational overview of the host organization. The third part talks about the project part that I gathered by working in SCGB, and in the last section the findings of the report and the recommendations are given based on the findings.

## EXECUTIVE SUMMARY

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The objective of this project is to evaluate the Consumer Credit of SCGB. Bangladesh is an underdeveloped country. There are a large number of banks and financial institutions are working to help the country people and help the country to be solvent economically. Standard Chartered Grindlays Bank is one of the major financial institutes in Bangladesh, which is operating with full range of banking and financial activities in all over the country. We all know that it has a worldwide image, which is the biggest strength for them. It can easily attract the people with its image and reputation. It is one of the oldest foreign banks and has the wide network in metropolitan cities of Bangladesh. It differentiates itself from its competitors be the quality of its service and professionalism. In the SCGB, planning is accomplished by the corporate head office, which is situated in Mumbai. But in Bangladesh SCGB sets only operational plan. As the SCGB is a multinational organization, the corporate head office dominates the strategic planning activities. SCGB in Bangladesh is in the maturity stage. So, they are planning for long term. Now a day's some foreign banks and some private banks are the major threat for this bank. Those banks are delivering the same kind of services compared to that of SCGB in this financial market. Similar types of retail banking products are offering by those banks also. Today the customers are more conscious and concern about the service charge, pricing and quality of service. So the high service charge is becoming the headache of this bank .day by day.

July 31, 2000 was a historic day for ANZ Grindlays bank. Standard Chartered bank expended its horizons with the acquisition of ANZ Grindlays. Now the new name of this bank is Standard Chartered Grindlays Bank (SCGB). Till August 18, 2001 both banks were functioning and operating as a separate legal entity. But from August 19, 2001 these two banks start operating and functioning under the same server. And the main thing is that they start serving the same service to the customer. Heavily dependents on

Parents company for decision making is now not at all a major problem for this bank.

In my training period I was involved directly with the customer Credit Department. In this department I got to know all the process and rules that how SCGB provides loan to their customers. On the other hand I got lots of information about their requirements of customers loan and what types of services they want. Though it is true that it is very difficult to provide loan to all the applicant, but the employees of the bank are trying their best to give better service along with the assurance of getting the money back from their customers. I have discussed the overall function of the Consumer Credit Department and its scope. I also recommended some few guidelines to improve the service of this department. In my project, primary data were collected through direct customer complaints. And I hope that this report will help to improve a lot of the CC (Consumer Credit) department and to improve the quality of the services that is the ultimate object of the banking institution. After analyzing all points I have mentioned some findings. These are:

- > Customers are not fully satisfied with the service that provided by the CC department. There is a gap between the front and back office.
- > Customers want more sales and service center so that they can get services everywhere and this services is including ATM facilities.
- > Most of the customers want that the front office (branches) should be more efficient and systematic while delivering the service. Most of the time customer has to face a long queue and also show dissatisfaction about the service of the branches.
- > Basically after the acquisition between SCB &.SCGB, customers were

facing more problem rather than before. They have a huge complain against SCGB. According to the customer the service become decline.

> Some problems have arisen in terms of "When SCGB promise to do something in a certain time they do so". The officials have to be sincere about the timing they have promised to deliver their service.

> There is a lack of system access to view the account statement of a customer, which makes the branch employees contacting the back office employees all the time. For this the back office people can't do their main duty smoothly and efficiently.

> Banking is a business that is service oriented and they should concentrate more about their service and duties.

> The officials should be more polite and prompt while delivering the service. Some customers want better service within the shorter period of time. But there is a shortage of advisors and for that reason customer have to wait for a long time to get the service. So the Standard Chartered Grindlays Bank should recruit more people in processing the loan service, if they want to satisfy their existing customers.

Despite all these strengths the major weakness of the bank is its long term service. The customers are now very much dissatisfied with this aspect of this bank in a lengthy queue of customers to get a loan of the bank. This lengthy queue of the customers is causing very much dissatisfaction among different sections of the customers.



# TABLE OF CONTENT

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ACKNOWLEDGEMENT

PREFACE

EXECUTIVE SUMMERY

## CHAPTER – 1

1.0	Introduction	1
1.1	An overview of SCGB	1
1.2	Objective of the report	3
1.3	Scope and Methodology	4
1.3.1	Scope of the study	4
1.3.2.	Methodology	4
1.3.2.1.	Data and data sources	4
1.3.2.2.	Data analysis and interpretation	4
1.3.3.	Limitations	5
1.4.	Historical Background	6
1.5.	Sale of Grindlays to Standard Chartered	7
1.6.	Operation in Bangladesh	10
1.7.	Nature and organizational Structure	12
1.8.	Vision	13
1.9.	Value	13
1.10.	Mission	13
1.11.	Planning	14
1.12.	Organizing	14
1.13.	Staffing	14
1.14.	Directing	15
1.15.	Controlling	15
1.16.	Structure	15
1.17.	Product ans service	20
1.18.	Retail product of the bank	22

## CHAPTER – 2

2.0.	General introduction of the project	24
2.1.	Product types of consumer credit	25
2.1.1.	Cash line	25
2.1.1.1.	OD (over draft)	26
2.1.1.2.	FL (fixed loan)	28
2.1.1.3.	Cash line procedure	29
2.1.2.	Personal loan (PL)	34

2.1.2.1.	Target market	34
2.1.2.2.	Purpose of personal loan	34
2.1.2.3.	Features of personal loan	35
2.1.2.4.	Eligibility creation: Self employed professional or Businessman	37
2.1.3.	PLANZ	40
2.1.3.1.	Target market	41
2.1.3.2.	Purpose of PLANZ	41

### CHAPTER – 3

3.0.	Analysis of primary survey	52
3.1.	About the analysis	60
3.3.	Result of analysis	65
3.4.	Problems	66
3.4.1.	Problem relating to the customer	66
3.4.2.	Problem relating to the organization	67

### CHAPTER – 4

4.0.	Recommendation	68
4.1.	Conclusion	73

# Chapter - 1

## 1.0. INTRODUCTION

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### 1.1. An Overview of S.C.G.B.

In this subcontinent the Standard Chartered & Grindlays bank is fully owned by Standard Chartered Bank. When it was ANZ Grindlays Bank, it was fully member of the ANZ Group and is one of the international banks operating in Bangladesh. Standard Chartered & Grindlays Bank is one of the major financial institution with full range of Banking and Financial activity in Bangladesh. It is one of the foreign banks in Bangladesh as well as it has the widest network among the foreign Banks operating in this country. Standard Chartered Grindlays Bank differentiates itself from other bank by their technological capabilities, the higher quality of services and professionalism. Standard Chartered & Grindlays is the fastest growing bank in the country with a global network of operations in 9 countries. Standard Chartered Grindlays Bank is the fifth largest foreign private bank in Bangladesh according to sales and service center. Total funds deployed to deposits and advances constitute the largest among all foreign banks in Bangladesh Standard Chartered Grindlays is service-oriented firm for that reason its working policy is to offer customers superior value proposition in every respect. It was the first Bank who offers computerized services in 1984. It was the first foreign bank, which introduce corporate finance in 1989. The bank was divided personal and business banking in the country in 1993.

Standard Chartered Grindlays Bank has the highest number of branches among the foreign banks in Bangladesh. All of the branches are situated in major metropolitan cities, and is well decorated. The main office of Standard Chartered Grindlays Bank is in the dilkusha Commercial Area, Motijheel, Dhaka, which is the most important place for business.

The Standard Chartered & Grindlays bank has also correspondence banking relationship with Sonali Bank. It is now providing the service to their customer all over the Bangladesh. The Standard Chartered Grindlays bank has the correspondence with other foreign banks so that it can satisfy their customer.

## 1.2 OBJECTIVES OF THE REPORT

The objectives of this report are as follows:

- Present a summary of the overview of SCGB.
- To apprise the consumer credit facility provided by SCGB.
- Identify the problem of consumer credit.
- Suggestion to improve consumer credit performance.

### **1.3. SCOPE AND METHODOLOGY:**

#### **1.3.1. Scope of the study:**

The report aims at understanding how the Standard Chartered Grindlays Bank providing loan to their customer. This study will also help the author to get a thorough insight about the ways of operations and core business techniques in running an international bank service in Bangladesh. The report will also help to get a clear concept about the differentiation of loan service between SCGB and ideal bank. Also the total loan processing system has been discussed and recommended at the end of the report.

#### **1.3.2. Methodology:**

The methodology that has been used to attain the research objectives is outlined below:

##### **1.3.2.1. Data and Data Sources:**

This study is based on primary data and information in respect with the secondary data. The secondary data was collected from different statistical year book and product program guidelines. The primary data was gathered from a questionnaire survey and the comparison between the ideal banking and SCGB banking.

##### **1.3.2.2. Data Analysis and Interpretation:**

Data analysis procedures have been followed using descriptive statistical techniques to extract meaningful information from the data collected.

### **1.3.3. Limitations:**

- Lack of comprehension of the respondents was the major problem which created the project work more hard to fulfil.
- Limitation of time was a major constraint in making a complete study.
- Confidentiality of data was another big problem that was faced during the process of this study. Every organization has their own secrets, which is not revealed to others.



#### 1.4. HISTORICAL BACKGROUND

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Australia and New Zealand Banking Group Limited was formed in 1969 and began trading on October 01, 1970. In September 1984, Grindlays Bank Limited became a wholly owned subsidiary of Australia and New Zealand Banking Group Limited (ANZ). ANZ Grindlays Bank Ltd. is the result of integrated activities of both banks operating in Bangladesh. It is one of the largest foreign banks operating in this country. It was incorporated in the United Kingdom and is the first bank operating in this part of the world since 1905. ANZ is the result of mergers and acquisitions over the last 157 years. Australia and New Zealand Banking Group Ltd. can trace back its origin to the bank Australia and Union Bank of Australia over 157 years ago. The most significant changes over the years were merger with the English, Scottish and Australian Bank Ltd. In 1970, bank of Adelaide in 1979 and the acquisition of Grindlays Ltd in 1984. In Headquarters in Melbourne, ANZ & Group has over 2400 offices in 48 countries to assist customers in corporate, personal and correspondent banking. In the interviewed years, changes and developments, together with natural growth, has led Grindlays to where they are today's, one of the top 10 listed Companies in Australia and ranked among the 100 largest banking group in the world. Their geographical representation is unmatched with any other Australian banks and matched any with a handful of the major world banks. We can now find ANZ Group office or branch in around 48 countries worldwide. In addition of this network of ANZ Group offices, they also maintain correspondent relation shop with over 600 banks in 157 countries across the global. On the other hand Standard Chartered bank is a London based, international bank focused on the emerging markets of Asia, Africa, the Middle East and Latin America. The group has a network of over 740 offices in more than 55 countries and assets of approximate US \$ 90 billion. With the presence in Asia and Africa that goes back nearly 150 years. Standard Chartered has an in-depth understanding of and a long-term commitment to the emerging markets.

## 1.5. SALE OF GRINDLAYS TO STANDARD CHARTERED

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Standard Chartered Bank (Stan Chart) announced that it will buy out Australia and New Zealand Banking Group Ltd's (ANZ) operations in the Middle East and South Asia and Grindlays associated private banking business for \$ 1.34 billion. The total consideration, to be determined by reference to a completion audit, will include a goodwill amount of \$ 750 million, while ANZ will receive \$ 500 million in dividends from Grindlays retained earnings.

The acquisition, after three years, is seen realizing on-going synergies of \$ 110 million each year. The one-off costs of achieving costs and revenue benefits are estimated to be about \$ 160 million in aggregate over the first three years following completion of the acquisition.

Further, through a co-operation agreement, ANZ will provide trade-related banking services to its customers through Grindlays. ANZ will also enter into a further Co-operation agreement with Stan Chart to provide project finance and corporate advisory services to clients in the region. An integration task force team, comprising both Stan Chart and ANZ Grindlays officials, is to be set up to oversee the acquisition, and the effective date of actualizing the same will be from the beginning of the third quarter. In his statement, Standard Chartered's group chief executive Rana Talwar said:

"The acquisition of Grindlays will create a premier international banking business, and combine two strong and complementary banking franchises to build the leading Consumer bank in the region. It will strengthen the corporate banking franchise, increase opportunities for continuing development, and add to Stan Chart's management. Resources, and achieve synergies". Stan Chart's latest move follows the recent. Acquisitions of UBS' international trade finance business and Nakornthon Bank in Thailand.

Standard Chartered regional general manager and chief executive (India), John Filmeridis, Said: "This is a landmark deal in the local banking industry, and creates a premier International bank with substantially enhanced market share. We are extremely Optimistic about our prospects here as we combine the strengths of our networks, products and services competence to create client-focused powerhouse. This is an ideal time to increase our investments in India, and we are Bullish about the Country's future." The deal, based on total assets, positions Standard Chartered as the leading international bank in India, Pakistan, and Bangladesh, and second in the UAE and Sri Lanka. ANZ's chief executive officer John McFarland said: "The transaction is strategically attractive for both organizations and a win-win for ANZ and Stan Chart. The sale is a good outcome for shareholders, customers, and staff of both banks."

Stan Chart has 57 branches in nine countries in the region. The operating profit before provisions of \$130 million was generated in the year ended december 1999. Grindlays has extensive coverage in the region, servicing one million customers through its 116 branches in 13 countries. For the year ended September 30, 1999, Grindlays, together with its private banking business, posted a profit after tax of \$89 million. After adjusting for provisioning policies of Stan Chart and various on recurring items, the profit after tax was \$75 million. Annualized profits after tax for the six months ended March 31, 2000, adjusted on an equivalent basis, means a price-earning ratio of 12.9 times. Net assets to be acquired are approximately \$590 million, representing a multiple of 2.3+imes the book value. Stan Chart employs about 1,700 people spread over 19 branches in eight cities in India. While ANZ Grindlays has a staff strength of 3 300 spread across 29 branches in 15 cities. Post-takeover of Indian operations of ANZ Grindlays, Stan Chart will top the list of foreign banks operating in India in terms of balance sheet strength, overtaking Citibank. ANZ Grindlays posted a net profit of Rs 175.9 core last year. In contrast, Stan Chart's

net profit was pegged at Rs 3.7 core. However, it would have touched Rs 169 core but for the one-time expense of Rs 165 core which the bank had spent on a voluntary retirement scheme during 1999. ANZ's deposit base was pegged at Rs 8,691.1 core and advances at Rs 4,179 in 1999. The corresponding figures for Stan Chart were Rs 5,352.7 core and Rs 3,381.2 cores. Post-takeover, Stan Chart will overtake Citibank with deposit base of over Rs 14,000 core and advance base of over Rs 7,500 crore. Citibank, which has a deposit liability of Rs 9,436.6 core and an advance base of Rs 4,999.6 core, had posted a net profit of Rs 117.4 crore in 1999. ANZ Grindlays faces a potential legal claim of Australian dollar 461 millions on September 30, 1999, stemming from a long-running fight with the National Housing Bank in India, which ANZ is appealing.

## 1.6. OPERATION IN BANGLADESH

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In this subcontinent the SCGB is fully owned by Standard Chartered Bank. When it was ANZ Grindlays Bank, it was fully owned by ANZ Group and such as one of the largest international banks operating on Bangladesh. SCGB is one of the major financial institutes with full range of banking and financial activity in Bangladesh.

It is one of the oldest banks in Bangladesh as well as it has the widest network among the foreign banks, which is operating, in this country. It is differentiates itself from the other banks by their higher quality of services, higher technological capabilities, professionalism, so on and so forth. SCGB is the fastest growing bank in the country with a global network of operation in 9 countries.

SCGB has the highest number of branches among the foreign banks. Especially after 20th of august 2001 it will give the service to the customer from 21 branches and 25 ATM services all over the country. All of its braches are established in metropolitan city and in fine location.

### **Rating by total assets among international banks in five main markets:**

<b>Country</b>	<b>Stan-Chart Grindlays</b>	<b>Slandered Chartered</b>	<b>ANZ Grindlays</b>
Bangladesh	1	2	1
India	1	5	2
Pakistan	1	4	2
Sri Lanka	2	3	2
UAE	2	2	5

In my survey I took. Standard Chartered Bank, ANZ Grindlays and newly merged Standard Chartered Grindlays Bank. According to the above table, Bangladesh is the only country where Grindlays is the top rank holder before and after its acquisition. Before the acquisition Grindlays had 17 branches in all over the country. But merging the number of the branch extent to 21 and in total 25 ATM outlets. More than 200 employees are working in the Dhaka Main, which is known as the Head Office of Grindlays, in order to deliver the most superior service in Bangladesh. Mr. Muhammad Abdul Ali Rumees is the country manager or CEO of the Bangladesh Standard Chartered Grindlays Bank. SCGB is the largest international bank in Bangladesh. Few days' back SCGB opened a new ATM center in Bogra and Khulna, one of the port cities of Bangladesh.

## 1.7. NATURE AND ORGANIZATIONAL STRUCTURE

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To discuss about the nature of business of SC6B in Bangladesh, we can find some aspects, which will give an overview idea about this bank. These aspects or natures are:

- > Business Banking.
- > Consumer Banking.
- > Corporate Banking.
- > Commercial Banking.
- > Correspondent Banking.
- > Deposit service.
- > Institutional Banking.
- > Investment Management.
- > Personal Banking.
- > Private Banking.
- > Lockers.
- > Merchant Banking.
- > Retail Banking.
- > Quasi government Banking.
- > Wage earners scheme service.
- > 24 hours ATM service.

To discuss about the nature of SCGB there are some sub point, which will help us to know about Gndlays.

### **1.8. VISION:**

Standard Chartered Grindlays Bank has certain vision, values and mission. Relative to competitions SCGB visualizes itself as the organization which -

- Provide the greatest return to shareholders by achieving sound profitable growth.
- Be perceived by customers and staffs as the best whenever it operates.
- Have staff of the high caliber.
- Work together to make decisions, manage change and get things done.

### **1.9. VALUE:**

Standard Chartered Grindlays Bank holds the following values

- Innovative.
- Effective.
- Direct.
- Integrate.
- Multicultural

### **1.10. MISSION:**

#### **“A WORLD OF POSSIBILITY”**

Standard Chartered Grindlays Bank is a banking and financial service group. They aim to be an outstanding financial institution providing a broad range of services, in banking and non-banking financial sectors.



### **1.11. PLANNING:**

The strategic planning approach in SCGB is top-down approach first, top management formulates strategy in corporate level then it is converted into business and finally into individual objective. SCGQ Bangladesh can plan according to the policy imposed on in from the corporate level. The corporate head office is in Melbourne. So, Melbourne Head office is the policy maker then the policy is applied in different countries.

### **1.12. ORGANIZING:**

SCGB is organized as project organization and each unit is responsible for its own performance and a manager or senior manager who is directly responsible for the performance of the unit heads each of which. The organ gram is given in the Appendix.

### **1.13. STAFFING:**

SCGB employs the Hay Method for job evaluation. There are 3 dimensions of job in this method:

- KNOW-HOW
- ACCOUNTIBILITY
- ROBLEM SOLVING

These three dimensions are derived into numbers and using this number, jobs are graded. The recruitment process of SCGB at the entry level is done in two ways. One way of recruitment as a "Management Trainee (MT)". Every Management Trainee has a probation period of nine months and after completion

of that period he/she joins as fifth grade officer. The career path of each MT is headed towards different managerial jobs. The other way of recruitment is a "Non- Managerial Trainee" who joins as a bank assistant after a certain period of probation. The career path of a bank assistant career progression is lengthier than a MT.

#### **1.14. DIRECTING:**

The management approach in SCGB is top down. Information passes through lower management layer participative management approach is somewhat practice at the top management level. The office space is open with cubicles assigned for employees so that the manager can easily monitor the activities of the staffs.

#### **1.15. CONTROLLING:**

The bank has strict control over all of its aspects, liabilities and different aspects of the organizational structure. The central bank's directives indicate some control measures. To check whether the bank implements these control systems properly there do various parties conduct audits and inspection. The central bank sends a credit inspection team to exercise control.

#### **1.16. STRUCTURE:**

Mr. Rumeel, who is the first Bangladeshi Country manager of a foreign bank, Standard Chartered Grindlays Bank. While performing staff functions, the CEO (Country Manager) is assisted by:

- Head of Credit- keeping track of overall credit operations.
- Head of Corporate Banking- supervising corporate, institutional and commercial banking.

- Head of administration- supervising treasury, administration, audit and back office operation.
- Manager of Information Technology-supervising taxation, planning and information technology area and who is also the financial controller of the bank.
- Head of Human Resources- managing training and career progression planning.

The bank has mainly three divisions under the umbrella of the general Manager's Office (GMO).

1. CORPORATE BANK.
2. RETAIL BANK.
3. CARDS DIVISION.

#### **1. Corporate Banking:**

Corporate banking division provides services to corporate or organization clientele. It comprises of the following segments.

##### **a) Corporate Finance:**

The capital markets in Bangladesh are becoming increasingly attractive due to the favorable industrial climate that has resulted from the economic liberalization program undertaken by the government. Recognizing the potential of this country, Corporate Finance unit has been set up in Dhaka in 1997 to provide a full range of corporate and investment banking services, with an emphasis on creating financial solution for Standard Chartered Grindlays Bank's corporate customer.

## **b) Institutional Banking:**

The bank offers foreign missions, donor agencies and voluntary organizations, consultants, airlines shipping lines and their personnel the following financial services:

- Convertible and non-convertible current accounts.
- Convertible Taka accounts.
- Local and foreign currency remittances through large network of branches and correspondents. Deposit management services for customers who wish to invest in Bangladesh or abroad.

## **C) International Network Services (INS):**

- Trade finance facilities including counseling, confirming export L/Cs and issue of import L/Cs backed by its international branch and correspondent network.
- Bond and guarantees.
- The opportunity of syndicated hard currency financing of loans and import letters of credit.
- Merchant banking advisory services.
- Correspondent Banking
- Current account services where settlement is necessary.
- The ability to issue bonds and guarantees in support of their customers corporate.
- Market intelligence and status report.
- Advising of letter of credit and negotiation of documents.

## **2) Retail Banking:**

Retail Banking deals with the banking services to individuals. It includes the following:

- a. Personal Banking.
- b. Private Banking.
- c. Customer Finance.
- d. Investment Management.
- e. Wage earners services.
- f. Locker facility.
- g. Deposit services.

It also performs internal operations. Almost two thirds of the employees work in this division.

## **3) Card Division:**

The latest area that has been identified for rapid development is that of cards. The bank is the one of the acquirers of three major cards in Bangladesh. Two of the credit cards are VISA and MASTER CARD and the one is the charge card known as Japan Credit Bureau (JCB). Standard Chartered Grindlays Bank is the subsidiary or secondary agent of the credit cards and a primary agent of JCB. SC&B starts its cards operation in 1989 as a part of retail banking. Initially, SCGR's card market was very small, with only 30 merchants. Bt seeing the economics liberalization and influence of cardholders in this country. SCGQ has taken the opportunity to expand their market base by acquiring high quality merchants in the chosen segments. It also introduced the first TAKA CREDIT CARD.

Core business incorporated the cards issuing and acquiring programs it basically issue credit cards to a persons name and the specific person can use the card any where in Bangladesh. The person has to pay for his card after receiving the bill. They can pay the bill through cash, account debit or cheque. The acquiring business involves relationship with the merchant and the provision of access to various international electronics network.

## 1.17. PRODUCT AND SERVICE

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The bank's services include all services that a financial institution offers and some special services are offered which gives the bank a strong competitive advantage. Its services are personalized and backed by a high level of automation that enables the employees to attend the need of clients promptly and accurately.

The main products and services of the bank are illustrated in the following points:

### 1. DEPOSTS:

- A. Issuance of Cheque Book.
- B. Cash deposits and cheque encashment.
- C. Issue of certificate of balance.
- D. Monitoring of standing order.
- E. Interest payment adjustment.
- F. Excise duty realization.
- G. Amendments as per mandate by the customer

### 2. FUNDS TRANSFER:

- A. Pay orders.
- B. Demand drafts.
- C. Telegraphic transfer.
- D. Mail transfer.
- E. Sale of traveler's cheques.
- F. Standing instrument.

### **3. Export and Import:**

- A. Cheque purchase and collection.
- B. Bill negotiation and collection.
- C. Letter of credit advising and confirming.

### **4. GUARANTEES:**

- A. Bid bonds.
- B. Performance bonds.
- C. Shipping guarantee.

### **5. MOBILE BANKING:**

SCGB started providing highly specialized services through personally attending the valued clients at their own organization in the name of Mobile Banking.

One of the new services SCGB launched is the "Tele-Banking" or "Phone Link" service. It provides the following services:

- A. Inquiries relating to account balance, individual transactions, exchange rates, interest rates and etc.
- B. Request for balances certificate, duplicate account statements issue of pay orders, issue of draft etc.
- C. Advice of change of address, 7- days notice, stops payments and lost chequebooks.



## **1.18. RETAIL PRODUCT OF THE BANK**

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The bank offers several savings scheme and credit facilities to their retail customer. The earning from interests and service charges provide to 32.8% overall income generated from the retail division the products are -

- PLANZ (personal loan for consumers).
- STUDANZ (student loan)
- PL (personal loan).
- CL (cash line).

In Cash Line there are two types of products. These are:

- OD (over draft).
- FL (fixed loan).

## **1.19. RECENT CHANGE IN STANDARD CHARTERED GRINDLAYS:**

Some changes has occurred in the organization setup of SCGB. First of all it is no more the ANZ Gindlays Bank, it is now Standard Chartered Grindlays Bank. On July 31, 2000 standard Chartered Bank completed it's acquisition of Grindlays Bank and the associate Grindlays private banking business from ANZ. On August, 2001 standard Chartered Grindlays Bank starts its new banking system, which is directed by Standard Chartered Bank. Thus ANZ Gridlays Bank ahs changed to Standard Chartered Grindlays Bank by its name. Few of the changes are listed below:

- First of all the total salary system of the employees has been changed.
- The designation of customer service manger has changed to Branch Sales and Service Manager.
- The section of small business and finance is now sifted from Dhaka main to another branch.

## **1.20. PREMIUM BANKING:**

SCGB has started this service from April 9, 2001. It is another business of SCGB. To be a premium customer one have to fulfill some requirements, which will be benefited for the customer by some additional service from the bank. The customer must have 10 lacs (1 million) in in current accounts or 15 lacs (1.5 million) in savings account, or 30 lacs (3 million) in FDR. The premium customer will enjoy the service from the short period of time from the customer.

## Chapter - 2

## 2.0. GENERAL INTRODUCTION OF THE PROJECT

---

The financial service market in Bangladesh is picking up as a slow and steady position in the South Asian region. A major sector of the financial services market is controlled the banking sector of the country.

A service that is provided by the bank is a combination of front and back office. Front office provide customer service of all kinds of banking aspects which has a grate backup from the back office where the processing really happens.

Consumer credit department is a unit where all the practice of providing a loan crop up. Credit facility may be made available to personal customers other than those belonging to the Institutional Segments of the bank. Account of all small business not covered by the commercial segments of Business Banking Unit such as school, hospital, clinics professionals (doctors, dentists, chartered accountants, engineers, surveyors etc), shops, super markets or small partnership and small trading houses may be considered for retail lending.

Credit facilities may be granted under a 'Retail Lending Product'. Scheme for a product is to be duly cleared by country credit and approved by the general manager, Bangladesh prior to it's launch.

I have done my training in SCGB at Dhaka Head Office Consumer Credit Department. During the time of my training, my main job was to help the stuff of CC department in processing the loan.

## **2.1. PRODUCT TYPES OF CONSUMER CREDIT**

---

Standard Chartered Grindlays Bank offers several savings scheme and credit facilities to their retail customer. The products are -

- CL (cash line):
  - OD (over draft).
  - FL (fixed loan).
- PL (personal loan).
- PLANZ (personal loan for consumers).
- STUDANZ (student loan)

From all these product only Cash Line has classifications. Those are OD & FL. But, the procedure is same in the line of processing. The difference is in the criteria between these two loans and will be discussed after the procedure of Cash Line procedures. Here is the briefing of Cash Line process:

### **2.1.1. CASH LINE**

A totally secured product provided by the bank which is offered to individuals, businessman or self employed professionals to take loan against securities.

There are two types of cash lines provided by SCGB. These are:

- OD (over draft).
- FL (fixed loan).

#### **2.1.1.1. OD (Over Draft):**

It's a revolving limit set by the bank for one year against cash covered security, which is easily encashable.

According to OD a customer can take a loan for on year limit against security. Customer can take the total loan amount in some part whenever he/she wants. But a customer will get a benefit as he/she is getting the loan against securities.

These securities can be –

- \* 5 Years BSP
- \* Family Sanchay Patra
- \* 3 Months Sanchay Patra
- \* 6 Months Sanchay Patra
- \* WEDB (Wage Earners Development Bond)

When a customer gets loan against these securities, they also allowed to withdraw accrued interest of the securities.

All the interest of coupon based Sanchay Patra can be taken by the customer according to the rules of that SP.

#### **LTV Ratio:**

In getting an OD, the LOAN TO VALUE RATIO should be 90%, which means customer is getting 90% loan against 100% securities (which is under Level – 1). In some cases the LTV ratio can be 95% for level - 2 or 95%-100% is under level – 3.

### **Closure of OD:**

After the fix time limit, customer has to pay the amount back to the bank that the customer took from the bank in that time period. In this time period the customer has to pay the interest to the bank quarterly. For example:

A customer took Tk. 90,000/- against the security of Tk. 1,00,000/- at January. That customer will have the facility to have the total 90,000 within that year. He/she can take the total taka once or can take it part by part. Now, if the customer take 30,000 Tk at January to March, he has to pay an interest quarterly on that taken amount. And that will be ---

$$30,000 * 13\% \text{ (as OD interest rate is 13\% and above).}$$

Like this how much the customer will take from the bank he has to pay the interest on that amount.

After the time limit, the customer has to close the OD facility by repaying the bank of the amount that he took for the last one-year period. If he/she don't want to pay cash, he/she can encash the security and repay the amount that he took. After encashing, the loan amount goes to banks account and access amount + interest of the securities goes to the customers account.

### **OD Renew:**

If a customer want to renew his OD limit, means he didn't took the total amount by one year and he wants to use that left amount in future, he can extend the time limit by the renewal of OD.

### **2.1.1.2. Fixed Loan:**

Fixed loan is offered by the bank for 5 years against cash covered security. In FL facilities, customer takes the facility of loan at a fixed interest on the loan amount as he takes that amount in one year or in five years. For example:

If a customer takes 1,00,000 Tk FL, his interest per month will be fixed (1,00,000\*13% = 13,000 Tk).

In FL, 5 years Bangladesh Sanchay Patra customer will get the interest of that BSP after the total time period.

### **Repayment of FL:**

Customers can repayment the loan amount by two ways. One is, he can repay the loan amount in EMI base ( by installment ). Another is, customer can repay an unfixed amount with the interest that he should pay to the bank for the loan. The interest of the loan should be paid in quarter basis, and after 5 years customer has to pay the total amount of loan back to the bank and release the security with interest or can encash security and repay the loan. The customer can take the interest of the securities after the end of repayment of the loan.

Both of these loan has the same procedures and the procedures started from -- **Branch or Direct Sales with fulfilling the booklet by the applicant, then it comes to Consumer Credit and then the disbursed loans goes to the asset operations.**



### **2.1.1.3. Cash Line Procedure:**

#### **Branch Procedures:**

1. PFC/STM/SE Delivers the Cash line Booklet to the customer.
2. Duly filled in Cash line Booklet is received from the customer and checked by the sales representative.
3. PFC/STM/SM verifies the signature of the customer
4. Application forwarded from branches to be recommended by PFG/STM and supported by BSSM and proposals sent from Sales to be recommended by Sales Manager.
5. STM/PFC/SE asks the customer to discharge the securities by signing on the reverse side (in case of Savings Certificates/Wage Bond) or by signing on the surrender form (in case of ICB unit).
6. PFC/STM/SE then gets the acceptance of the customer on the pre-printed Banking Arrangement letter.
7. PFC/STM/SE then assigns an unique serial number and sends the properly completed Cash line Booklet along with accept

## **Credit & Collections Unit**

1. Upon receipt of documents from branch/Sales, Credit Analyst (Secured) puts acknowledgement on the control sheet and receives the booklets.
2. CA thoroughly checks the security details and accuracy of their present value and completes the Bank Use part of the application. CA runs through the booklet to check for any major discrepancies. (Booklets with major discrepancies are sent back to the origin for rectification)
3. CA calculates the LTV ratio correctly and decides on the required approval level,
4. CA approves the facility if it is within his/her discretion or passes onto the next level as appropriate for sign off.
5. CA forwards the approved booklets along with securities to Asset Operations with a 3 fold courier control sheet.

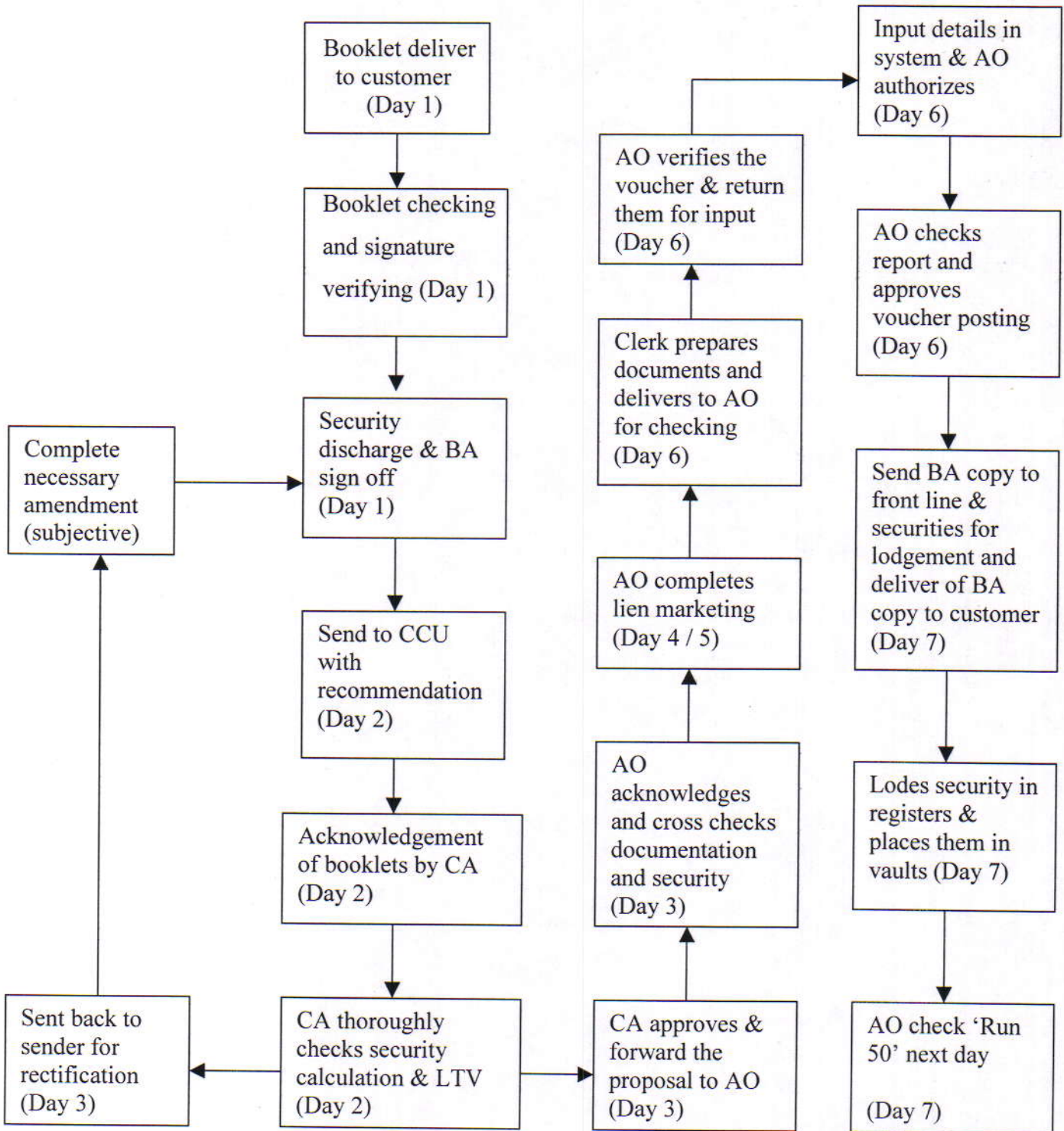
Note: For SCGB Outstation Branches, on approval of credit exposures, the loan booklets are sent back to the original branch for documentation purpose, whereas a copy of the approved credit memorandum (first 2 pages of the booklet) and the compliance certificate are forwarded to Dhaka AO for system update.

## **Asset Operations**

1. Upon receipt of documents & approved LA, Officer Asset Operations matches them against the control sheet and acknowledges
2. GA sends a letter for Lien confirmation to the security issuing office.
3. Upon receipt of the lien confirmation Letter, OA sends it to IBG for signature verification where the security issued from Bank.
4. Upon receipt of verification from IBC, the clerk prepares draw down certificate as confirmation of checking papers and doe the following for system input:
  - prepares a limit input form to set the limit in the system for CD), to put lien & reject entry on deposit a/c (if applicable)
  - prepares vouchers for processing fee and (for loan) for crediting the customers account
  - Puts adhesive stamps to the security documents and realizes related costs from the customer.
  - Hands over at the documents together with voucher/input form to the GA
5. The officer then check's accuracy of the vouchers & input form and gives them back to the clerk.
6. The clerk then sets the limit, puts lien and reject entry if applicable) or batches and posts the vouchers depending upon the nature of facility.
7. The authorizing officer approves reject entry marker, limit, and lien in the system.

8. The OA then checks the static data report which is generated instantly during input or checks and approves the voucher posting.
9. On completion of system input, the clerk sends the copy of BA to respective Branch/STM for onward delivery to customer.
10. The securities and documents are lodged in the security register and kept in the security vault under dual control.
11. OA checks the report 'RUN 050" the following day as a measure of Output control.

### Drawdown of a New Cash Line Facility



### **2.1.2. Personal Loan:**

It is a clean loan offered to salaried individuals, businessman & self employed professionals for some given purposes and is to be repaid by equal monthly installments.

#### **2.1.2.1. Target Market**

- Employees of reputed local Corporate, Multinationals, NGOs, Private Universities , International aid agencies, UN bodies and Airlines.
- Government Employees.
- Self-employed professionals.
- Businessman.

#### **2.1.2.2. Purpose of personal Loan**

- House renovation
- Marriage in the family.
- Advance rental payments.
- Hospitalization or other emergency medical needs.
- Trips abroad.
- Higher professionals.
- Purchase of office equipment.
- Office renovation
- Purchase of Miscellaneous household appliances.
- Purchase of Personal Computer.
- Purchase of refrigerators.
- Purchase of furniture.

### 2.1.2.3. Features of Personal Loan

- **Minimum Loan** : BDT 50,000.

However, loan amount below 75K is allowed only in cases where applicant has his salary a/c with the bank.

- **Maximum Loan**: BDT 500,000.
- **Repayment Tenor**:

<b>Loan amount</b> -----	<b>Max Tenor Allowed</b>
50K- 150K-----	24 Months
150K-250K-----	36 Months
250K-500K-----	48 Months

For salaried executives tenor of 36 month is allowed for loan above 100k

#### **First Payment Date:**

- \* For Salaried Executive - Max upto next month's salary date
- \* For Businessman - Max upto 30 days

\* **Interest Rate** : 19.50%.

#### **Processing Fee:**

1% of approved loan amount or BDT 1000, whichever is higher.

**Early Settlement Fee:** BDT 1,000.

**Top-up Loan:**

- Max Two top-ups during the loan tenor.
- Loan / Previous top-up must be atleast one year old.

**Additional Loan:**

--Can be opened for existing customer with same master number as the existing loan, with a separate sequence number if it cannot be booked as top-up loan.

**Eligibility Criterion: Salaried Executive/Govt. Employee:**

**Monthly Income:** Minimum BDT 12,000(gross)

**Income Assessment:** Based on salary certificate/slips and bank statement (6-12 months)

**DB Ratio:** Maximum 33%.

**Debt Burden Ratio** = *Aggregate of all monthly installments toward~ loans / Gross Salary.*

**Minimum Age:** 23 years

**Maximum Age:** 55 years or retirement age less tenor (whichever is lower).

**Eligibility Criterion:** Salaried Executive!Govt Employee

**Work Experience:**

- Minimum Two Years (Total)
- Minimum one year (Present Employer)

**Nationality:** Bangladeshi.



**Telephone:** Telephone required at residence or a personal mobile phone.

#### **2.1.2.4. ELIGIBILITY CRITERION: SELF EMPLOYED PROFESSIONALS OR BUSINESSMAN**

- **Monthly Income:** Minimum BDT 12,000(gross)
  
- **Income Assessment:** Based on Tax returns and analysis of bank statement.
  - i. 15% of Avg Balance is income or
  
  - ii.  $3 \times (\text{Avg of Monthly Net Credit Turnover})$  is income  
Monthly Net Credit Turnover =  $\frac{\text{Closing Balance} - \text{Opening Balance}}{\text{Period}}$
  
- **DB Ratio:** Maximum 33%.

#### **2.1.2.5. Eligibility Criterion: Self-Employed Professional/Businessman**

- **Minimum Age:** 23 years.
- **Maximum Age:** 55 years less tenor of loan.
  
- **Self-Employment/Business Experience:** Minimum 3 years
- **Relationship Criteria:** 6 months with SCB or 12 months with other bank.
- **Nationality:** Bangladeshi.
- **Telephone:** Telephone required at reside or Personal Mobile Phone.

**Documents Required: Salaried Executive (with salary assignment)**

- DP Note.
- Letter of Introduction & Salary Assignment.
- Letter of Authorization form the Employee to the Employer.
- Salary Slip.
- Assignment of End of Service Benefit (EOSB) or a personal guarantee (as per our guarantor eligibility criteria)
- Bank Statement for 3-6 months.
- Undated Cheque for total amount (Tenor x EMI).

**Documents Required: Salaried Executive (without salary assignment)**

- DP Note.
- Letter of Introduction from employer.
- Personal Guarantee.
- Bank Statement for the last 6 – 12 months.
- Undated cheque for total amount.
- Post dated cheque.

**Documents Required: Self-Employed Professionals**

- DP Note.
- One personal Guarantee.
- Bank Statement for the last 6 – 12 months.
- Tax returns of last period.
- Undated cheque for total amount.
- Post dated cheque.

### **Documents Required: Businessman**

- DP note
- Two personal guarantee.
- Tax return of last period.
- Undated cheque for total amount (Tenor x EMI).
- Post dated cheque (where customers maintain).

#### **2.1.2.7. Eligibility of A Guarantor**

- Individuals equivalent to Sr. Asst. Secretary or Higher
- Bank officials (equivalent to Sr. Principle Officer of NCB/ Branch Manager of Local and Foreign banks).
- Head of Multinational Company and/or established local corporate.
- Well-reputed & widely respected Self employed professionals or Businessmen.

### **2.1.3. PLANZ:**

A loan provided by the bank to salaried individuals, businessman & self employed professionals for some given purpose and is to be repaid by equal monthly installment. A personal loan scheme that supports customers' purchase of various consumer durable like car or household furniture and also finance intangibles like travelling or marriage. When it was introduced in the market in 1994, the product was the first of its kind in Bangladesh with, which started the consumer lending in this country. Currently it has an outstanding volume of BDT 475 million and a total number of 2013 accounts. This constitutes 11% of our total consumer-lending book (which is BDT 4.4 billion as at 30.11.00.) Presently the delinquency rate (30+ dpd) for the product is 18.23%. Though this projects a grim picture, we are fully aware of the reason behind this high bad debt ratio, which is: reckless lending of the past (during 1994-96) when the correct procedures of a risk management including collection procedures were not in place. This historical bad debt volume did not diminish much because we have not been able to write these off our book due to local regulations and moreover interest is still accruing in all those fully provided accounts. Therefore, the delinquency rate of 18.23% does not represent the true picture of our successes in PLANZ in last few years during which time the new loans becoming bad has been just minimal and things continued to be better only. We believe -- with the procedures and systems plus the trained and experienced staff in places now -- Flexiloan (PLANZ) has a huge safe and sound growth potential for us in the days to come.

### **2.1.3.1. Target Market:**

- Employees of reputed local Corporate, Multinationals, NGOs, Private Universities, International aid agencies, UN bodies and Airlines.
- Government Employees.
- Self-employed professionals.
- Businessman.

### **2.1.3.2. Purpose of PLANZ**

- House renovation
- Marriage in the family.
- Advance rental payments.
- Hospitalization or other emergency medical needs.
- Trips abroad.
- Higher professionals.
- Purchase of office equipment.
- Office renovation
- Purchase of Miscellaneous household appliances.
- Purchase of Personal Computer.
- Purchase of refrigerators.
- Purchase of furniture.

**Loan Amount:** Minimum Tk 50,00/- and Maximum Tk 50,00,000/-.

**Loan Duration:** 12 months to 36 months.

**Security amount & Interest:** If security is 100% against loan then the interest rate of this loan is 13%. If security is less than 100% to 50%, then the interest

rate is 15% and if security is less than 50%, then the interest rate is 17%.

**DB Ratio:** For salaried person the DB ratio is calculated by –

$$\frac{\text{EMI} \times 100}{\text{Income}} \quad (\text{Here the EMI is based on the loan that customers wants}).$$

For businessman the income is calculated by –

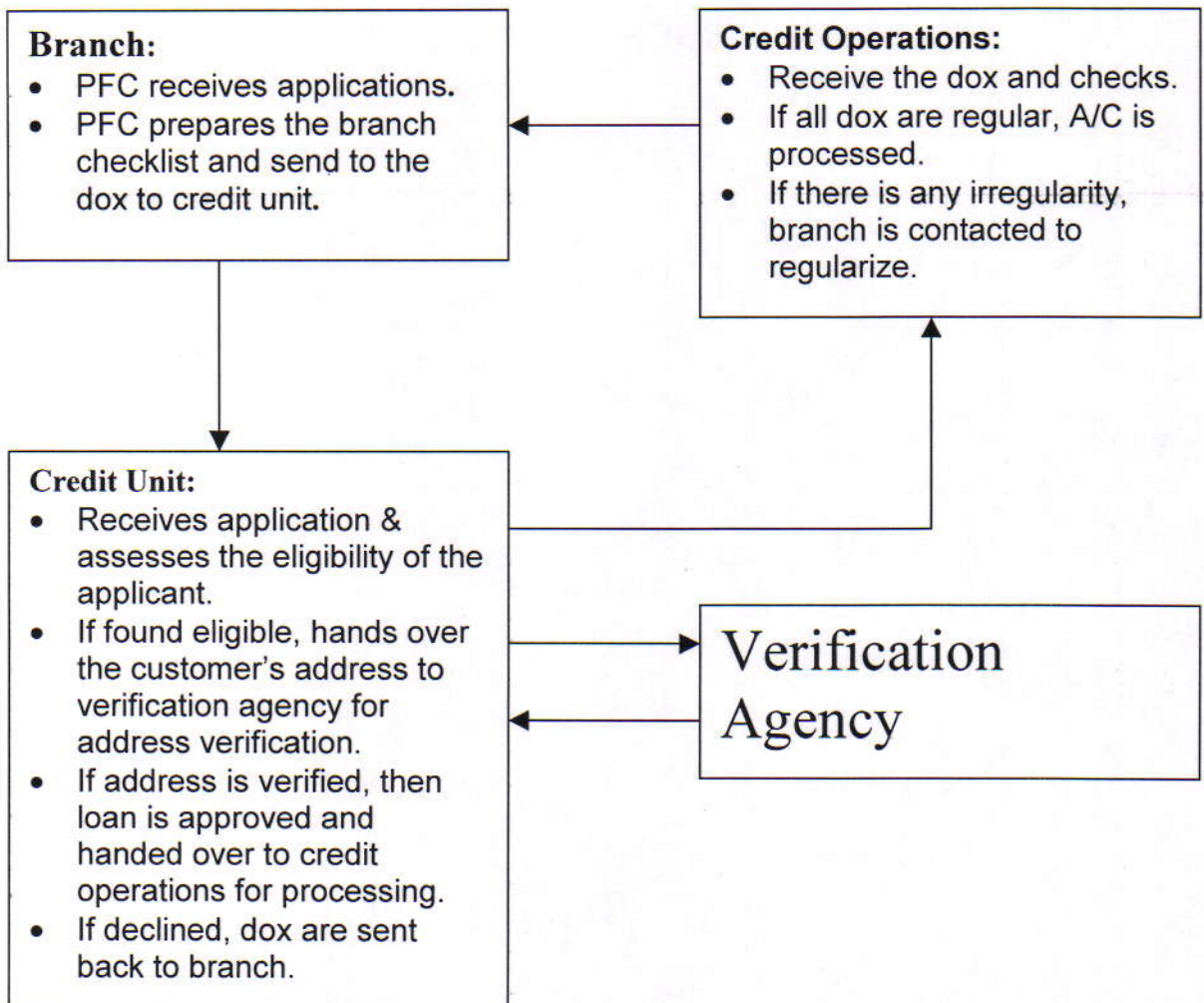
15% of Average of the businessman's bank statement. Then the DB ratio calculated by the same formula –

$$\frac{\text{EMI} \times 100}{\text{Income}}$$

The DB ratio is greater than 33%, then the customer will not have the loan.

**PL and PLANZ**, these two loan procedures are quite same. The only difference is PL is totally unsecured and PLANZ is secured according to the value of securities.

**Flow of Loan Application:**



## **STUDENZ:**

A lone that is provided only to the students for the educational purpose which is totally unsecured.

### **Purpose**

Tuition fees payment to private universities for BBA/MBA, Medical, Computer Engineering and Computer Science.

Now a days SCGB is giving the loan only two universities. Those are –

- East West University.
- Independent University of Bangladesh.

**Minimum Loan:** 50,000.

**Maximum Loan:** 2,00,000.

**First Payment Date:** Maximum up to 30 days after taking the loan.

**Interest Rate:** 9.5%.

**Tenor:** 72 Months (4 years graduation course, plus two years allowed to repay the outstanding)

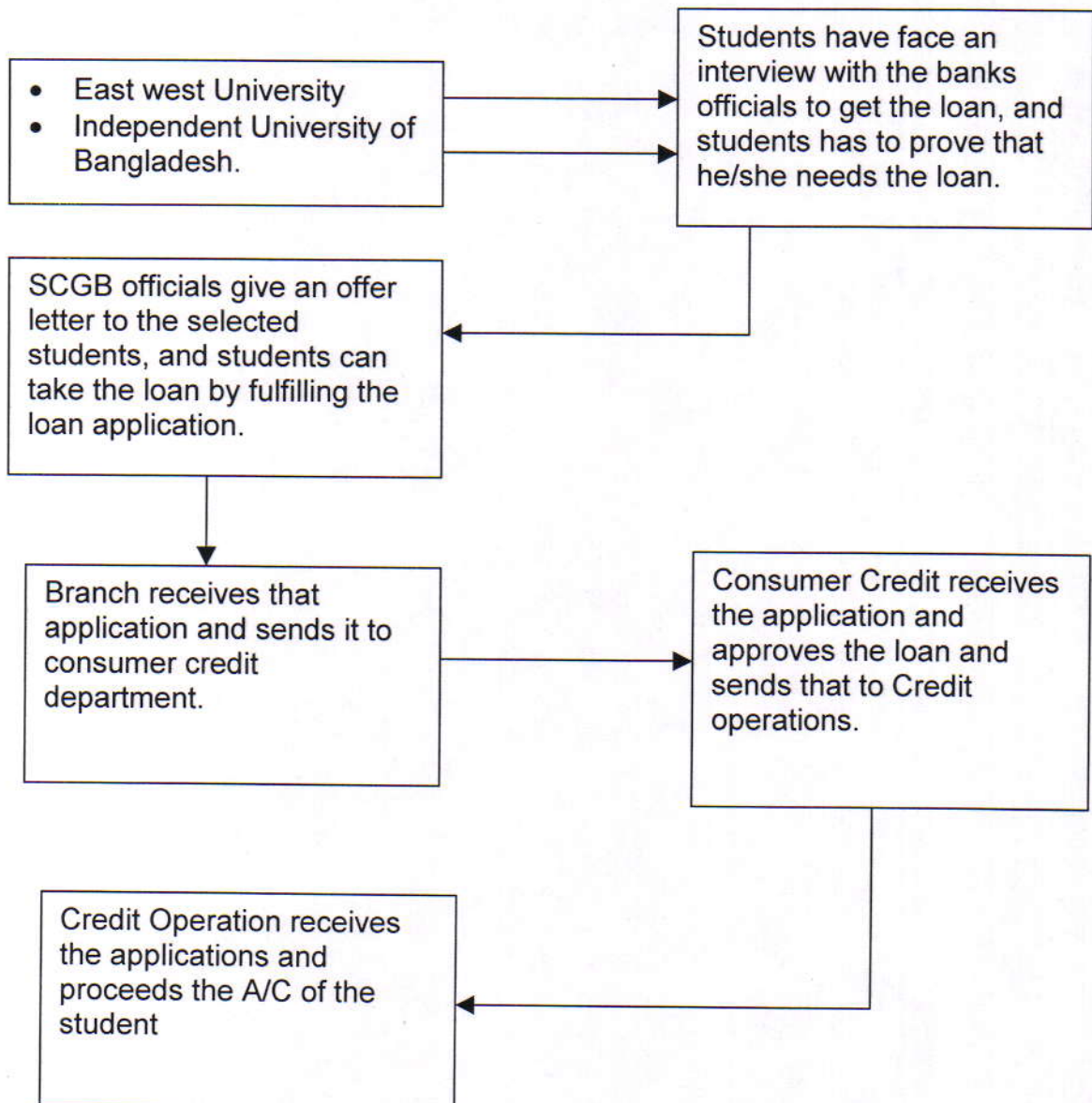
**Early statement Charge:** A BDT 1,000 flat fee will be charged for early settlement.



**Method of Repayment:** Equated monthly installment basis. This is variable because with every new draw down at the beginning of every semester, the installment amount is recalculated.

**Internship:** Students under this loan scheme have the opportunity to do an internship in SCGB with the salary amount of Tk. 5500/-.

**Flow of Giving Loan:**



## **Loan Disbursement of SCGB**

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Working in SCGB Consumer Credit Department, I found that they are providing five types of loan now. In these four loan products, Personal Loan just started in the year 2000, and PLANZ came to the market in the year 1994. Fixed Loan and Overdraft of Cash Line product was introduced accordingly in the year 1993 and 1997. A newly introduced product is STUDENZ, which was introduced in the year 2000.

From these products, I received data of Fixed Loan, Over Draft and PLANZ for the last five years. But, PL and STUDENZ have only two years data, as these started in the year 2000.

### **Total Loan Disbursement (Per Year): Amounts in BDT' 000**

<b>Product Name</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>
<b>Fixed Loan</b>	693500	786200	925000	978300	1058000
<b>Over Draft</b>	873000	1007800	1295000	1580000	1960000
<b>PLANZ</b>	374500	482000	525000	580000	675000
<b>Personal Loan</b>	-	-	-	156000	320000
<b>STUDENZ</b>	-	-	-	138500	160000

## Recovery

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According to SCGB recovery derived in the way of collecting due payment of customers, who are not paying their EMI for the last six months and more than six months. As far I know SCGB has many defaulters and it is really hard for the bank to recover its outstanding amount from the defaulters.

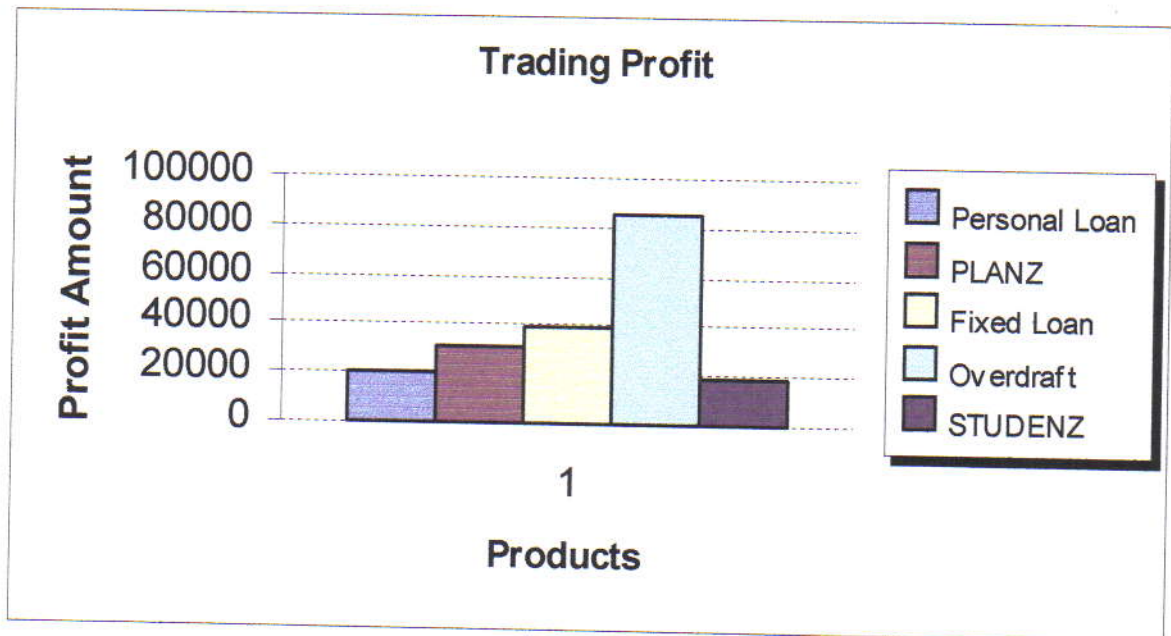
I tried to find out the recovering for the last five years, but SCGB couldn't provide me that. They give us the recovery amount for the last two years. Here is the data of recovery for the last two years:

<b>Recovery</b>	<b>2000</b>	<b>2001</b>
<b>Total Recovery per year</b>	1,50,90,000	1,82,82,000
<b>Average Recovery per month</b>	12,57,500	15,23,500

Cost Benefit Analysis (for the year 2001):

(Figures in BDT 000's)

Description	Personal Loan	PLANZ	Fixed Loan	Overdraft	STUDENZ
Gross interest	40550	103500	98000	200500	38500
Cost of funds	(-) 14950	(-) 57300	(-) 62900	(-) 115500	(-) 12000
Net interest income	25600	46200	35100	85000	26500
Fee/Commission income	(+) 2870	(+) 2100	(+) 8200	(+) 3850	(+) 1400
Total net revenue	28470	48300	43300	88850	27900
Operating Expenses	(-) 4000	(-) 4100	(-) 4560	(-) 4380	(-) 3840
Working profit/loss	24470	44200	38740	84470	24060
Bad debt ratio	(-) 4650	(-) 12530	(-) 0	(-) 0	(-) 4850
Trading profit	<u>19820</u>	<u>31670</u>	<u>38740</u>	<u>84470</u>	<u>19210</u>



According to this data and graph, we see that the highest trading profit comes from two cash line facilities (OD & FL), as there is no bad debt on these products which is fully secured loan product. Other three products are also beneficiary, and the trading profit on those sectors is also in a very good pace.

## Prospects

In the organization part we briefly discussed about SCGB. In this part we will discuss about the opportunities of SCGB with the combination of strengths. After reconstruction though SCGB is facing a lots of problem with their system development and with the lack of internal collaboration, it has still the opportunity to be the best bank of Bangladesh. So, in findings of the prospects of SCGB we first have to see the strengths, which shows the path of SCGB prospects.

### Strengths:

**Strong Background:** SCGB has a strong background in Bangladesh, which already proves that SCGB is the number one bank.

**World Wide Image:** Though SCGB is the new form of Standard Chartered Bank and ANZ Grindlays Bank, it proves the present SCGB has a world wide image.

**Fully Automated System:** SCGB is the first bank of Bangladesh, who is enjoying fully automated system. As it is the combination of two world wide reputed bank (which has all the modern technologies), it has all the opportunities to provide a good service to its client and also fast service to their customer.

**Inter Bangladesh Network:** SCGB has inter Bangladesh network which made the SCGB employees work efficiently in providing the best service to their customers.

**Experienced Consumer Credit Employees:** SCGB has expert employees in their Consumer Credit Department who are really very experienced and ethical in their work. They always try their best to provide fast service to their customers.

## **Opportunities:**

**Demanding Target Market:** Now a days people are really interested about the consumer banking, and for the expensive maintenance of basic needs people are demanding loans from the banks. SO, if SCGB provide good and better service to the loan seeking society people, that would have been a good opportunity for SCGB to increase their asset by providing more loan.

**Share Market Failure:** Few years ago, people were crazy about the share market and they invested their money on that. But, after the failure of share market most of the people are facing big money problem. On that reason, people are now crazy about getting loans from banks. So, SCGB should take the opportunity and increase their asset by providing more loans.

**Growing Middleclass:** Now a days the middle class are growing in a high rate and they are the main target market for consumer credit.

**Competitive Social Condition:** In this competitive society people are in a hurry to get facilities in a very short time period. That's why they think taking loan is the most easiest way to get something quickly. For this consumer credit's offering product are demanding day by day. So, it's a great opportunity for SCGB.

**Lack of Consumer Banking:** In Bangladesh consumer banking is provided by a few banks, and people are searching for the consumer credit support to have a loan to make their life easier. So, it is also a great opportunity for SCGB.

**Poor Service by the Local Banks:** Day by day the performance of the local banks of Bangladesh is decreasing and people are not getting all the facility that SCGB is providing. So, SCGB should think about that side, and SCGB has the opportunity to hold their customer by providing rich service.

## Chapter - 3



### 3.0. Analysis of Primary Survey

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My project timing was three months (September – November). The survey has been conducted during the peak hours of the banking transactions. Though the merge of Standard Chartered Grindlays Bank and standard Chartered Bank has been completed in the year 2000, the banking system is still changing.

I tried to analyze the statistical tools in order to measure the overall service of SCGB Consumer Credit Unit. Random sampling technique applied for sample test and the sample size were 40. I tried to analyze the questionnaire through the statistical tools in order to measure the overall service along with the service of loan department. I tried to represent the questionnaire through graphical representation.

To make this survey I ask some general question to our admirable customer. I select some question, which help me get the overview result of customer satisfaction in taking loan from SCGB. There is basically two part of the questionnaire. First part consists of SCGB and second part consists of Ideal Bank. Ideal Bank is basically such a bank, which has perfect service system, employees are efficient and prompt, good investment policy, safe for the customer, customer always satisfied by taking loan from SCGB. Numbers are assigned to the scale for measuring customer's opinion about the service of Consumer Credit Department. The alternatives or results of the questionnaire is based on the satisfaction level as 5 (strongly agree), 4 (agree), 3 (neutral), 2 (disagree), 1 (strongly disagree).

By getting the data of customer satisfaction level, I tried to find out the mean of the analysis (mean of ideal bank part and mean of SCGB part). After that I have found out the difference of the analysis.

$$\text{Difference} = \text{Mean of Ideal Bank part} - \text{Mean of SCGB part}$$

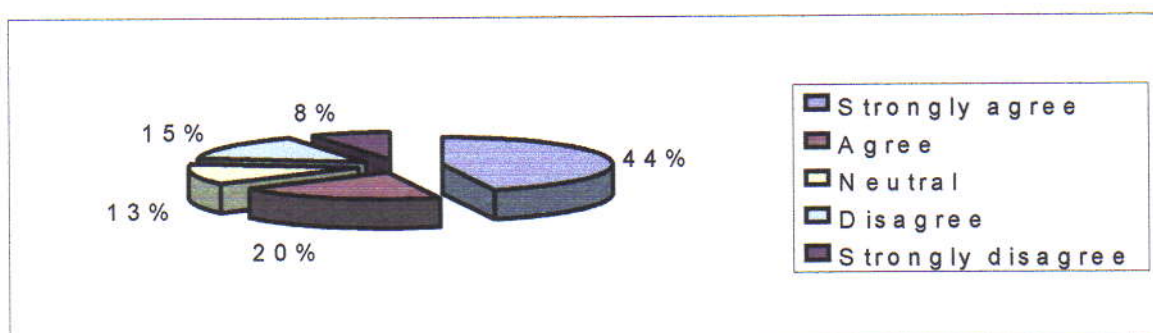
It denotes the following:

- If difference = 0, it means service provided by the SCGB is absolutely perfect and fully satisfies the customer.
- If difference > 0, it means there is a gap between the service of SCGB and Ideal bank, and customers are not satisfied with SCGB.
- If difference < 0, it means the service if bank is outstanding and the customer are over satisfied.

All questions are based on the loan service of SCGB.

(1) Do you want to take loan from SCGB ?

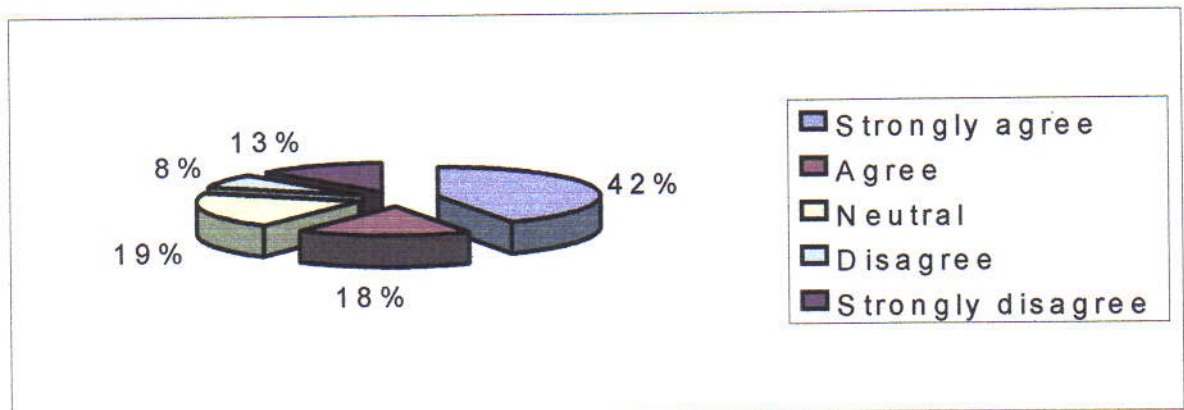
Strongly agree	18
Agree	8
Neutral	5
Disagree	6
Strongly disagree	3



Most of the people are interested to take loan from SCGB, and above is the clean picture of the demand of the SCGB loan product.

(2) Do you feel benefited to having loan from SCGB ?

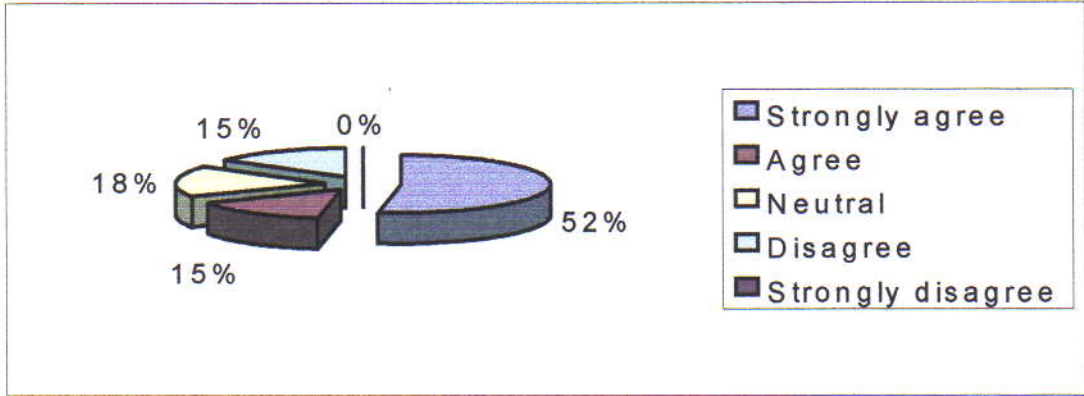
Strongly agree	17
Agree	7
Neutral	8
Disagree	3
Strongly disagree	5



According to the survey, most of the people thinks that taking loan from SCGB is beneficiary for them and they would be happy to get loan from SCGB.

(3) The SCGB fees and service charge for maintaining a loan is high ?

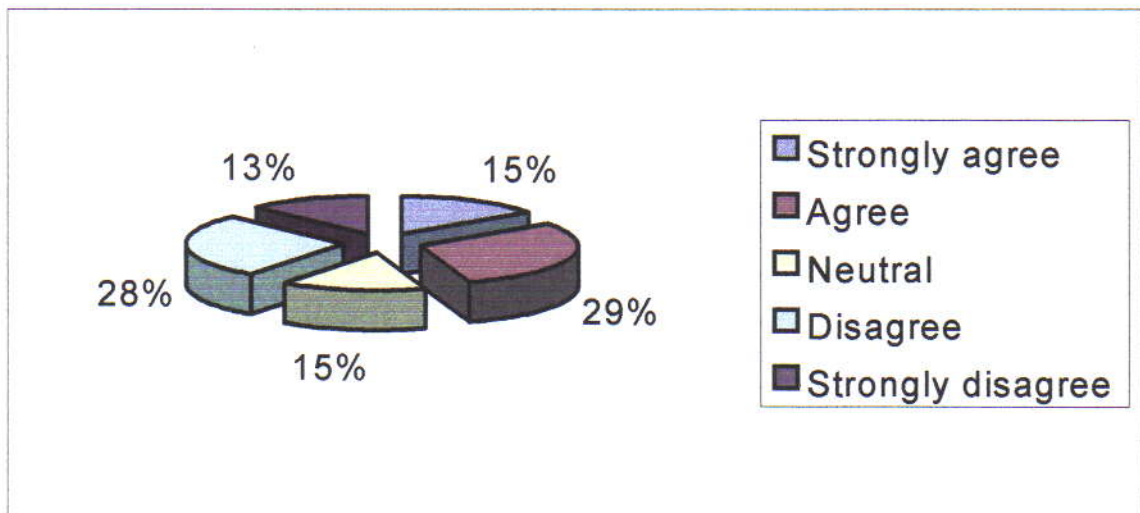
Strongly agree	21
Agree	6
Neutral	7
Disagree	6
Strongly disagree	0



Maximum people think that the maintenance of SCGB loan product is really high and SCGB has high service charges against their loan products.

(4) Are you happy with the SCGB loan system ?

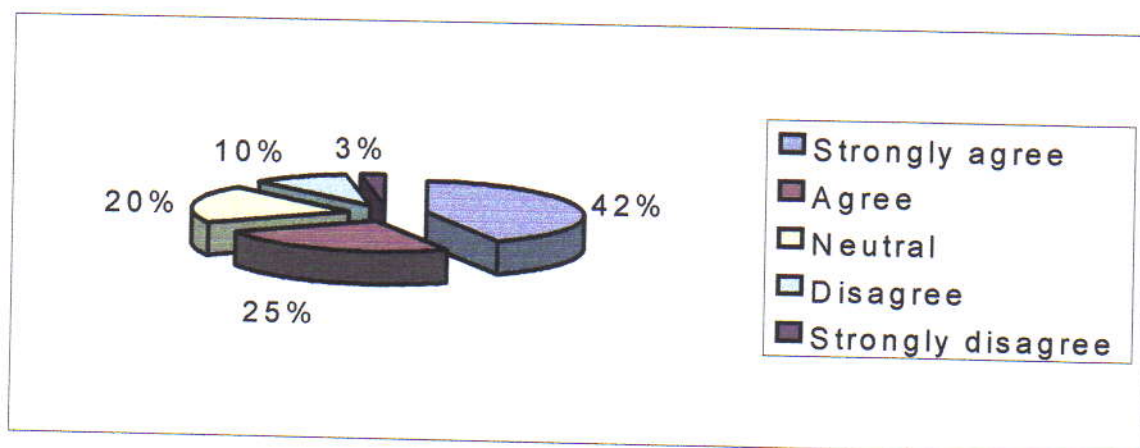
Strongly agree	6
Agree	12
Neutral	6
Disagree	11
Strongly disagree	5



Ratio says that people are ready to have loan from SCGB, but they are not totally happy with the loan system of SCGB. Some persons are happy as they are getting a foreign banking facility, but some are really unhappy with the delayed service by SCGB.

(5) Do you think that the personal loan of SCGB is a very good idea, which is not provided by any other bank ?

Strongly agree	17
Agree	10
Neutral	8
Disagree	4
Strongly disagree	1



People are agreeing with the personal loan product, as only a few banks are providing the personal loan facilities.

(6) Do you think that the repayment is suitable for taking a loan of SCGB ?

Strongly agree	8
Agree	11
Neutral	4
Disagree	10
Strongly disagree	7

There are some positive and negative answers of this question, which clarify that some are happy with the repayment system and some are not.

(7) Is the student loan is beneficial for the student of our country ?

Strongly agree	20
Agree	14
Neutral	4
Disagree	2
Strongly disagree	0

Student loan is really a positive product for SCGB, as any other banks are not providing this student loan. It is really a very benefited product not only for the bank but also for the students of our country.

(8) Do you think that SCGB takes long time in processing a loan ?

Strongly agree	21
Agree	10
Neutral	4
Disagree	3
Strongly disagree	2

SCGB loan processing system is really lengthy and it takes a long time to know that the customer is getting the loan or not. Most of the customers are agreeing with this aspect and it has been proven by the opinion of the customers.

(9) Do you think that the SCGB loan system is good than any other bank ?

Strongly agree	7
Agree	11
Neutral	8
Disagree	10
Strongly disagree	4

According to the public opinion, SCGB loan system was good few years' back, but now a day some banks are providing the same facilities and some banks loan service are better than the SCGB.

(10) SCGB comparatively charges high interest in providing a loan.

Strongly agree	17
Agree	11
Neutral	9
Disagree	3
Strongly disagree	0

The interest rate is high against the SCGB loan products, and most of the people agree with this.



### 3.1. ABOUT THE ANALYSIS

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From the above questionnaire, we can get that there are five options for each question. In the analysis part we have to concentrate on the final part of the questionnaire.

#### Q.1. SCGB has modern technique in loan processing.

SCGB	Strong Agree	Agree	Neutral	Disagree	Strongly Disagree	Total
Outcome	24	10	6			40
Factor	5	4	3	2	1	
Final Result	120	40	18			178

Out come = Number of replies.

Result = Outcome x Factor.

Mean = Total result / Total out come =  $178/40 = 4.45$

IDEAL BANK	Strong Agree	Agree	Neutral	Disagree	Strongly Disagree	Total
Outcome	33	6	1			40
Factor	5	4	3	2	1	
Final Result	165	24	3			192

Mean = Total result / Total outcome =  $192/40 = 4.8$

Now the difference between Ideal Bank and SCGB =  $4.8 - 4.45 = 0.35$ .

**Q.2. People are willing to get loan from SCGB.**

<b>SCGB</b>	<b>Strong Agree</b>	<b>Agree</b>	<b>Neutral</b>	<b>Disagree</b>	<b>Strongly Disagree</b>	<b>Total</b>
Outcome	18	8	5	6	3	40
Factor	5	4	3	2	1	
Final Result	90	32	15	12	3	152

Mean =  $152 / 40 = 3.8$ .

<b>IDEAL BANK</b>	<b>Strong Agree</b>	<b>Agree</b>	<b>Neutral</b>	<b>Disagree</b>	<b>Strongly Disagree</b>	<b>Total</b>
Outcome	10	22	6	2		40
Factor	5	4	3	2	1	
Final Result	50	88	18	4		160

Mean =  $160 / 40 = 4.0$ .

Difference is =  $4.0 - 3.8 = 0.2$ .

**Q.3. Employees of SCGB tell their customers clearly, what and how service will be performed in providing a loan.**

<b>SCGB</b>	<b>Strong Agree</b>	<b>Agree</b>	<b>Neutral</b>	<b>Disagree</b>	<b>Strongly Disagree</b>	<b>Total</b>
Outcome	20	17	3			40
Factor	5	4	3	2	1	
Final Result	100	68	9			177

Mean =  $177/40 = 4.42$ .

<b>IDEAL BANK</b>	<b>Strong Agree</b>	<b>Agree</b>	<b>Neutral</b>	<b>Disagree</b>	<b>Strongly Disagree</b>	<b>Total</b>
Outcome	24	12	2	2		40
Factor	5	4	3	2	1	
Final Result	120	48	6	4		178

Mean =  $178/40 = 4.45$ .

Difference =  $4.45 - 4.42 = .03$ .

**Q.4. When customer have a problem in repayment of loan, SCGB shows interest to solve it.**

<b>SCGB</b>	<b>Strong Agree</b>	<b>Agree</b>	<b>Neutral</b>	<b>Disagree</b>	<b>Strongly Disagree</b>	<b>Total</b>
Outcome	11	19	6	3	1	40
Factor	5	4	3	2	1	
Final Result	55	76	18	6	1	156

Mean =  $156/40 = 3.9$ .

<b>IDEAL BANK</b>	<b>Strong Agree</b>	<b>Agree</b>	<b>Neutral</b>	<b>Disagree</b>	<b>Strongly Disagree</b>	<b>Total</b>
Outcome	27	12	1			40
Factor	5	4	3	2	1	
Final Result	135	48	3			186

Mean =  $186 / 40 = 4.65$

Difference =  $4.65 - 3.9 = 0.75$

**Q.5. SCGB has a fast loan service.**

<b>SCGB</b>	<b>Strong Agree</b>	<b>Agree</b>	<b>Neutral</b>	<b>Disagree</b>	<b>Strongly Disagree</b>	<b>Total</b>
Outcome	8	12	10	6	4	40
Factor	5	4	3	2	1	
Final Result	40	48	30	12	4	134

Mean =  $134/40 = 3.35$ .

<b>IDEAL BANK</b>	<b>Strong Agree</b>	<b>Agree</b>	<b>Neutral</b>	<b>Disagree</b>	<b>Strongly Disagree</b>	<b>Total</b>
Outcome	14	12	6	6	2	40
Factor	5	4	3	2	1	
Final Result	70	48	18	12	2	150

Mean =  $150/40 = 3.75$

Difference =  $3.75 - 3.35 = 0.4$ .

**Q.6. SCGB loans are really helpful for the customers.**

<b>SCGB</b>	<b>Strong Agree</b>	<b>Agree</b>	<b>Neutral</b>	<b>Disagree</b>	<b>Strongly Disagree</b>	<b>Total</b>
Outcome	12	17	5	4	2	40
Factor	5	4	3	2	1	
Final Result	60	68	15	8	2	153

Mean =  $153/40 = 3.82$

<b>IDEAL BANK</b>	<b>Strong Agree</b>	<b>Agree</b>	<b>Neutral</b>	<b>Disagree</b>	<b>Strongly Disagree</b>	<b>Total</b>
Outcome	10	18	6	4	2	40
Factor	5	4	3	2	1	
Final Result	50	72	18	8	2	150

Mean =  $150/40 = 3.75$ .

Difference =  $3.75 - 3.82 = -0.7$

**Q.7. SCGB charges high interest against loan and high maintenance charge of loan.**

<b>SCGB</b>	<b>Strong Agree</b>	<b>Agree</b>	<b>Neutral</b>	<b>Disagree</b>	<b>Strongly Disagree</b>	<b>Total</b>
Outcome	11	13	8	6	2	40
Factor	5	4	3	2	1	
Final Result	55	52	24	12	2	145

Mean =  $145/40 = 3.62$

IDEAL BANK	Strong Agree	Agree	Neutral	Disagree	Strongly Disagree	Total
Outcome	12	16	4	4	4	40
Factor	5	4	3	2	1	
Final Result	60	64	12	8	4	148

Mean =  $148/40 = 3.7$

Difference =  $3.7 - 3.62 = 0.08$

**3.3. From the above analysis we get the following result:**

- Customers are not fully satisfied with the service of SCGB
- Customer think that SCGB should have modern technology, but their technique of processing loan is not good enough.
- SCGB employees are not supportive, when a customer face repayment problem and customers are not clear enough about the loan by the support of the advisors of SCGB.
- SCGB loan processing is really slow and people feel really embarrass when they have to wait for a long time to know that he or she is getting the loan or not.
- The interest rate of SCGB loans are higher than other banks and in one side SCGB is providing easy personal loan for the customer, but in a high interest rate, which results a high EMI for the customers.
- Equal importance is not given to the customers.
- Some loans of SGGB are really helpful for the students and the normal people, which can be a good sign for our society.

### **3.4. PROBLEMS:**

Working in the Consumer Credit Department, I find out some problems of Standard Chartered Grindlays Bank. These problems are divided into two parts.

#### **3.4.1. Problem relating to the customers:**

- Customers are not properly informed about the acquisition.
- The information for loan product is not available for the customers. So that they have to wait for a long time to get the information from assigned person. The advisors should be more efficient so that the customers need not to stay for the long time in the queue.
- There should be more sitting arrangement for the customers.
- The customers have to wait for a long time if they want to open FDR for long time period.
- There should be internal phone facilities for the customers in the ATM both for their queries.
- The people on the customer service desk should be more efficient; if necessary proper training should be given.
- Customers are puzzled, as the advisors of the bank do not clear them about the loan.
- Wrong information by the front office people to the customers some time makes dissatisfied about the bank.

### **3.4.2. Problem relating to the organization:**

- There is a shortage of brochure almost all time.
- The number of advisors in the sales department is not up to the mark according to the customers' need.
- SCGB should recruit more employees in processing loan, that customer dot have to wait for a long time to know that he is getting the loan or not.
- Lack of communication between front office people and back office people.
- Front office people are not properly concern about the criteria, rules and regulation about the loan programs. That's why when a loan declined the front office people are really unhappy about it. They think back office could give the loan, but they didn't.
- Front office provide uncompleted application form of customer, which goes back to branches and again come to back office and that kills time in processing a loan.
- SCGB is developing its system, and for this the employees of SCGB facing a big problem in working with a loan.



## Chapter - 4

#### 4.0. RECOMMENDATION:

- **Policy of change management in frequent job rotation around department and branches**— The experienced or expert personal in the field should not be transferred another department because they will be extremely needed at the time of severe manpower shortage during the peak hour. Standardization is extremely important to increase the workers efficiency.
  
- **Proper division of labor**—I observed that there lies a lack of proper division of labor in Consumer Credit Department. As a result, everybody has to handle everything. To increase the overall efficiency proper division of labor in customer service in mandatory. Discussion should take place with the expertise to solve the problem at the end if the Consumer Credit Department Advisors should note down the areas where he or she faces problem during the working period.
  
- **Human resource improvement**—This department need sufficient amount of human resources. In order to do proper office functions like help customers are filling up of different form, record keeping, inquiry and overall maintenance – a permanent staff needs to be appointed.

- **Establishment of formal training program for tellers prior to joining the counter**— Training is mandatory in a rapid changing profession like banking. All most all the persons want to work in a disciplined organization where the rules, regulations, responsibilities, politics and procedures are clear, uniform. For this purpose training (prior & on the job) plays an important role. Therefore there should be a permanent establishment of training which will conduct training programs round the year which will put a different impact on the efficiency of the workers.
  
- **Understanding the problem**—The only way to understand the problems of the customers is to see the wrong understanding and the cause of their dissatisfaction from the viewpoint of the customers.
  
- **Debating with the customers should be avoided**—To reach a mutually acceptable solution of different problems in the desk service personnel should gather facts, not to win a debating contest or to prove that the customer is fool. Arguing often create obstacles in the way of listening which can seldom defuses anger.
  
- **Goodwill should be recapture**—One of the vital challenges is to restore the confidence and maintain good relationship for the future prospect of the organization. When get disappointed the purpose of the Consumer Credit Department is frustrated. There are some small suggestion about this----

1. Conduct motivation and its follow up evaluation.

2. Rapid action to many fold and frequent problems faced by the customers, which will not only defuse their anger but will help maintaining a cordial relationship with them.

- **Inform to customers about loan system---** It is not clear to the customer about the purpose of loan.
  
- **Customers should be kept informed of progress—**The customers are always eager to know the progress of the service rendered. To fulfill our goal, that is to serve the customer properly, the service provider should inform the progress in a regular fashion.
  
- **Improvement of the interior decoration—**The interior decoration of the bank is not perfect. So, steps should be taken to make perfect and rich to attract the potential customers, because customers always want a nice and cool environment.
  
- **More system allocation—**In order to give better and prompt service to the customer quire, it is essential to monitor each and every work of this department.
  
- **Customer's feelings should be acknowledged—**Acknowledge the customer's feelings either tactically or explicitly is the major tool to attract more customers in the bank. This action helps to build rapport, the first step in rebuilding strong relationship. So step should be taken in these regards.

Separate Queue is required for deposits & withdrawal of money—Customers, who come to deposit a handsome amount of money, have to wait for a long time as there is no separate queue for the deposit of money, which frustrate the aspiration of the customers. So, arrangement should be make for separate queue for deposits and withdrawal. I also point out some suggestions about the decision making of SCGB consumer credit.

**Product decision** ---The product of Standard Chartered Grindlays Bank should be different from its competitors. But all the services offered by them are similar to other financial institution and easy to imitate by its competitors.

**Promotion decision** ---In Bangladesh the advertising is a booming sector. Advertisement management is a branch of marketing management because advertising is one of the functions of marketing. Advertising plays an important & key role in the marketing process and aimed at achieving the marketing objectives. Personal selling is potentially powerful in services. Consumer Credits personnel's should be trained to use this opportunity to reduce customer's uncertainty giving reassurance and promote the reputation of the organization.

Customers tend to value word of mouth communications more than that of organization sponsored communication, because services are experimental in nature. So Standard Chartered Grindlays should attempt to stimulate word of mouth communications.

**Price decision** --- Price plays both an economic and a psychological role in the service sectors. Almost all customers are very much pricing sensitive. The customers argued that the service charge is high in this bank in comparison with other bank and they are very much dissatisfied for that. So the pricing decision is very much important to sustain in this competitive market.

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# *APPENDIX*



# ORGANIZATION CHART

