



Analysis of Grameen Bank & Micro Finance Industry in Bangladesh: Internship Experience Perspective

Submitted to

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Letter of Transmittal

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Subject: Submission of Internship Report

Dear Sir,

I would like the pleasure to present this report on Analysis of Grameen Bank and & Micro Finance Industry in Bangladesh as the requirement of BBA program. I have worked hard to collect information and tried my best to make this report as effective and beneficial as possible. This study has been really interesting and informative for me, which I believe will be supportive for my professional career in the future.

I request you to take your time to read this Internship report. I hope that I have represented my hard work and dedication for this project and it will meet the level of your expectations.

Thanks and Regards.

Sincerely,

Md. Nayan Basher

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Acknowledgement

First of all I would like to thank almighty Allah for giving me the strength. Internship report submission is the last requirement to finish the BBA program. To accomplish this, university assigned a supervisor for my betterment. This project is supervised by **Md. Mohan Uddin**, PhD, Professor, United International University.

I am really grateful to my honorable supervisor for the freedom he gave me. His guidance has been of extreme help to me. I am also thankful for all the times, I consulted him and he answered with the greatest patience and perseverance. Practical knowledge is more important than academically. I also would like to thank my coordinator **Md. Humayun Kabir**, senior Principal Officer, international program department in Grameen Bank. Also would like to thank **Golam Morshed Mohammed**, Assistant General Manager in International Program Department. They helped me a lot during my internship period. They sort out my weakness and helped me to cope up with new environment and teach me all things about corporate life.

Executive Summary

This report is an analysis on micro financing sector in Bangladesh. The main purpose of this report is overview the current scenario of microfinance industry in Bangladesh and Grameen Bank. The overall growth, trend and maturity of these sectors. Their targeted customers, competitors etc.

This report represents the overall scenario of or MFI sector in Bangladesh. Their operational activities increased every year. New branches of MFIs, new NGOs increasing every year. Their members also increased every year. Foreign investors are registered every year, for opening new NGOs in our country. Finding says that, the micro credit loans taken at the time of harvesting seasons. There are few external factors this industry faces, like interest rate, Inflation, foreign exchange rate etc. When a MFI gives loan, if they don't have fund then they need to collect fund from different banks, then if the interest rate goes high, it will be causes major impact. Because all time PKSF don't have enough fund. When inflation rate goes high, then this sector also faces loss. There are few technological factors, like cashless transection system, ATM facilities, Mobile wallet; micro financing sectors need to concern more about those factors. Tax, corruptions also have major impact on this sector. Government need to reduce taxes for non-commercial activities, done my MFI. Government need to invest more in this sector. The fund needs to increase for PKSF. So, that new NGOs can get benefits. Though this sector is dominated by Grameen Bank, BRAC, ASA, it's hard for new NGOs or MFIs to survive. They need huge investment, if they want to cope up with the competitors. But there are too many opportunities, like Digitalizing whole industry, increase capital in PKSF they whole sector will be benefited.

The method of analysis includes trend and growth, ROA and many mores. Grameen Bank is top MFI in Bangladesh. Their share owned by government and the members of this bank. Last two decades they are amazingly doing well. They have almost 9.4 million members. Their 95% members are female. Most of those members are from rural area and poor. They provided few types of loans, Basic loan, entrepreneur loan, housing loans and many mores. Their operational

work, mainly done in branch office. The rest of the official works done in head office. They have total 13 board of director. They need to operate their service worldwide, because they have worldwide recognition. They need to concern more on digitalized platform. This will give them extra benefit in MFI sectors.

The major areas of weakness require further investigation and remedial action by management. Grameen Bank need to concern more about less training program, so that intern get chance to know more about the organizations. They need to open branches in city, need to start ATM service, providing mobile banking service. They also need to recruit more peoples in research and development department, need to more concern on research. If management can took proper action, I think they should be benefited. I also tried to find out my weakness, need to work more on them.

There is little limitation; one of them is limitation of current economic situation of country, who took micro credit loans. There is not enough information about the overall scenario in this sector. Because most of the data collected by written documents. This sector is not fully digitalized. Decision makers in this sector need to concern more about this issue.

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Chapter-01

Introduction



1.1 Background

The MFI sector in Bangladesh increased tremendously last two decades in our country. There are almost 2554 registered NGO in Bangladesh. They also provide micro financing service. Grameen Bank, commercial and Noncommercial, few government sponsored bank also work in this sector.

Bangladesh is an underdeveloped country. In Bangladesh, 82% peoples live under poverty line. So micro financing plays a vital role for those poor peoples. As microfinance industry grows overall in the world, in our country its start in 1970s. Over two decades they had earned enough profit and they also helps to increase income and reduce poverty. Their main goal was providing help to poor peoples. In our country, almost \$7.2 billion came annually from this sector. Almost 3.20 corer members have this micro financing sector. Many banks and NGOs providing micro credit service in our country. They also offer various training program.

Grameen Bank, BRAC, ASA, TMSS, RAKUB, BRDB also worked in this sector. They provide microcredit service, which helps them to be self-dependable. This is how micro financing works. Microcredit is mainly small loans (microloans) to impoverished borrowers who typically lack collateral, steady employment, or a verifiable credit history. When NGOs and other organizations needs fund, then they collect from PKSF. Its an government organization. Their main purpose is helped micro financing sector and control through government.

There are also few foreign organizations, NGOs, bank who invested in this sector and funding this sector. This helps to increase GPD of a country.

When a student completes BBA degree they needs know about the corporate life. There are lots of difference between the practical knowledge and education knowledge what we have learned from our courses. So, internship helps a student to cope up with new future corporate life.

Micro financing sectors have done well in our country. Government also have good support for MFI sectors in Bangladesh.

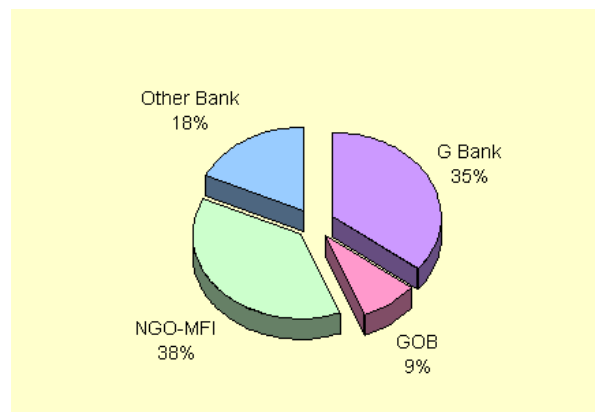


Figure1.1: The micro financing percentage (institution wise)

In the Figure we can see that 35% micro loans provide from Grameen Bank and rest from others bank. Grameen bank has more than 9.2 million members. Here government oriented bank provide 9% loans. NGO provided almost 38%. There are more than 2500 NGOs in our country. Most of them are providing micro loans.

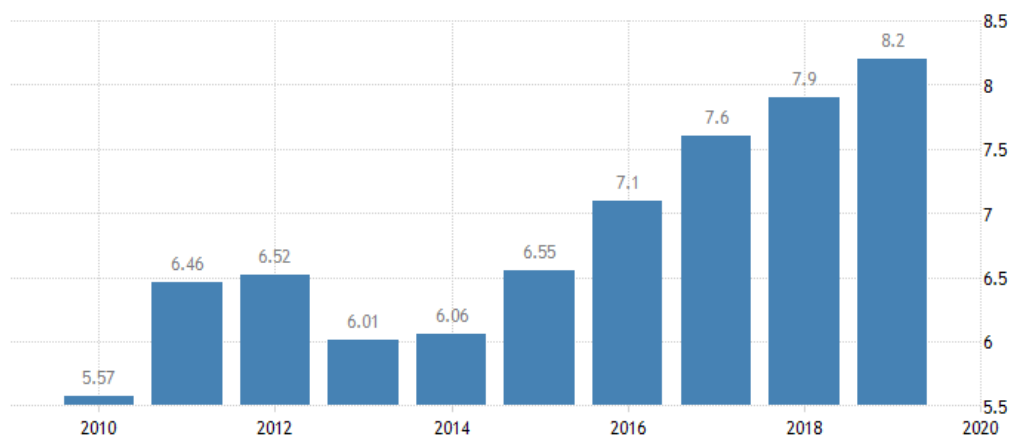


Figure 1.2: GDP chart



Micro financing sector have good impact on our economy. After liberation war, rural peoples were getting more poor, they were dependent on farming. Farming sector was dominated by nature. So they have nothing to do without harvesting crops. So micro financing service sector, Grameen Bank, started to provide micro loans. It helps poor peoples to start new business. Last 40 years micro financing organizations have been working for poor rural peoples. It's helped to be more self-dependent, that's why GDP increased every year. So the economy increased.

1.2 Objectives

1.2.1 Analyzing MFI sector: The main objective of this report is analysis the micro financing organizations in Bangladesh. I tried to sort out size, maturity of overall industry. The factors they have faced in market, barriers etc.

1.2.2 Analyzing Grameen Bank: Second objective is analyzing Grameen Bank. Their present scenario, barriers, SWOT analysis, seasonality, operational activities, customer mix, product/services mix etc.

1.2.3 To present internship experience: The third objective is represent overall internship experience, training, contribution to the department.

1.2.4 Provide recommendation for the industry, company and for myself: The last objective is to provide few recommendations which will be helpful for the company, also for the industry. Also few recommendations for self-improvement.

1.3 Organization of the Report

In this report, I have tried to explain my overall internship experience, analysis the MFI Industry, analysis Grameen Bank: their organizational structure, size, trend, maturity, SWOT analysis,



operations, product customer mix, training, internship overall experience, field trip experience etc. It's quite impossible to know an organization within three month internship period, but I tried my best. In last chapter I provided few recommendations for the organization as a feedback.

1.4 Significance

In this report I tried to analyze micro financing service providers sector in Bangladesh. I tried to find out issues they are facing, lacking in this sector. I was tried to provide elaborate information about Micro Financing service in Bangladesh. So the policy maker in this sector will be helpful, if they read this report. It will help them to decision making. That's why this report is significance.

The significance of internship report is too much important for Grameen Bank policy maker. I tried to find out few issues regarding their training process, ATM facilities, Mobile banking also few suggestions and recommendations. If they solve those issues it would be good for their employees also for members and for them. It will also help them to make better decision. The concern is the point at which the reader will see the theme he can meet some stable information on Grameen Bank and get sound knowledge about micro financing sector in Bangladesh. That's why this report is significance to Grameen Bank Policy makers.

In this report I need to see my own execution what I have learned and to introduce that in my report. I analyzed my internship experiences, sort out my weakness, strength, new skill developed and applied. So this report will work for me as reference in future. And for my self-improvement this report is too much significance.



Chapter-02

Analysis of the Industry



Industry Analysis

2.1 Specification of the industry

This report is going to be discussed from the perspective of the micro-finance industry in Bangladesh. The micro finance organizations are those who provide services specifically to the unemployed and low income group or individuals. Through providing credit and other necessary financial services primarily to the micro-enterprises and households, microcredit organizations try to encourage their productive activities so that they can overcome poverty. They allow the needy people to take small loans in a safe manner, which they cannot avail from the traditional and commercial financial organizations. Since the micro finance industry avails financial services to the unprivileged people, it plays a very significant role in alleviating poverty from a country. Also, it helps a lot of entrepreneurships and small business to grow and succeed. Thus, the microfinance organizations create the path of more jobs in future. The micro finance organizations today have an increased focus on women empowerment, which is another great thing.

The microfinance organizations provide a number of financial services to the underprivileged people, which includes loans, savings, insurance and others. These financial services are great help to these people since they do not generally qualify for the standards needed for traditional bank loans.

Today, there exists a variety of microfinance organizations in our country which includes non-governmental organizations or NGOs, co-operative banks, credit unions, regional banks and non-banking financial institutions. Addressing the significance of micro-finance, even some traditional and commercial banks today have come up with microfinance facilities. As this discussion focuses on the microfinance industry in Bangladesh, a brief history of the microfinance industry of Bangladesh has been presented below:



2.2 Size, Trend and Maturity of the Industry:

2.2.1 Size

Main microfinance institutions or MFIs in Bangladesh are primarily differentiated into four groups, they are: MF-NGOs, specialized organizations, commercial banks having microfinance facilities and administrative ministries. Currently, there are around thousands of NGOs in the country which are serving micro credit facilities. But most of them are quite small considering the loan portfolio or borrowers number. Most of the clients are being served by the “Big four” MFIs, which are: Grameen Bank, ASA, BRAC and Proshika. According to a report of World Bank, these four institutions constituted approximately 86 percent of all active borrowers and more than 90 percent of all outstanding loans in Bangladesh.

These MFIs serve a number of products and services to the customers. These products and services include credit products, savings, insurance and group based lending. It has been already mentioned that primarily four kinds of MFIs are serving in our country. According to a research of 2017, there are more than five hundred NCG-MFIs in Bangladesh which are operating their activities with around 20000 branches. Around 50000 employees are serving for these MFIs, and they are serving an overwhelming number of 40 million members.

To present more relevant information, a snapshot of the recent situation of the Microfinance industry in Bangladesh showed in the table below.

Table 2.1: Microfinance industry snapshot

Microfinance industry snapshot				
Particulars	2017-18 (Projected)	2016-17	2015-16	Change between 2016-17 (in %)
Number of reporting NCG-MFIs	510	510	530	-3.77
Number of employees	249,096	239,689	230,637	3.92
Number of branches	19,740	19,166	18,609	2.99
Number of members	40,840,741	39,216,816	37,657,462	4.14
Number of loan receiver during the year	34,542,859	33,367,557	32,232,244	3.52
Number of outstanding borrowers	34,394,600	32,446,130	30,608,042	6.01
Loan disbursed during the year (BDT Billion)	1,526	1,207.54	955.77	26.34
Loan outstanding (BDT billion)	970.59	770.47	611.61	25.97
Members net savings (BDT billion)	414.28	349.06	294.11	18.68

Types of Microfinance Institutions in Bangladesh:

1) Grameen Bank: GB is owned by members, it is a specialized microfinance institution. It is considered to be the pioneer of microfinance activities in Bangladesh.

2) NGOs: At this moment, there are approximately fifteen hundred Non-Governmental Organizations or NGOs in Bangladesh which are providing micro-finance facilities. Among them BRAC, ASA, Proshika, BURO, CODEC, BEES, TMSS, Action- Aid etc. are leading the path.



3) Commercial and specialized banks: There are some commercial and specialized banks in Bangladesh which have started to provide microfinance facilities in the recent years. Among them, Rajshahi Krishi Unnayan Bank or RAKUB and Bangladesh Krishi Bank or BKB etc. are worth to mention.

4) Government sponsored micro finance projects: Today, a number of microfinance institutions are there that are sponsored by several ministries of the government. For example, programs like BRDB, Shwanirvar Bangladesh, etc. are run by Ministry of Women and Children Affairs, Ministry of Youth and Sports etc. All these MFIs provide the needy people with small and uncollateralized one year term loans, and they follow on site loan disbursement as well as weekly collection method which they maintain by initiating village centers.

2.2.2 Trend of the industry

The trend of microfinance industry at this moment is to go through digitalization. To deal with the issues like high cost of borrowing and business expanding, digitalizing the transaction has been becoming more preferable.

In Bangladesh, the industry has increased growth in the recent years. Not just the number of clients and services increased, but the numbers of organizations that provide these financial services have also increased exponentially. Now there are almost 2554 NGOs providing services. Also there are too many banks and international organizations who providing micro credit facilities.

Digitizing the transaction leads to a number of opportunities, including cost reduction, increasing efficiency and streamlining the operations. All of these can deliver a great value to customers. It has been identified that, increasing the transaction digitization just by 15%, the lives of around 4.5 million women would be affected positively.



History of Microfinance Sector in Bangladesh

The microfinance sector of Bangladesh was established back in the 1970s. The main goal of this industry back then was to reduce poverty through providing micro-credit loans for activities like trading, poultry, raising livestock and others. The loans that time were mainly funded by the Bangladesh government and some bilateral donors. However, the development of the micro-finance industry in Bangladesh can be segmented in four phases. They are:

- 1) Action-research phase (1970's)**
- 2) Micro-credit development phase (1980's)**
- 3) Expansion phase (1990's)**
- 4) Competition & formalization phase (2000)**

Immediately after the independence war of 1971, Bangladesh was going through a devastating condition. As the new government was facing some real trouble to deal with the scale of destitution, some NGOs stepped forward with a view to confront the challenging situation. Those were led by the young activists of new generation who devoted themselves to reconstruct the war-ravaged Bangladesh.

NGOs that time focused mainly on the issues of relief and rehabilitation. With an emphasis on community development, they worked to bring betterment in the sectors of health, literacy programs, agricultural initiatives and food-relief programs. Microcredit indeed got a small focus back then. However, the 1970's should better be marked as the birth hour of micro-credit in Bangladesh. During that time period, a researcher team of Chittagong University started a micro credit program, which was known as 'Jobra' experiment. The team was led by Prof. Yunus. This project contributed a lot to the then Bangladesh as it started to provide loans to the poor village households for the first time. After some trials and rectifications, the Grameen project came out to be highly successful, and this success lead the project towards the establishment of Grameen Bank in 1983. Grameen Bank, ASA, BRAC, Proshika are the in leading in this our country.

So in the Figure, we can see that Grameen Bank is in good position compare to others. They served more than 70% in the market.

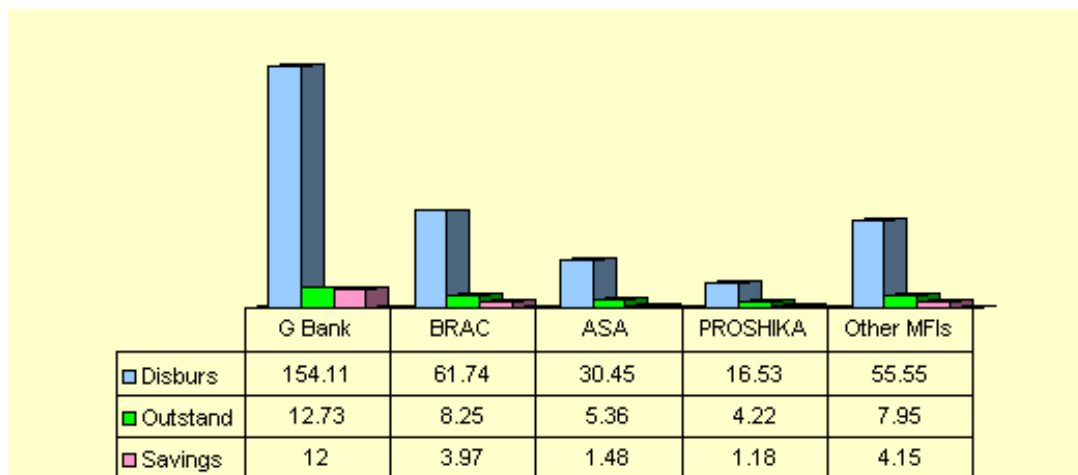


Figure 2.1: top four MFI, in terms of outstanding, disbursement and saving (Billion BDT)

Before 1996, the fund was come from foreign donations. The amount was almost 50%. But after that year the amount decreased by 17%. MFIs are accumulated their funds from members savings.

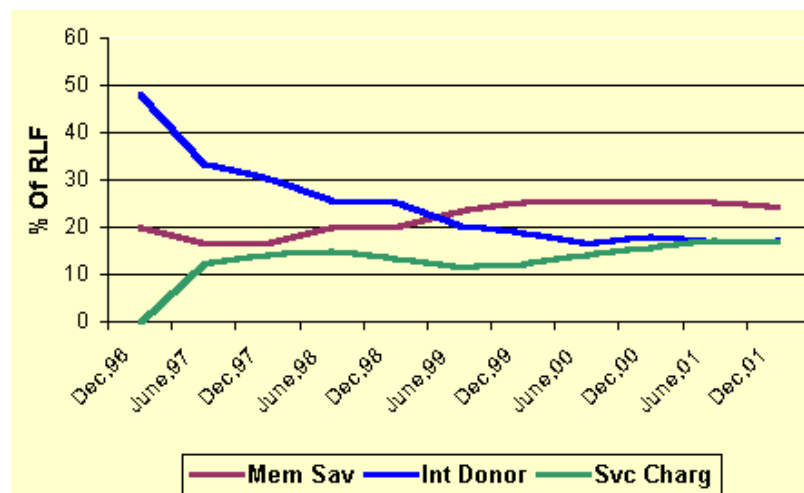


Figure 2.2: sources of fund changed over year (1996-2001)

In Figure 2.2 we can see that International donation decreased and member savings increased. Also the service charge decreased day by day.

Now a day, Most of the loan fund came from member savings, almost 25%. Then PKSF also provide funds almost 23%. Rest of the fund came from service charge, International NGOs and other sources. Figure 2.3 showed below

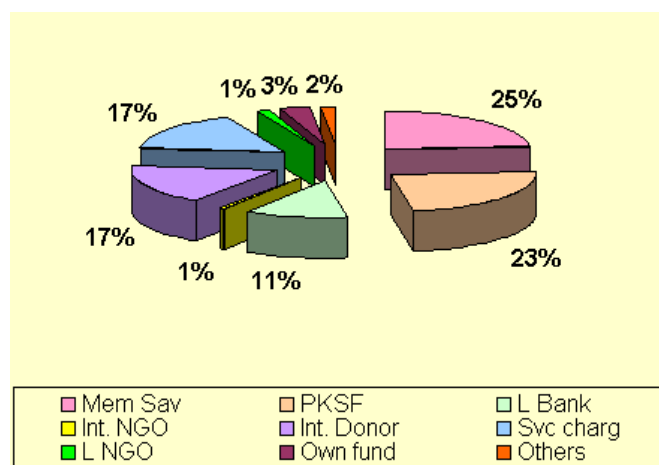


Figure 2.3: Present Fund sources

New branches of MFI, NGOs are increasing every year. Every year too many employees recruited.

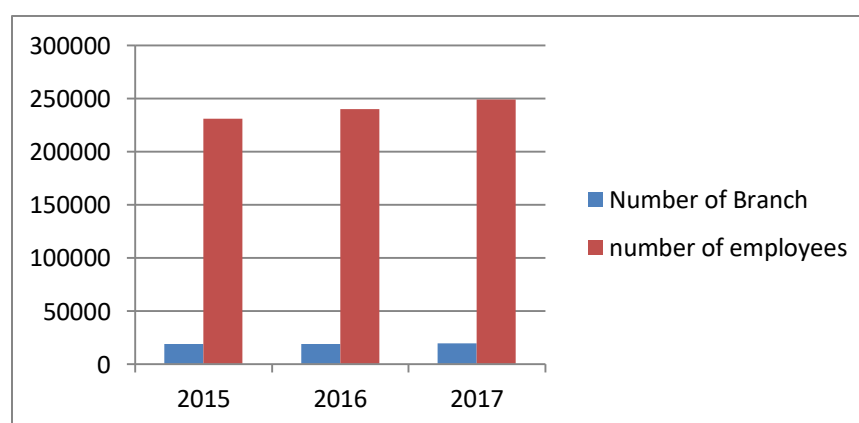


Figure 2.4: Number of branch and employee Increased 2015-2017

In Figure 2.4 we can see that, number of branches and employees increased every year. From 2015 to 2017 almost 2.99% branch increased also 3.92% new employee recruited.

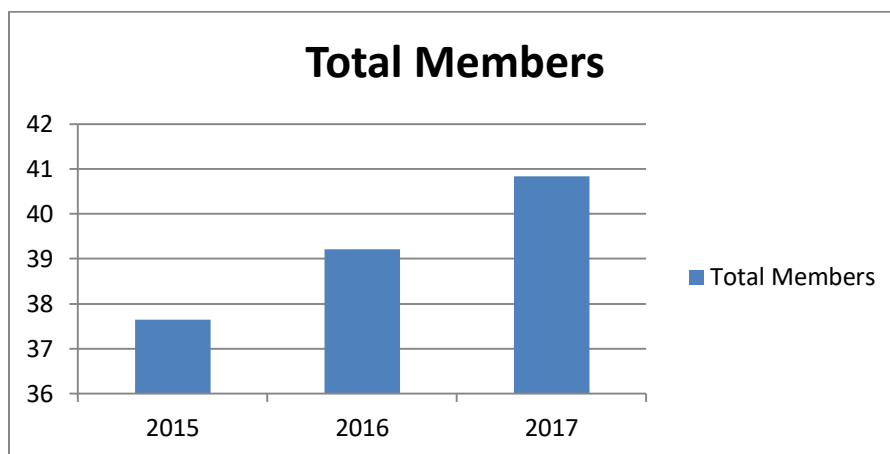


Figure 2.5: Total member increased in Million

From 2015 to 2017 almost 4.14% new member increased. That means their sectors are increasing day by day. In 2017 member was almost 40.87 million. 95% of them are women.

2.2.3 Maturity

On the basis of LCT or life cycle theory nomenclature, Bangladeshi microfinance sector currently shows characteristics of saturation phase. This phase began in 2006, and this phase is supposed to create an adverse impact both of the institutions and clients of the microfinance sector. The phase before the current one was maturity phase (1996-2005) in which Bangladeshi microfinance has observed consistent innovation and positive competition. However, in saturation phase the most common observations have been lack of coordination, expansion of multiple-borrowing, commercialization and lastly, mission drift. All of these have been initiating some real trouble and challenges, as a result regulatory authorities and the management authorities of the microfinance institutions are facing some real trouble. Based on the trend analysis we clearly can conclude that last 40 years MFI sector in Bangladesh is blooming. In 1970 they were in development sector.

In 1995- 2006 they have achieved huge members so they are entered in Growth stage to maturity stage.

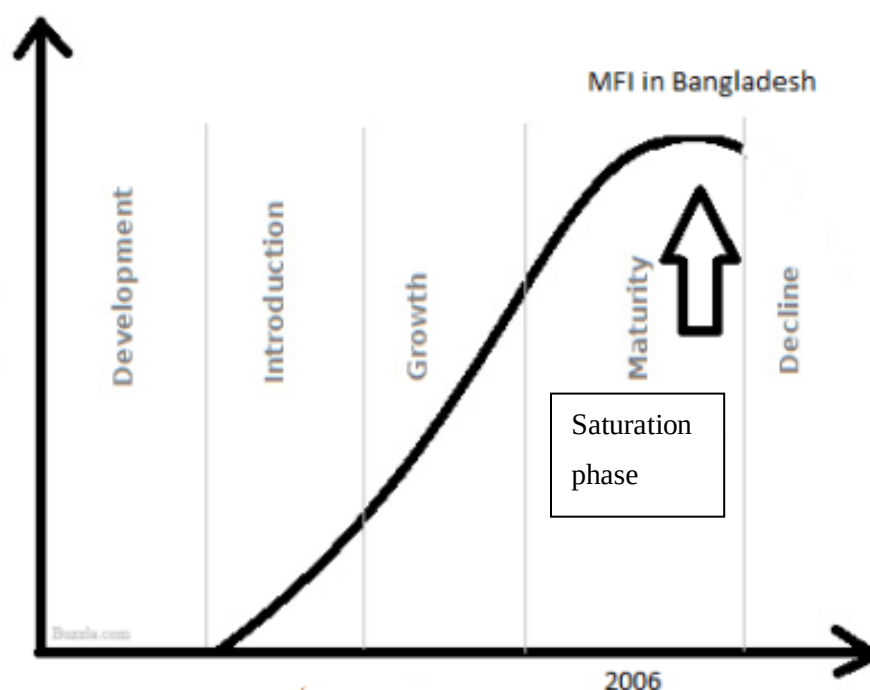


Figure 2.6: Life cycle of MFI in Bangladesh

So from 2006 to 2020 they are in Saturation Phase of Maturity Phase.

2.3 Seasonality

Seasonality plays an important part in the microfinance industry in Bangladesh. Still, the MFIs generally do not make much adjustments in accordance with the seasonality aspects. For example, income of the people of North Bengal decreases a lot in the post-Aman rice planting season. The North Bengal has a huge number of clients, and this seasonality aspect largely affects the MFIs in both positive and negative ways. On the bright side, sometimes the number of customer increases as people falls in need of loans. But on the other hand, MFIs often face issues with payment collection as it becomes quite difficult for the people to manage their regular loan



payments in such condition. This issue actually affects the MFIs more than the positive one mentioned below, and so it is high time for the MFIs in Bangladesh to come up with new ideas to tackle such inconvenience.

2.4 External Economic Factors

The microfinance sector is highly dependable with the economy, so it is important for the MFIs to rightly address the changes in economic factors. Rate of inflation, foreign exchange rate, interest rate, gross domestic product (GDP) etc. are key players in this industry.

Interest rate: To elaborate, the microfinance institutions in Bangladesh are dependent on the GDP as it contributes to the growth of those organizations. The interest rates control the will and need of people both in case of borrowing and investing. When a MFI gives loan, if they don't have fund then they need to collect fund from different banks, then if the interest rate goes high, it will be causes major impact.

Foreign Exchange Rate: The MFIs ability of raising capital at a fair price is dependent on the efficiency of financial market. In case of international trade, the exchange rate can affect the profitability of the microfinance industry. Though now a days they don't need to borrow from foreign bank but it has impact. Because there are too many foreign NGOs in Bangladesh. Most of their sources of fund came from foreign. If exchange rate increased then it causes huge loss.

Rate of Inflation: Since MFI provide short term loans, that's why they have less impact on inflation rate. But when the loan term is for long term then it causes loss. Because its effect on currency value. They decreased the currency value.

GDP: GDP plays a vital role in MFI sector. Rural peoples from Bangladesh are poor. In recent study says that 55% or rural peoples took loan from MFI. Which help to be self-dependent, start a new business. MFI is dependent on GDP. The contribution of microfinance to GDP in Bangladesh in 2012 was between 8.9 percent and 11.9 percent depending on the assumption of

the labor market. Considering all these issues, it is very clear that the external economic factors play a very important part in the growth and success of MFIs in Bangladesh.

2.5 Technological factors

Technology can have a huge impact on the price structure and competitiveness of an industry in quite a short time. Digitalization of transaction in the microfinance industry is a great example of that. Technology is not only benefitting the MFIs to operate their activities more perfectly and easily, but also it is making more people interested to microfinance as it has made the whole process much easier, faster and convenient. But in Bangladesh most MFI always try to ignored technological advancement. Because they thought it would be hard to understand for rural illiterate peoples.

Digitalized Brach Office: BRAC bank started a new pilot program for branch officer. They need to use technology, like phone, tablet when they are going to collect money. So that, they can easily update their data, loans amount etc. through the internet. It will directly go to server, so that it will be easy to monitor from head office. Other MFI Sajeda foundation, Grameen Bank, Shakti Foundation also tried to start this program.

Cashless Loan Disbursement and repayments: there are few organization choose a pilot test for cashless loan disbursement. BRAC, Sajeda Foundation and Shakti contact a pilot test program with a foreign company. They also try to start cashless loan payments. If the pilot test has success then they will start it with main project. Sajeda and BRAC collect money two ways, Bkash and Rocket. So there is good opportunity if this programs start, it will have impact on MFI

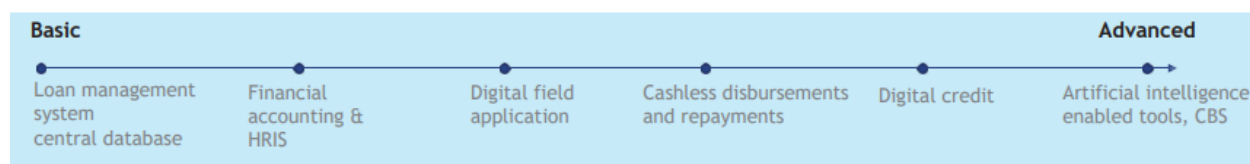


Figure 2.7: Future Cashless Loan disbursement and repayment

ATM: MFI industry is outdated. They do not have ATM booth. All of them followed the old transaction method. Members who are saving money, they need to go to bank to withdraw their money. BRAC bank offer ATM services, but not for all members. If they have savings account, then they can transfer their money to savings accounts.

Mobile wallets: None of the micro financing organization have mobile banking service. Only BRAC bank has Bkash. But they only offered saving services. They offered DPS savings through Bkash. So that a member can transfer his money from Bkash to DPS account. If all NGOs and MFIs try to start their transection method through mobile wallets, it would be more time savings.

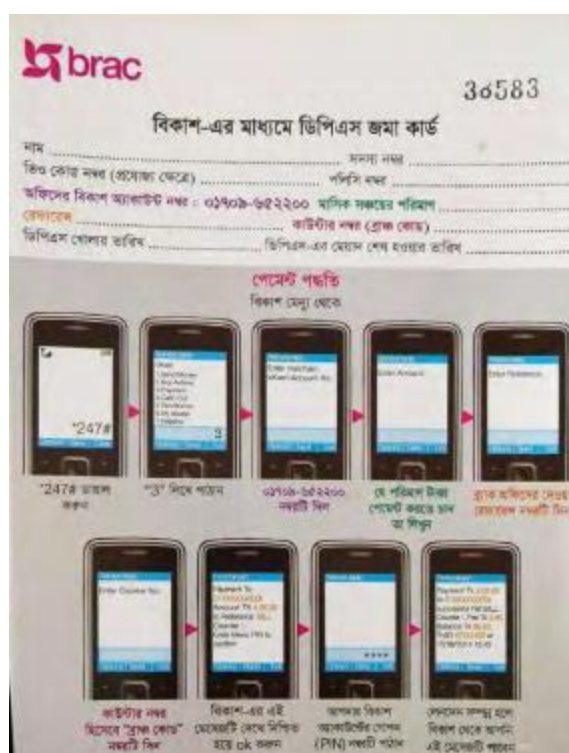


Figure 2.8: BRAC bank cashless savings collections

Technological innovations are increasing the competitiveness of the market too. As a result, organizations are trying to innovate new products and services, so that they can gain a competitive advantage and become a market leader. Eventually, this competition is benefitting the industry in whole as more innovations are taking place.



2.6 Political, legal and regulatory factors

2.6.1 Political Factors

In the microfinance sector, a number of political factor exist. Political factor includes laws and regulation that affected the business. Which includes prohibit from certain action. From changes in political regimes to sudden civil unrests to government decisions, these issues often turn out to be major risks for the MFIs.

Tax: In 1984 income tax Ordinance, clearly identified that all registered NGOs need to pay income tax. But government NGOs and bank they don't need to pay. Which cause a bad impact in micro financing sectors. If a NGO operate income from their loan services, then they don't need to pay tax. This is a good advantage for all MFI. If MFI earn through other commercial activities like bank Interest, space rent and establishment, then they need to pay tax. But this tax needs to be executed. Because, that money should be used for funding. Which is reduced borrowings from PKSF and other banks. This is indirectly affected on their members, because service charge getting higher. So that if a member wants to take micro loans, then he or she need to pay higher than before.

Corruption: In recent year MFI faces corruption. Survey says that, 51% Dhaka based NGOs tried to escape income tax. They not filed any income tax. There are almost 981 NGOs in Dhaka. They are earnings through investing many types of other business. They are depriving Government from earning revenue. They main reason for this corruption is, the authority is not strong. There are less people in authority who are looking over in MFI sectors.

Tax Deduction Authority: NGOs have responsible for deducting tax. Before collecting tax, NGOs are found out sources. Then they deduct tax from various service like Doctors, Cleaning service, Physician, technical service provider etc. Revenue board Officials claims that the collection is too much disappointed.



All the MFIs need to follow by certain business and contract laws enforced by the government, which in a lot of cases limit their activities. Also, high taxation rate often discourages microfinance institutions just like it discourages any other organization. In case of exports, the trade barriers of potential trade partner countries can turn out to be a big issue too.

2.6.2 Legal Factors

Intellectual Property law: MFIs need to be concerned about multiple legal factors. Most importantly, they need to make the perfect use of intellectual property law as well as any other relevant data protection law, so that competitors cannot snatch away their innovation. BRAC stated few pilot program for cashless micro financing system. Other MFI do not mimic their program, it should be regulated. Grameen Bank research department, started few new programs for rural peoples, like providing support for stating startup business.

Health and Safety: In case of employee management, MFIs has to follow certain health and safety laws. In Bangladesh, most of the NGO didn't concern about their worker. Most of the employees pay less compare to other industry. Too many problems they are facing regularly, like safety issue. They also don't have any insurance program.

Employment Law: Most of the MFI workers didn't get any facilities of pension. Only Grameen Bank provides pension policy to his employees. At the age 60, they will get a good amount of money according to pension scheme. Other MFI and NGOs also need to provide pension.

Control of price and quality: Also, laws have been enforced to maintain quality and control interest rate of the micro credit services that the MFIs provide. There are different types of interest rate, terms and conditions in different NGOs. Though all microcredit services rules and regulation fixes by PKSF and government. But most of the NGOs didn't follow the rules. There are too many hidden terms and conditions, which makes peoples helpless. As the institutions have to abide by all of the above mentioned rules and regulations, their expenses and activities get largely affected by those.

2.6.3 Regulatory factors

In 2006, for the first time a regulatory body was established to regulate microfinance activities in Bangladesh. It was named as “**Microcredit Regulatory Authority**” or MRA. Till now, MRA has allowed license to more than 650 MFIs. Measuring the performance and activities of these MFIs, it has been identified that these regulatory bodies help to improve cost efficiency directly, through changing the behavior of MFIs. Indirectly, the regulatory factors affect the MFIs through the measures of increasing employee productivity as well as portfolio size. It has been found out that the partners of **PKSF** (The prime wholesale lending agency in the country) and the unsubsidized Microfinance institutes are generally more efficient than the others in the industry.

2.7 Barriers to entry

To analyze the characteristics of an industry, Porter’s Five Forces model can be helpful

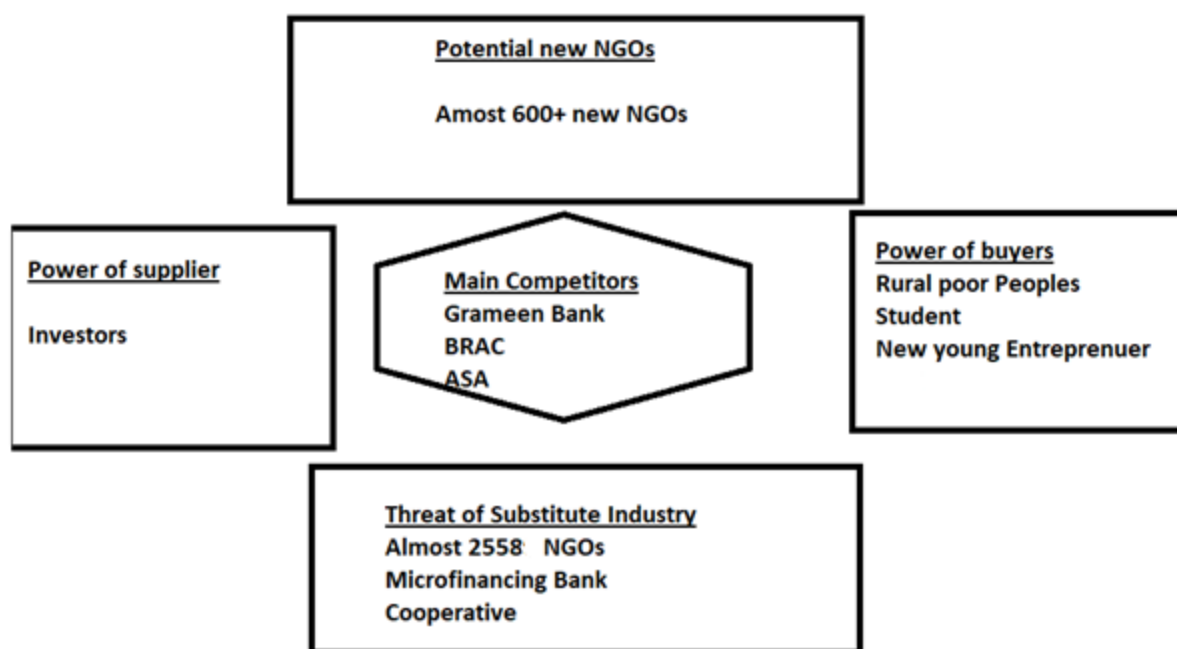


Figure 2.9: Porter 5 forces model.

Following this model, firstly the barrier of entering the industry is going to be analyzed here. In the microfinance industry in Bangladesh, the barriers to enter the market is quite high. Because,



to cope up with strong competitors like Grameen Bank, BRAC, ASA etc. a new-comer has to start with a high amount of capital. This sector is mainly government regulated. Their fund mostly came from depositor and from PKSF. The product differentiation is also quite strong in this industry. Most existing MFIs are coming up with differentiated products and services instead of standard and ordinary ones, which make it even harder for a new NGO to enter the market. Lastly, the government policies also make things problematic since strict licensing and legal compatibilities are required for entering this industry.

2.8 Power of Suppliers

In the Bangladeshi Microfinance Industry, number of suppliers is quite a lot. Which means, the suppliers generally do not have much control over the price. So, the bargaining power of suppliers work as a weaker force in the industry. The loan interest rate also fixed by the government and PKSF, so there are less chance to increase interest rate.

The suppliers in the microfinance industry of Bangladesh provide members that are standard, less differentiated and these products generally have a low cost of switching. It makes it easier for the MFIs to switch. This again, makes the bargaining power of suppliers low. So if any NGO wants to start, then they need huge amount of investment.

2.9 Power of Buyers

The buyers of microfinance institutions are not quite a lot in number, so the borrowers have a few options in their hands to choose from. Therefore, they do not have significant control over the prices. It makes bargaining power of the buyers a weak force in this industry. The main targeted customers are rural poor peoples, students, new entrepreneur, farmer, businessman etc.



Again, there exists a high product differentiation in the industry. Which means for a certain product the borrower generally have to depend on a certain NGO. This makes the bargaining power of buyers even weaker. Lastly, the income of most borrowers being in the lower side, they stays in a pressure to purchase the products or services at a lower price. This makes the buyers price sensitive. Considering all these perspectives, we can say without any doubt that the bargaining power of buyers in the MFI industry is relatively low.

2.10 Threat of substitutes

As there are only a few substitutes available for the Bangladeshi microfinance industry at the moment, so the threat of substitute product or services is actually a weak force here. The only few substitutes which are available, are produced by low-profit earning industries. The main substitutes are new commercial banks who are tried to enter in these sectors. Also there are too many cooperative societies. They are mainly providing loans to known people within a known community. But most of them are not officials. So there is lots of risk regarding legal issues created. Every year there are more than 500+ NGOs are registered under government policy. These cause huge competitors in these sectors. Most of them didn't follow the rules, regulation, guidelines provided by the government. Which are not safe, because most of those NGOs intention is not good. So peoples loosing trust.

All these indicate to the fact that there is actually no ceiling of a maximum profit in the microfinance industry of Bangladesh. All the mentioned factors together make the threat of substitute product a weak force in the microfinance industry of Bangladesh.

2.11 Industry rivalry

The number of players in the Microfinance sector in Bangladesh is quite a few, and most of these MFIs are large in size. Though there are lots of NGOs providing microcredit services. This means, it is hardly possible for them to make a move without being noticed. Due to this, the industry rivalry work as a weaker force in the microfinance industry in Bangladesh. Also, the microfinance industry in Bangladesh is growing quite rapidly for the last few decades. This positive industry growth refer to the fact that they don't have to snatch market share from one another. This also makes the force of industry rivalry a weaker one.

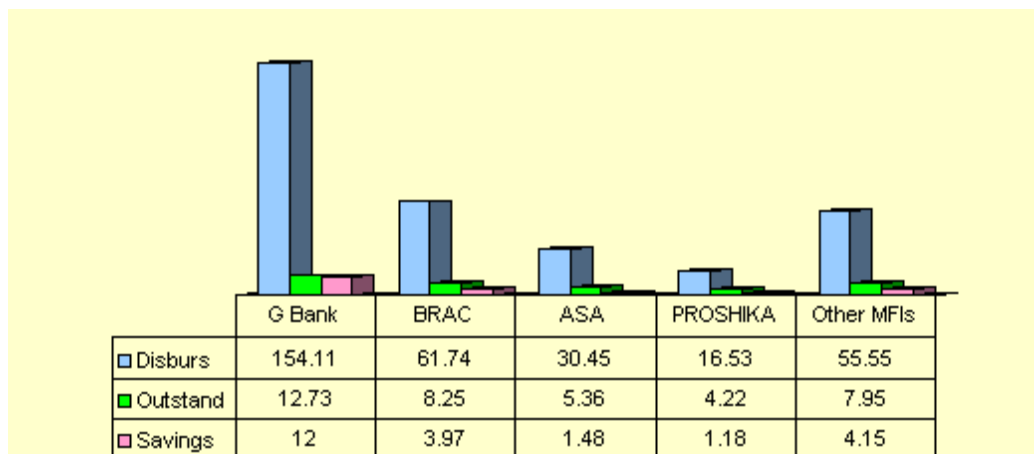


Figure 2.10: Top Micro financing institution in Bangladesh (On the basis of outstanding, savings and disbursement in billion BDT)

On the other hand, the few competitors remain in the market have quite large portions of market share. This create a competitive environment in the industry where every organizations wants to gain a better position and become the market leader. Also, the products in the MFIs industry being differentiated, the competition gets intense. These issues make the industry rivalry turn out to be a stronger force in the industry.

2.12 Challenges and opportunity for MFIs

2.12.1 Challenges for Micro Financing Industry

Bangladeshi Microfinance industry faces a number of obstacles while operating their activities. These challenges have been presented below:

- The first and most vital issue is the lack of loanable funds. Surely the microfinance institutions are doing a great job when it comes to fund collection and management, but it is still not enough to cope with the huge demand in the market. Because most of the MFI and NGOs are dependent on own fund and also in PKSF. Because of huge demands, they need to face funding problems. There are less fund for huge amount of clients. But they are trying to solve this problem. Few MFIs fund came from abroad banks.
- Bangladeshi microfinance industry has not been digitalized enough yet. The large MFIs optimize the basic digitalized systems like loan management system (LMS) as well as Enterprise Resource Planning (ERP). But latest technologies like Digital Field Application (DFA), digital credit, mobile credit `service etc. facilities are still limited to pilot projects. Few MFIs trying to adopt new technologies. But they have to face to many problems, like poor quality internet in rural area, lacks of technology knowledge etc.
- Another issue is that the MFIs do not have an access to the National Identity Database or NID. It could really help them with the MFIs to authenticate and verify their clients, and thus they could operate their activities more safely. There are lots of fake clients take loans, and they didn't pay the loan. Because Micro credit loans didn't need any collateral. So its not secure.
- Last but not the least, improper regulatory framework as well as insufficient structure troubles Bangladeshi MFIs big time.



2.12.2 Opportunities for Micro Financing Industry

Even though the microfinance institutions of Bangladesh are going through a number of challenges, they need not worry much as the number of opportunities in this sector is even more. To proceed towards the expected growth and success, Bangladesh Microfinance Industry should try to optimize the following opportunities.

Mobilization of Savings: The MFIs are in need of additional funds to deal with the increasing demand. They can enable this access by mobilizing savings through public and member deposits. But the regulations does not permit mobilization of savings. Mending the regulations in the favor of MFIs in this case, can be a win-win situation for all parties.

Digitalization of MFIs: Although some digitalization have already taken place in the microfinance industry including LMS, ERP etc., bringing in more facilities is the demand of time. Latest innovations like Digital Field Application (DFA), digital credit, artificial intelligent (AI) etc. can help the MFIs to go a long way with much less time and effort.

Funding from PKSF: PKSF is a major player in promoting and developing the microcredit market in Bangladesh. They can further contribute to the industry by providing more funding to the MFIs as loans with less interest rate. Government need to arrange more fund for PKSF. Because lots of NGO registered every year. They need more fund.

Raising Social Equity Capital: There are a number of ways in which MFIs can raise social equity capital: (i) Making the donor agencies (Let it be firms or individuals) participate in social equity; (ii) Making institutions like PKSF or banks participate in social equity; and (iii) Gaining an access to social capital market (currently this facility is not available for MFIs in Bangladesh).

Establishing separate institution for the necessary financing: Bangladeshi Microfinance industry is dominated by some large names like BRAC, Grameen Bank, ASA etc. These can try to utilize their brand name and build up separate institutions which can help them with their financing needs. This has been already proved to be a good and viable idea with the success story



of the brand “Aarong”, which has been established by BRAC. Grameen Bank brand Grameen UNIQLO, Grameen Telecom. Making the best use of this venture, BRAC and Grameen Bank are earning, which is helping them with their financing needs later on.

Transform MFIs into microfinance banks: Microfinance institutions, specially those who do not have a large market share, can transform themselves to microfinance banks. Through banking activities, they can manage the necessary financing which is a must to operate their activities without any hassle.



Chapter-3

Analysis of the Organization



3.1 Overview and History

Grameen Bank (গ্রামীণ ব্যাংক) is a micro-finance institution and community development bank established in Bangladesh. This bank provides small scaled loans to the needy people without demanding any collateral. This is why, Grameen Bank is widely known as the bank of poor in Bangladesh. Because of his massive contribution to the microcredit industry in Bangladesh, it is considered as a role model in the world of micro-credit loan system. This organization is an initiative of Noble prize winning Bangladesh economist Dr. Muhammad Yunus, who introduced the whole world to the notion of micro-credit, back in the 1970's. Their 40% stake owned by government, and rest 60% are owned by members.

Dr. Muhammad Yunus built up Grameen Bank as a powerful organization with his research and experiences. It all started during a famine in 1974. He decided to provide a small loan amounting only \$27 to 42 families as a “start-up” money, so that they can start some venture to earn their livelihood. And he provided this loan with a very affordable interest rate. He took initiative in the form of a research project in a partnership with the Rural Economics Project undertaken by Chittagong to University. In 1976, Grameen Bank started providing service in a village named “Jobra” and some other villages nearby Chittagong University. Being successful, the project was extended to the Tangail District in 1979, with the support of Bangladesh Bank. Eventually, the success story kept going to new chapters, and the services of Grameen Bank got extended to the other districts as well.

3.1.1 Vision of Grameen Bank

Grameen Bank works with the vision of a poverty-free society expounded by Grameen leadership. It believes that poverty is just a man made phenomenon which is exacerbated by existing institutional forces, and it can be defeated easily with concerted and cumulative effort. This vision makes a great impact on the organizational functions of Grameen Bank and work as a driving force.



3.1.2 Mission of Grameen Bank

The mission of Grameen Bank is, by providing comprehensive financial facilities, empowering the poor people so that they can realize their inner potential and break out of the vicious cycle of poverty.

3.1.3 Core objectives Grameen Bank

Grameen Bank marks the followings as its primary objectives:

- Extending banking services to the poor people
- Saving poor people from the exploitation of poor people
- Providing the unemployed people with self-employment opportunities
- Enabling disadvantaged people, mostly women, to take part in a banking system which they can understand and manage all by themselves
- Eliminate the cycle of ‘low-income, low-saving and low-investment’ and create a cycle of ‘injection of credit, investment, more-income, more-savings, more-investment, more-income’.

3.1.4 Basic Information about Grameen Bank

Year of Establishment: 1983

Authorized Capital: 10,000,000,000 BDT (According to the balance sheet of 2018)

Paid-up Capital: 898,092,300 BDT (According to the balance sheet of 2018)

Headquarter: Dhaka, Bangladesh

Number of Employees: 20,138 (January, 2018)

Number of borrowers: Around 9 million

Number of Branches: 2,568 branches (January 2018)

3.1.5 Sources of Fund

Grameen bank main funds came from deposit. There are few more sources like borrowings, own funds and other sources. Here a pie chart of their funding sources in 2017.

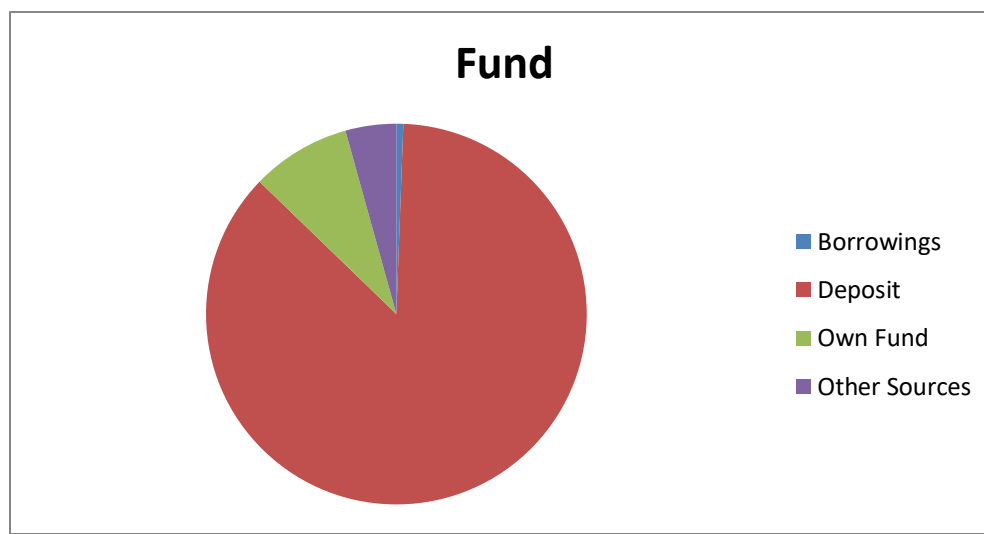


Figure 3.1: sources of GB fund

In Figure we can see most fund comes from deposit. The amount is almost 208348 Million BDT. Another one is Own funding 19785 million BDT. They borrowed from commercial bank and foreign bank. The amount is less than the other sources of funding.

3.2 Trend and Growth

Grameen Bank has been successfully holding onto a consecutive growth for years after years. The financial highlights of Grameen Bank shows that pretty clearly. To show the consecutive growth of this MFI, the balance sheet of Grameen Bank for the last 5 years has been presented here:

Table 3.1: Balance sheet of Grameen bank

Sl.No	Particulars	2014	2015	2016	2017	2018
1.0	Authorised Capital	10000	10000	10000	10000	10000
2.0	Own Fund :					
	2.1 Paid-up Capital	796	836	854	862	898
	2.2 Capital and Other Reserve	9847	10391	11492	13427	16538
	2.3 Miscellaneous	5932	5793	5748	5496	5991
	2.4 Total :	16575	17020	18094	19785	23427
3.0	Deposits	170001	189804	199807	208348	226567
4.0	Other Sources of Fund	13044	12782	10243	10116	11280
5.0	Borrowings	1341	1279	1217	1370	2280
6.0	Assets :					
	6.1 Loan and Advances (Before Provision)	91643	101086	123829	152044	163154
	6.2 Investment	267	267	261	261	261
	6.3 Cash and Bank Balance	95579	106411	94103	77167	88987
	6.4 Fixed Assets	1527	1513	1497	1501	1509
	6.5 Other Aseets	11945	11608	9671	8646	9643
	6.6 Total Assets	200961	220885	229361	239619	263554
7.0	Own Fund as Percentage of Loan & Advances	18%	17%	15%	13%	14%
8.0	Own Fund and Deposits as Percentage of Loan & Advances	204%	205%	176%	150%	153%
9.0	Total Income	29023	31352	32115	35135	39526

10.0	Expenses :					
	10.1 Salaries & Other Related Expenses	6141	7572	11027	11664	11823
	10.2 Interest Expenses	15007	16022	15181	15820	17232
	10.3 Other Expenses	2669	2539	2525	2757	3394
	10.4 Provision Expenses	4770	5195	1990	2619	3592
	10.5 Total Expenses	28587	31328	30723	32860	36041
11.0	Net Profit	436	24	1392	2275	3485
12.0	Provision Balance	9938	10080	7645	7435	8329
13.0	Bad Debt	4370	5052	4426	2827	2690
14.0	Bad Debt Recovery	627	2198	1050	1152	857
15.0	Accumulated Disbursement (including housing loans)	1080956	1230183	1417716	1652431	1899241
16.0	Number of Employees	21807	21651	21043	18185	18105
17.0	Number of Members	8640225	8806779	8901610	8934874	9084503
18.0	Number of Centres	142613	142573	142087	140262	138143
19.0	Number of Villages	81390	81392	81395	81400	81677
20.0	Number of Branches	2568	2568	2568	2568	2568
	Note : Please Visit our Web Site http://www.grameen.com for more information.					

As we can see from the balance sheet here, the book value of the property and asset of Grameen Bank is increasing every single year.

To illustrate furthermore, a chart is going to be presented here which will help even better to understand the growth of Grameen Bank in terms of performance and outreach.

Table 3.2: GB institutional characteristics and other information

Sl. No.	Particulars	2011	2012	2013	2014	2015	2016	2017	2018
	Institutional characteristic:								
1	Total assets (In million Taka.)	140,441	158,952	178,937	200,961	220,885	229,361	239,619	263,554
	Total assets (In million USD)	1,763	1,974	2,301	2,593	2,804	2,920	2,903	3,141
2	Number of offices	2,912	2,914	2,914	2,915	2,914	2,906	2,893	2,881
	Number of employees	22,128	22,261	21,851	21,807	21,651	21,043	18,185	18,105
	Outreach indicators :								
3	Number of branches	2,565	2,567	2,567	2,568	2,568	2,568	2,568	2,568
4	Number of members (In millions)	8.37	8.37	8.54	8.64	8.81	8.90	8.93	9.08
5	Number of borrowers (In millions)	6.58	6.71	6.74	7.03	7.18	7.29	7.23	7.12
6	Number of borrowers per branch (year-end)	2,566	2,613	2,625	2,739	2,796	2,837	2,814	2,772
7	Number of loan officers	12,537	12,779	12,826	12,800	12,734	12,279	11,922	11,739
8	Percent of women members	96.12%	96.23%	96.21%	96.26%	96.51%	96.54%	96.65%	96.66%
9	Average loan balance per borrower (Taka)	11,442	11,972	12,522	12,438	13,427	16,230	19,997	21,581
	Average loan balance per borrower (USD)	144	149	161	160	170	207	242	257

The chart shows a number of important financial indicators from the years of 2011 to 2018. As we can see from this chart, the total asset for Grameen Bank has been increased in every single year, and thus it has been increased to 263,554 million in 2018, which is almost double of the total asset of Grameen Bank in 2011. To make this growth even more understandable, the growth of revenue for Grameen Bank from 2014 to 2018 has been shown on the next page with the help of a chart.

Total assets of grameen bank increased every year. In 1983 it started pilot project.

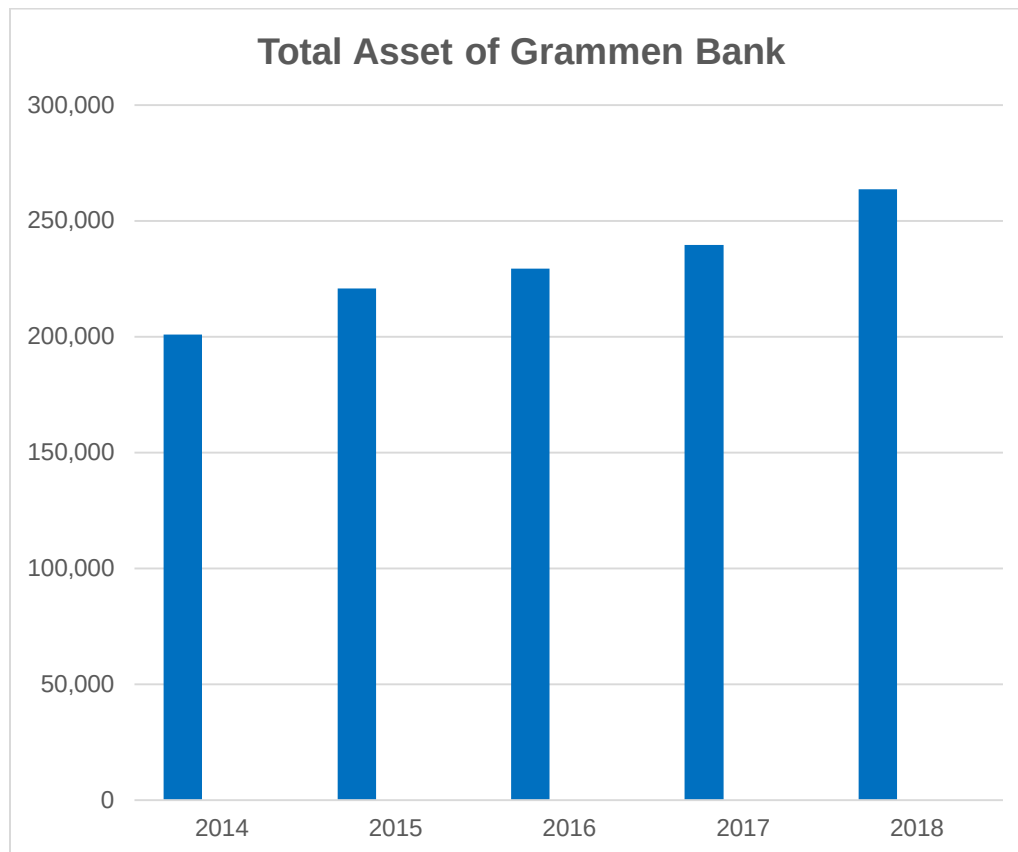


Figure 3.1: GB total asset (2015-2018)

This chart makes the growth of Grameen Bank's total asset easy to understand. Just like the total asset, Grameen Bank's revenue, total income, activities everything has been enhanced with the lapse of time. Here, another chart is going to be presented on the next page now to show the growth of Grameen Bank in terms of income.

The continuous growth of Grameen Bank can be understood through this chart as well. As we can see, the income in 2014 was 29023 million BDT.

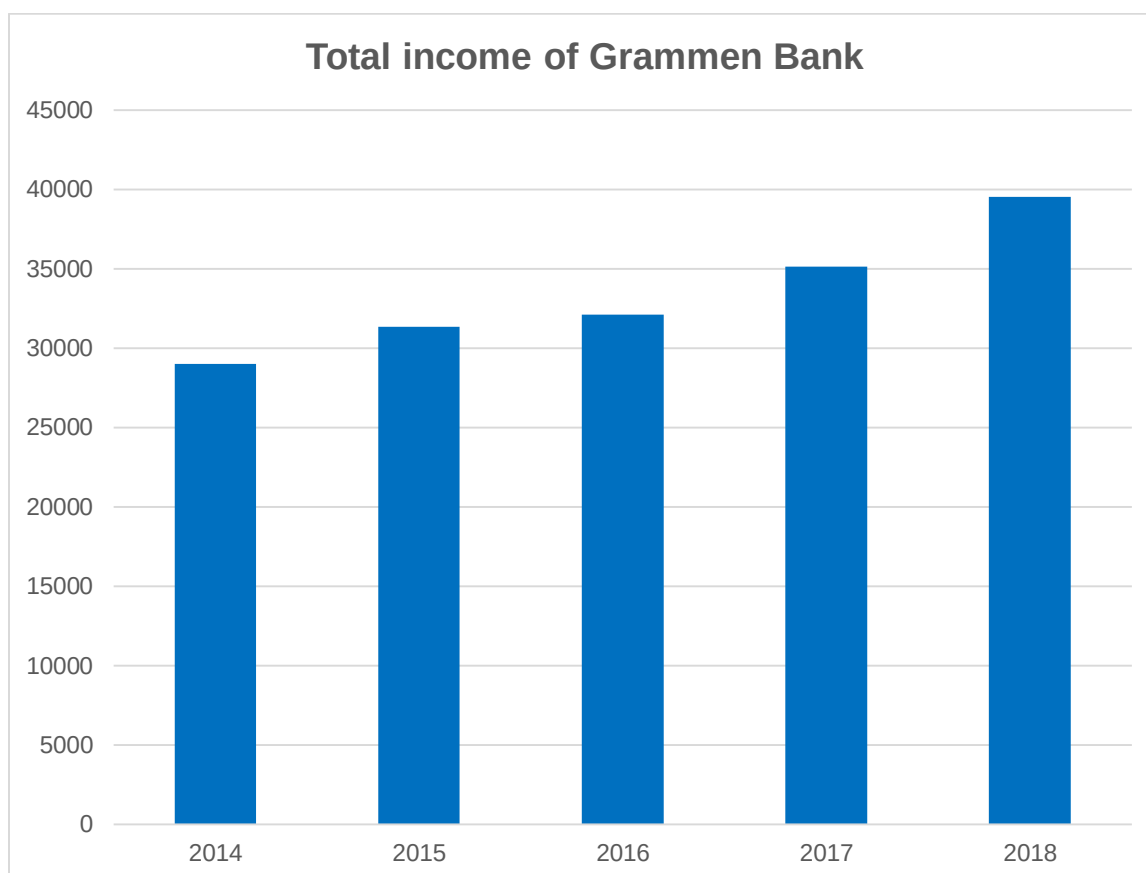


Figure 3.2: GB total income

It increased every year since that, and eventually it came to a figure of 39526 in 2018 which is quite a huge amount for a Bangladeshi organization. This huge growth and success is a result of continuous improvement in actions and enhancement of activities at a rapid pace. Every year, Grameen Bank has been trying to enhance its activities and expand their operation in new geographical margins. The growth and development of Grameen Bank's activities can be easily understood with the following chart which shows the number of villages that Grameen Bank has covered from the timeline of 2002 to 2012.

This picture helps us to understand how Grameen Bank has been able to grow so successfully with time. Every year, the company has tried to expand their activities to new village around the Bangladesh.

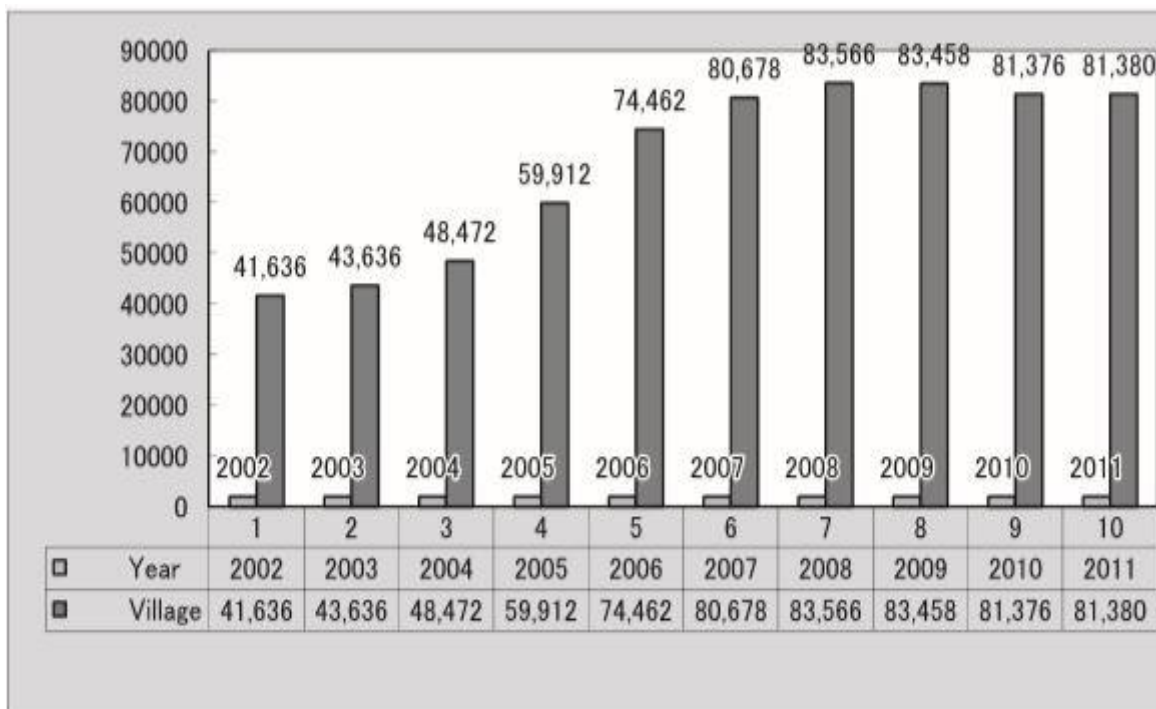


Figure 3.3: Grameen Bank Annual Report 2012

The number of villages which they covered was 41,636 in 2002, but they have been successfully taken it to 81,380 in 2012, which is almost double of the number of village they covered in 2002. This continuous effort is the main key for which Grameen Bank has been able grow rapidly on a continuous basis.

Grameen Bank Investment decreased, compare to last 5 years data based. Almost 7 million BDT decreased compare to 2015.

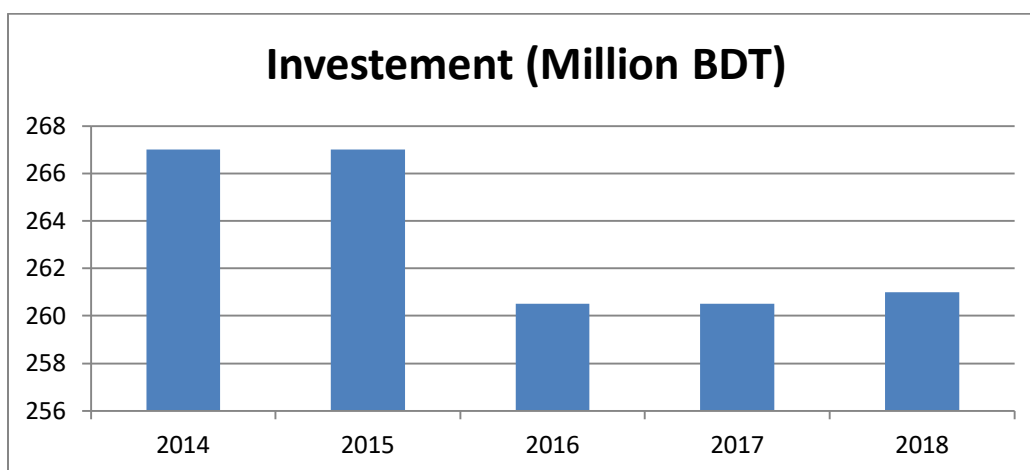


Figure 3.4: GB investment

In the Figure we can see, that their investment didn't changed much. In 2014 to 2015 their investment was almost same. Their investment goes down in 2017.

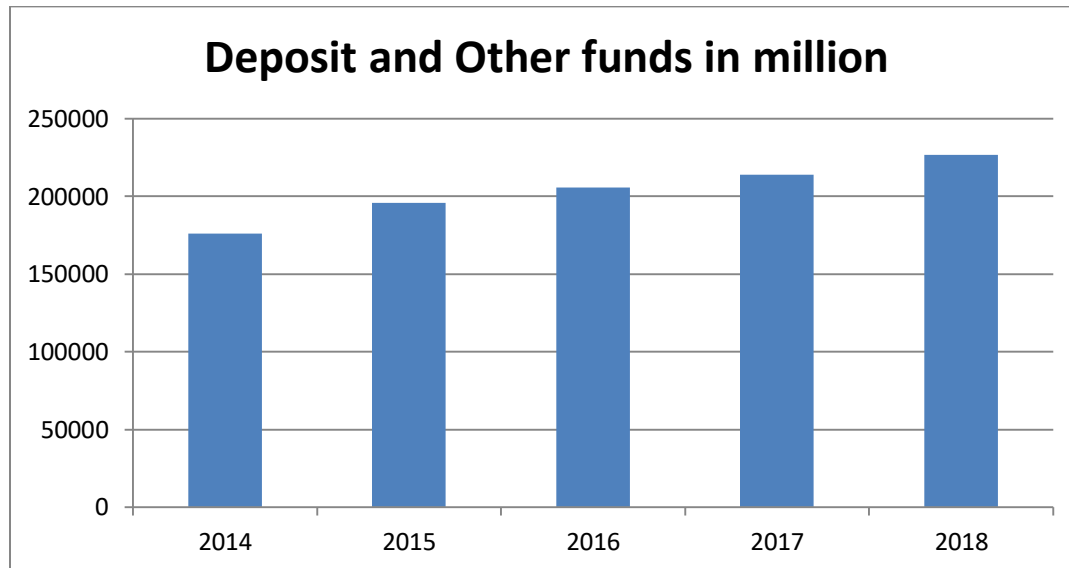


Figure 3.4: Deposit and other funds

The deposit and funds in Grameen Bank continuously increased every year. In 2018 the fund was 226567 million BDT. This is good for a bank. That's why the loan amount also increased every year.

Here is a chart of their loans and advance from 2013 to 2017.

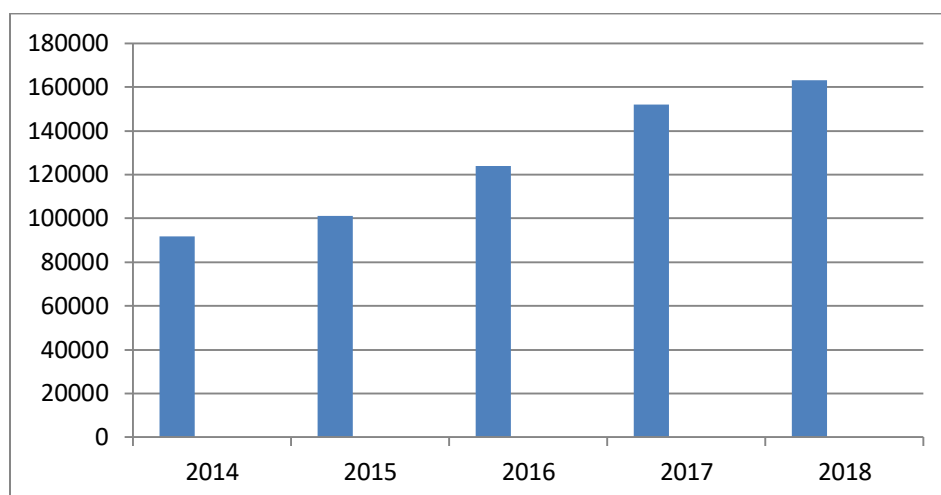


Figure 3.5: Loans and advances in million BDT

In 2014 they provided loans 91.64 million BDT. Every year the amount increased. In 2018 the amount was 163 billion BDT. It was almost double amount compare to 2013.

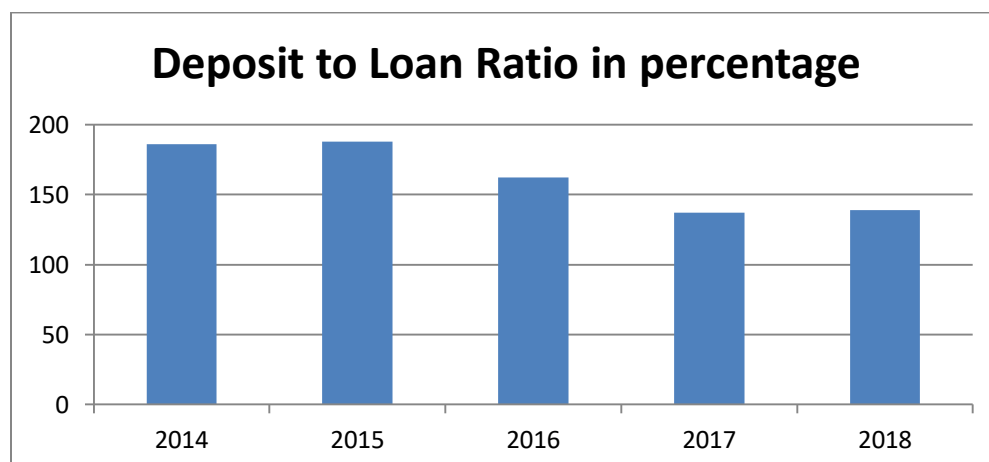


Figure 3.6: Deposit to loan ratio

Deposit to loan ratio was higher in 2014 around 184% and lower was in 2017.

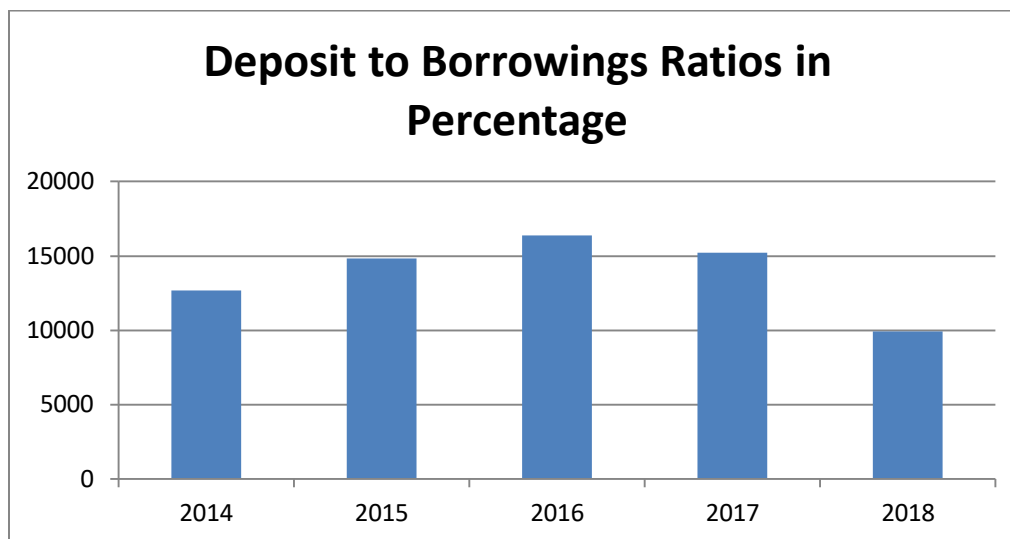


Figure 3.7: Deposit to borrowings ratio

Deposit to borrowing ratio was higher in 2016.

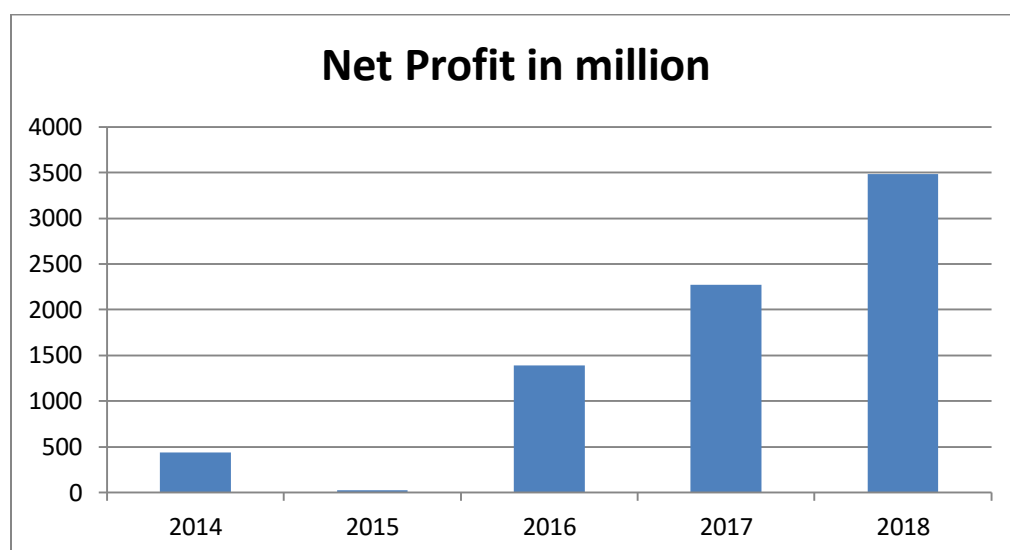


Figure 3.8: Net profit

Their net profit increased every year. In 2015 they earned less compare to others year. In 2018 they earned 3485 million taka. In 2014 it was less than 500 million.

Return on assets, gives an idea about how efficiently the bank uses his asset to earn profit.

Table 3.3: ROA calculations

Year	2014	2015	2016	2017	2018
Net profit in million	436	24	1392	2275	3485
Total Asset in million	200961	220885	229361	239619	263554
ROA	0.216958	0.010865	0.606904	0.949424	1.32231

In figure 3.9 it showed in graph.

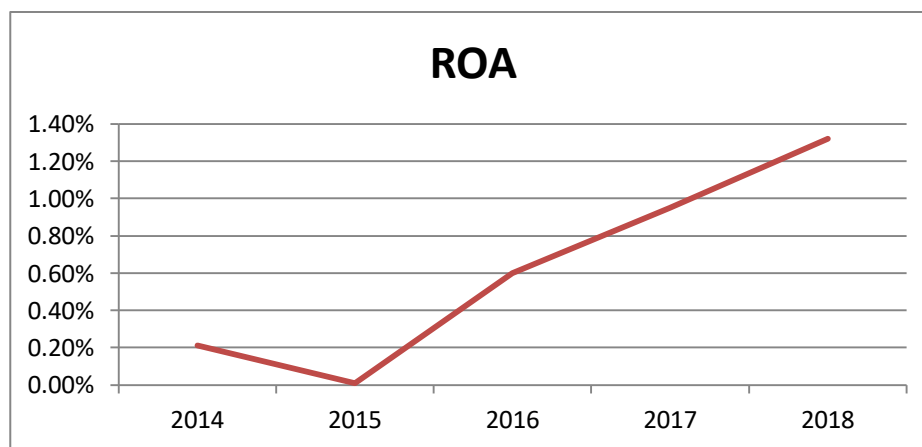


Figure 3.9: ROA

ROA was poor in 2015 but ROA increased in 2018. Increasing ROA is good for the bank. In the Figure we can see that, the ROA is increased every year from 2015.



3.3 Customer Mix

The Customer mix of an organization refers to the targeted customers from a number of different segments for the products and services that they offer. The target market of Grameen people exclusively focuses on the poorest of people. They organize the borrowers into small homogenous groups and then they provide the loans. On geographical margin, most of these borrowers are rural people. However, Grameen Bank has an extended focus on empowering the women of Bangladesh, which is shown by the statistics that 97% of the clients of Grameen Bank are women. Rest 3% is men.

3.4 Product/ Service Mix

The main product of Grameen Bank is microcredit. However, it has extended its product line to a diverse sphere with the lapse of time. Here is a brief of the products or services that Grameen Bank offers:

3.4.1 Types of Micro Credit loan Grameen Bank offer: Microcredit is the main product of Grameen Bank.

Basic loan: Basic loans can take any member of the bank, with low interest rate.

Micro-enterprise loan: If anyone poor people wants to start business, Grameen Bank provide them loan with no collateral.

Higher education loan: Grameen Bank provides its member children higher education loan with no interest rate. During his study time don't need to repay. After completing study 5% interest charge will be applied.

Housing loan: Grameen bank provide loan for housing. They provide loan up to 60000tk with 8% declining interest rate.



Youth entrepreneur loan: Grameen Bank Provide loans to the young entrepreneur who wants to start new business.

Struggling member loan: This loan provided to beggar, street people without any interest rate.

3.4.2 Deposits: Grameen Bank is the only micro-finance institution of Bangladesh which is legally allowed to take deposits. This helps the Grameen Bank to finance its operations. There are few saving options they offered.

Personal savings: open to all members and also for non-members. Amount need to pay weekly. 5% interest rate will get members and 3.5% non-members.

Grameen Pension Scheme (GPS): This is only for Grameen Bank members and employees. The deposit scheme is monthly and scheme period is 5 to 10 years. Interest rate is 6%.

Fixed deposit: Open to all members and non-members. For first year interest rate is 7%, 2nd year 7.25% and 3rd year 7.50%. The amount will be double in 9 years.

There are few more saving options like monthly profit scheme, loan insurance saving etc.

3.4.3 Institutions: Grameen Bank has created a family of a number of institutions with a view to develop certain sectors of Bangladesh which can contribute to the economy of the country. Some of these institutions have been named below:

- Grameen Solution (A flagship technology company of Grameen Bank)
- Grameen UNIQLO
- Grameen Krishi (Agriculture) Foundation
- Grameen Motsho (Fisheries) Foundation
- Grameen Uddog
- Grameen Fund
- Grameen Kalyan ("Rural Welfare")
- Grameen Shakti ("Energy")

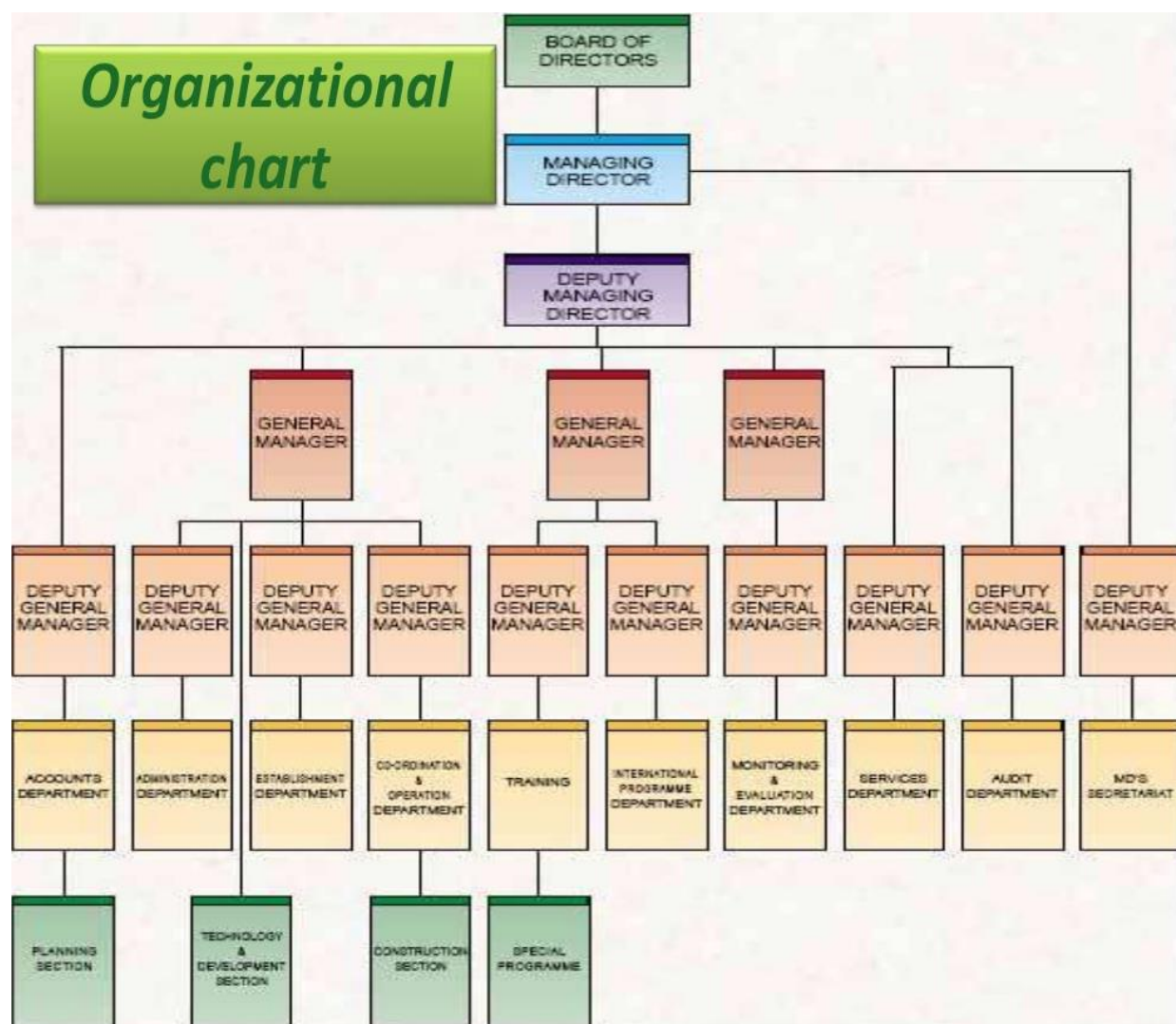


- Grameen Trust
- Grameen Communications
- Grameen Shikkha/ Education
- Grameen Telecom
- Grameen Knitwear Ltd
- Grameen Cybernet Ltd

There are a number of other institutions as well in this Grameen Family.

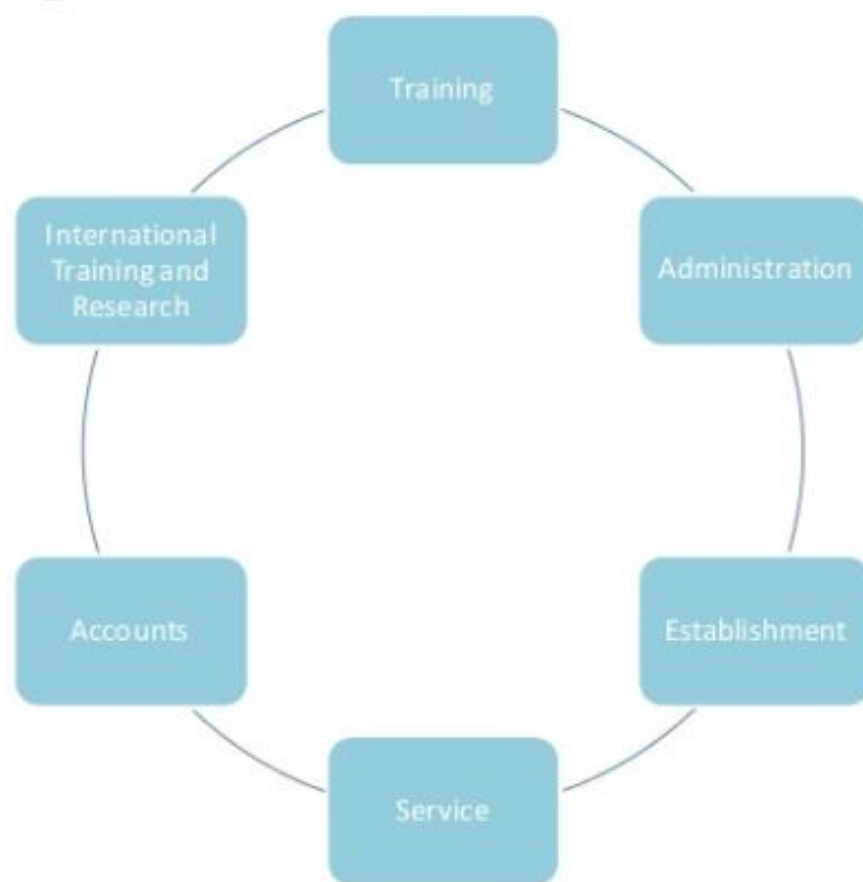
3.5 Operation

As the organogram shows, the highest position in the organogram of Grameen Bank is held by the board of director followed by the managing director. There are 13 board of directors. Selected by borrower and government. Under the deputy managing director works the general managers and Deputy General Manager. Under these general managers as well as deputy general managers also works. All the other department and sections work under these deputy managers.



.Figure 3.10: Organogram of Grameen Bank head office

Under the deputy managers there are all other departments controlled.



Graph 3.11: Head office Department

The accounting department, training department, finance, International Program department, audit department all controlled by deputy managers. There are total 10 deputy managers who look over the overall department. Training department provide training to the employees, members, intern etc. International Training and research worked for their international visitors and intern who came to look over the overall procedure. There is one deputy managers who controlled the overall department. Under him there are 3 to 4 program managers. There are also two desk managers under this department.

Lastly their main operational worked done in a branch office. The microloan provide from branch office.

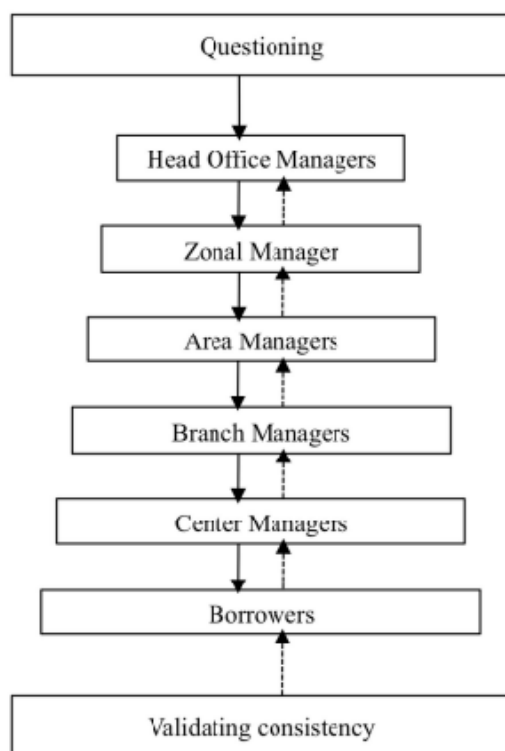


Figure 3.12: Organization Structure of a branch office

In figure 3.11 shows how their branch office work. In every branch they are under controlled of area managers. There are few center managers under branch managers, their main work is collecting and providing loans. All area managers need to provide information about borrowers to zonal manager. Then zonal managers make proper documents and send it to head office. This is how the operation works. The main operational work starts from branch office. Collecting money, providing micro credit loans, forming group for borrowers all of those done by branch office. The whole process is monitored by head office.



3.6 SWOT analysis

SWOT analysis is a tool that helps to show an organization's exposure as well as potentials in terms of the strengths, weaknesses, opportunities and threats of that organization. It helps an organization to measure their current performance and recognize the necessary steps that are needed for the betterment of that organization. Here, a brief SWOT analysis of Grameen Bank has been provided below:

Strengths:

- Grameen Bank has 9.6 million members. No other MFIs have this amount of members. There are a lot of poor rural people in Bangladesh who are desperately in need of micro-credit. So it's a plus point for them. Every year members are increasing. Also their fund are increasing because of the members are savings money.
- Grameen Bank has a good brand value, which helps the bank to build a relation of trust and co-operation with the customers. It happed because of their services. They are the pioneer in micro credit sectors. So rural poor people gain faith on them. They are doing business more than 40 years in Bangladesh. They need to start more profitable business, like BRAC does.
- Grameen Bank is the only MFI in Bangladesh which is legally authorized for taking deposits. Also, it has created a family of institutions. So, the company need not worry about the necessary financing.
- Modern technology has helped Grameen Bank to make its operation easy and fast, Just like it has blessed any other modern organization. Because of the advancement of technology they can transfer their data easily through branch office to head office. They are working on to many pilot projects for more advancement on technology. Like cashless transection, mobile apps etc.



Weakness

- Sometime it gets a bit difficult to collect the return of the loans, because there are lots of coincidence occurs. If any member dies, without paying his loans. Then Grameen Bank faces loss. They didn't claim the return. Though they help that family.
- Grameen Bank deals with a high turnover rate. The asset turnover rate changed over time. Which is not good for a organization.
- The structure and culture that Grameen Bank has been following, have resulted to unexpected failures in case of a number of mergers that aimed at vertical integration (Porter 5 models). Days by day they are increasing branch, but because of huge competitors in MFI sector they may have face declining.

Opportunities

- Grameen bank is already considered to be a role model to the whole world. They are Nobel oriented organization. By expanding their branch all over the world, this bank can gain a major success.
- A trend of E-commerce has been noticed now-a-days, and the sales in the e-commerce industry are increasing. Following this trend, Grameen Bank can gain some major success. They need to start all of their pilot programs. They need to update their technologies more.
- Adapting to the new technological innovations, Grameen Bank can facilitate its growth furthermore. If they adapt mobile banking, they can earn more. Because BRAC bank Bkash have done very well in market. Bkash and BRAC together working for new cashless micro financing. If Grameen Bank starts this, they will get advantage more. Because of their huge members.



Threats

- Political instability is one of the biggest threats for companies like Grameen Bank. There are lots of political issues they face, like income tax advantage, tax deduction etc. those issues cause bad impact on business, like increase loss.
- Economic inflation can have a big impact on the performance of Grameen Bank. Though most of the Micro credits are for short term, but there are many borrowers who borrowed for long term and huge amount of money. So it causes impact when economy face inflation. Also most of the borrowers pay their loans for a long time period, because of their installment times.
- The threat of increasing competitors and substitute products is another issue that Grameen Bank should take seriously. Though they don't take this matter seriously, it is high time for Grameen bank.

3.7 Steps/ Strategies to meet the challenges and opportunities

Considering the outcomes of the SWOT analysis, Grameen Bank can take the following steps to fight the challenges and make the most out of the opportunities:

- Initiate the start of latest technologies so that a competitive advantage can be gained and growth can be facilitate. Need to start using more update technology.
- Grameen Bank can build up some more subsidiary institution so that the necessary financing can be managed without any hassle. Like start new business, they also can start their bank commercial way, because they have huge amount of funds.
- Using the best use of world-wide recognition, Grameen Bank should expand itself and start operating in countries outside Bangladesh. It can turn out to be a major key of success for the organization.



- To deal with the high turnover rate, Grameen Bank should increase payrolls, provide the employees with incentive packages and benefits so that their work morale gets improved. This is quite a possible thing to do since the costs are low currently.
- They need invest more in new business. Because their most of the business are not much profitable. They need to renovate their Grameen UNIQLO business, like Arong. Need to do more brandings. Start new branches, provide online sales.
- To deal with the competitors and innovate more, Grameen Bank should invest more on research and development. Their R&D department is not active. They need to recruit more young peoples in this department. So that they can cope up with new generation business.



Chapter-4

Internship Experience



Grameen Bank internship program is quite different from other organizations. They offered training program. They have total 3 months of internship program. The first 6 weeks is like a training program with other official work. Then the last month is in head office under different department. After the training program need to sit for an exam, which is mandatory for all intern.

4.1 Position, Duties and Responsibilities

Position:

I have joined as an intern at Grameen Bank in 26/01/2020 in head office. I joined under International Program Department as an intern. I worked under various departments.

Duties and Responsibility:

Front Desk (International Program Department): When I joined as intern, my first department was International Program Department under Md. Humayun Kabir sir. He helped me to learn a lot. After 6 week training program, knowing about the organization

- My first work was create data of every intern and provide information to international and local students about the organization.
- Replied emails of foreign peoples about the training program and internship program.

Center Manager (Branch Office): I also have got chance to visit rural branch of Grameen Bank. It was the part of their internship program.

- Described rural people, how to form a group. It is mandatory for taking loan. They must have to form a group and then must be known to each other. They must never be blood relative.
- I helped them to fill up the form, described them rules and regulations about the loans, Interest rate, weekly payment details, loan period, benefit and most importantly the 16 factors of Grameen Bank.



Credit Department: In Grameen Bank, most of the credit proposal passed from Area office. But for bigger amount of loan need to visit head office. Then Bank will check their old history, Then need to prepared official documents.

- My task was create excel sheet and input the data, calculate the interest rate, installment scheme etc.
- Helped clients by providing information about procedures for taking loans.

Junior Call center executive (Grameen Telecom): They are the sister concern of Grameen bank. They still now have too many customers.

- Receive customers inquires, and provide information they need.

4.2 Training

The training program was mandatory for all interns. They have divided the program in three ways

- Learning from office (theoretical)
- Learning from field trip, visiting the Branch office
- Visiting other organization under Grameen Bank

Week 1st: In our group we have 10 interns from different university. First we meet with our coordinator. The first week program was, knowing the basic information about the organization, history, basic about the loan program. Consult with coordinator for queries. Attend a presentation of their current programs.

Week 2nd: The second week was a field trip. We visited a branch office in Katigram, Manikganj. Then has a meeting with branch manager. We learned how the loan process work. How they form a group, collect installment etc. Question and answer session with the members and employee. Discuss about the outstanding loans with the branch manager.



Week 3rd: Week three was interesting. It was 5 days overnight branch area visits. We learn how the village poor people developing day by day. How Grameen Bank changed rural area. We meet some successful peoples, who took loans and it changed their life. Learned how micro credit works.

Week 4th: In forth week, we have attend more center meeting in rural branch office. We learned about their human resource management. It was related to monitoring the branch, collecting information from the branch. Our coordinator teaches us, how all information came from center to head office. Through branch office, area office, zonal office and finally in head office. Learned about the credit department procedure, how its work.

Week 5th: Fifth week, I have got chanced to had a meeting with MD and GM of Grameen Bank. In this meeting we learned what their future plan is. It was a briefly presentation about the organization. This week, I also attend few more meetings with other sister concern of Grameen Bank. Like Grameen Energy, Grameen Trust, Grameen Communications, Grameen Shikkha/ Education, Grameen Telecom and Grameen Knitwear Ltd.

Week 6th: In sixth week, we have attended few more presentations and audio visuals. This week we also have chance too meeting with Dr. Muhammad Yunus at Yunus Center. The last day of the week we sit for an MCQ exam, which was mandatory for training program.

4.3 Contribution to departmental functions

Public Relation Department: My main duty was helping local and foreign peoples by providing information about the training program offered by Grameen bank. I helped them, by processing their form for field trip, training program and many more. It was my main task.

Branch Office: In branch office I helped people who want to open an account by providing information. Like the rules for taking loans, how to form a group, benefit, interest etc. and obviously the 16 rules by Grameen Bank.



Credit Department: In this department, I have used my technical knowledge. Interest rate calculations, the installment amount etc. my main work was preparing proper installment rate and documents who wants to take the loan. I also sorted out candidate over their past loan history. Sort out that if they have any past outstanding loans or not.

Grameen Telecom: I worked in call center. Providing information and solve customer inquiries was my main duty.

4.4 Evaluation of Internship performance

Grameen Bank management evaluates their intern performance few ways

- i. Evaluate formally
- ii. Do personal observation
- iii. Provide recommendation for better performance

As an intern, I always attempted my best to accomplish the work appropriately. But I had faces few problems regarding my work. There was few things need to maintain regularly, like formal dress code, maintaining time. The main things I have learned how to manage time properly.

When I have got an assignment or task, they firstly saw if I did it on given time. After completing the task, they do personal observation. If there is any mistake they sort out. After do correction they do formal evaluation.

I have made few mistakes when I was working in credit department. But my coordinator was too much helpful. He helped me a lot regarding any problems. They evaluate my work formally and given a good compliment. Grameen Bank gives me the opportunity, to know the organization. There are lots of things to learn, they have too many department, sister concern. They justified my ability to learn and cope up with new environment. This helps me a lot, to know how corporate culture actually works. They appreciated my work, as I worked there like a normal representative and helped them to make their assignment quick. They were quite impressed with my performance.



4.5 Skills Applied

As an intern I have got too many chances to apply my skills. They give too many chances. If anyone faces any problem, they helped them. Though there was limitation of time, because they have arranged too many meetings and training program. I tried my best to apply my skills.

- The most important skill I applied, the time management. I need to attend every training program at proper time. After training I need to attend my regular task. This was little bit hard for me. But I enjoyed. I also learnt how to be more efficient in work place. Always try to cope up with the corporate culture they followed.
- I was mainly got chance to apply my computer related skills. Like PowerPoint, excel and Microsoft office. Because I was prepared too many excel sheets. I have experienced to reply too many emails for foreigners. I also applied my financial theoretical skills which I was learned from my major courses, when I was in credit department.
- I also applied my communication skill when I worked for Grameen Telecom call center. It helps me to communicate with new peoples. Also my communication skill helps me when I was in field trip in a Kutigram, Manikganj branch. I helped peoples, about providing information.

4.6 New Skills developed

Working as an intern, I developed too many skills. It is necessary for every student, which helps them to cope up with corporate culture.

- I understood how corporate culture works. And the disciplined and guideline followed by the organization. How to be more disciplined in workplace.
- The first thing I learned how to be more efficient in work place. The time management was another important thing. Providing information to the customers and after that provide data and related information to the senior manager, this helped me to develop the skill how worked under pressure.



- I also developed my typing and computer skills. Few software like QuickBook, Excel efficiency increased.
- When I worked in rural area, I have learned how to communicate with rural peoples. It was little bit tough, because most of the people were illiterate. So it's helped me a lot to develop my communication skill.

My coordinator was too much helpful. He helps me a lot when I faces any problems, he always sort out my weakness. So that I got chance to worked with my weakness and got time to develop those things.

4.7 Application of Academic Knowledge

As an intern, I mostly applied academic knowledge from the courses Micro and macroeconomic, banking and insurance, managerial Finance, corporate finance, FSA, Computer Application etc. those courses helped me a lot in working place.

- Grameen Bank is a micro financing organization. Micro and macroeconomics course helped me how actually micro financing works in our country. This course helped me a lot about the micro credit.
- Managerial Finance and computer application course helped me when I was working under credit department. I need to prepare installment schedule, Interest rate etc. so both courses pay important role when I was worked under credit department.
- Three month was not enough time to learn everything about organizations. But I tried to applied FSA and corporate finance course in my workplace. Though, I got little chance to apply. But I tried my best.



Chapter-5

Recommendations

5.1 Recommendations for improving departmental operations

- Grameen Bank needs to provide less training program for intern. Because their training program is too much long. In every week they have training program. If they reduce training period, it would be helpful for interns to know more about the other department and they will know how actually works other departments.
- They need to open more branches in city, so that poor people who lives in slum, workless they can be helpful. There are not many branches in city, but in every city in Bangladesh there are many poor people lives. They actually need help. They need proper guideline for do something. If they start working for city, their members will be increased more.
- They need to start ATM service, so that rural area people who have savings account can get more benefit, which helps them to go through, updated with new technology and helps them to do transactions easily. They can withdraw money when they needs. Also Grameen Bank can earn profit though if anyone takes ATM service. Because, then they can impose service charge for ATM services.
- They need to recruit few more peoples for International Program Department. Because the pressure in this department is much high. It's not possible for one people in front desk to handle. They have too many foreign and local clients, so it's important.
- Their audio visual department, international program department and finance department all computers are too much old to work. Their website is not updated regularly. They need to update their technology. It would help employees to do work more efficiently.
- They must need to start mobile banking service. Because their most of the customers from rural area, everyone have mobile phone. If they can connect their customers by mobile banking service, this would help rural people a lot. Their charge interest rate is too much low compare to other bank. So they can be benefited by doing mobile banking service at lower cost compare to other competitors in market.
- They took installment in every week and if anyone wants to take loan they need to come on that specific date. If the system started on branch office, where people can took loan from anytime at any time, it would be more helpful for poor peoples.



- They need to start all the transaction entry procedure online based. This would be quicker. Because the data came from branch office to head office need almost one week. Now internet connection availability and technology is easy to get. Every branch manager need to be connected through the branch to head office by using up-to-date transaction entry process.

5.2 Recommendations for improving self-performance

Working with a Nobel oriented organization was too much great opportunity to learning. There was limitation of time. If I had got more time then I would have learnt more. I have done few mistakes in my workplace, which helped me to know about my weakness.

- I have to improve my communication skills more. Because I was always feel shy when I was tried to contact with senior managers. Because of my shyness I didn't learnt lot of things and didn't find out my mistakes. If I overcome this, this will be helpful for me. This will help me make proper decision in workplace.
- When I worked under pressure, my anxiety levels always goes high. Then it's hard for me to concentrate my works. I need to work on meditation. In future it will cause problem, when there will be lots of pressure in workplace.
- I need to increase my typing skills and fewer mistakes. When I tried to entry all data in excel, sometimes I have done mistake. This is not accepted for any organizations. I need to concentrate more.
- I need to be more confident in workplace. I always tried to ignore queries and try to solve my problem by my own. I need to increase my confident level. So that I can easily sort out my problem and working with others.



Chapter- 6

Conclusion



Conclusion

In this report I tried to represent the overall MFI sectors in Bangladesh and Grameen bank. At the starting of report, Their way of operation, contribution to our economy, history and many mores. The MFI sector done very well in Bangladesh. Every year their customers, branch increased. Then represent an elaborate scenario of Grameen Bank, their starting journey, their contributions to our economy, their growth and many more.

In this report I provided few recommendations for MFI sectors and also for Grameen Bank. If MFI are more concerned about updated technology, the whole industry will be benefited. Because they are not advanced in adapt new technology. Adapting new technology can help employees and members more productive and more efficient. Grameen Bank need to start their operation in others country, because they are Nobel oriented organization. They are recognized by worldwide. There are few law need to imposed on this sectors. Because too many fraud NGOs increasing every year. Government need to impose tax also for NGOs who are operating business commercial purpose. Also provided few recommendations for self-improvement.

In this report, the recommendations provided. If it's followed by decision maker in this sectors, in future our economy will be more developed. If government increased fund more for NGOs and MFI rural poor people will be helpful. It's an important sector for underdeveloped country. They have huge impact on our economy. They are helping rural peoples by providing loans, without any collateral. More than 2554 registered NGOs are working for them. In 2014, almost 676 MFIs provides micro loans to 19,930,567 members. The borrowing amount was 278,017.55 million BDT. Their main mission is poverty free Bangladesh. And I think they are success. If we look over our GDP chart, it is increasing every year. They are making new entrepreneurs, self-depending peoples. This helps a country economy system more stable. After 1971 if we look over our economy it was worst. Now in 2020 the scenario changed. Economy developed. So if peoples in this sector invest more, government provides more supports, digitalized MFI sectors, In future there will be no poor peoples in Bangladesh.



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Appendices

I joined Grameen Bank, Head office in 26 January 2020. They have different type of internship program. This includes lots of training, official work, trip, meeting etc.

Week 1st- 6th Attend various training Program, meeting, field trip in rural branch office.

2nd and 3rd week- attend branch office in rural area. 5 days over night branch visiting.

4th week- attend meeting and learnt how their HR department worked.

5th week- Attend meeting with Managing Director of Grameen Bank. Also I joined in front desk, in international Program Department. Helped clients by providing information.

6th week- Attend audio visual presentations also meeting with Grameen Bank other organizations.

7th to rest of the days- worked in credit department, Grameen Telecom call center, branch office in rural area.

Acceptance Letter



Grameen Bank

Nobel Peace Prize Winner 2006

Date: January 26, 2020

Manjurul Haque Khan
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Career Counseling Center (CCC)
United International University.

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88 02 8011138
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Dear Manjurul Haque Khan,

Greetings from Grameen Bank!

We have received your letter regarding your plan to send your student Md. Nayan Basher, ID-151151574 for doing an internship at Grameen Bank. Thank you for your letter. We would like to inform you that we receive students at Grameen Bank for unpaid internship. As requested your student is most welcome to do an unpaid internship at Grameen Bank from 26/01/2020 to 25/04/2020.

We welcome the interns to perform their studies according to their needs and objectives. We also encourage them to prepare their own checklist / objectives of their work in order to achieve their requirements. Field visit also may be arranged according to the need of the intern.

Please note that Grameen Bank generally charges 1000 BDT as facilitation fees per person for an internship from the students of private educational institute and facilitation fees for the students of Govt. Public Universities are free. Grameen Bank does not provide any financial support to the interns, nor does it arrange for any such support from outside. All expenses for food, accommodation, transport, etc. should be borne by the interns themselves. Please take into account that Friday and Saturday are weekly holidays in Grameen Bank.

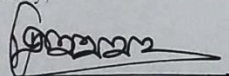
We are sending you the following web sites of Grameen and we hope you will find them useful.

<http://www.grameen.com>

<http://www.grameen-info.org>

Please note that Internship Program usually supervised by International Program Department of Grameen Bank head office. Please let us know if the above information suits your students to work with us as unpaid internship and let us know the convenient date & duration for internship. We are looking forward to hearing from you.

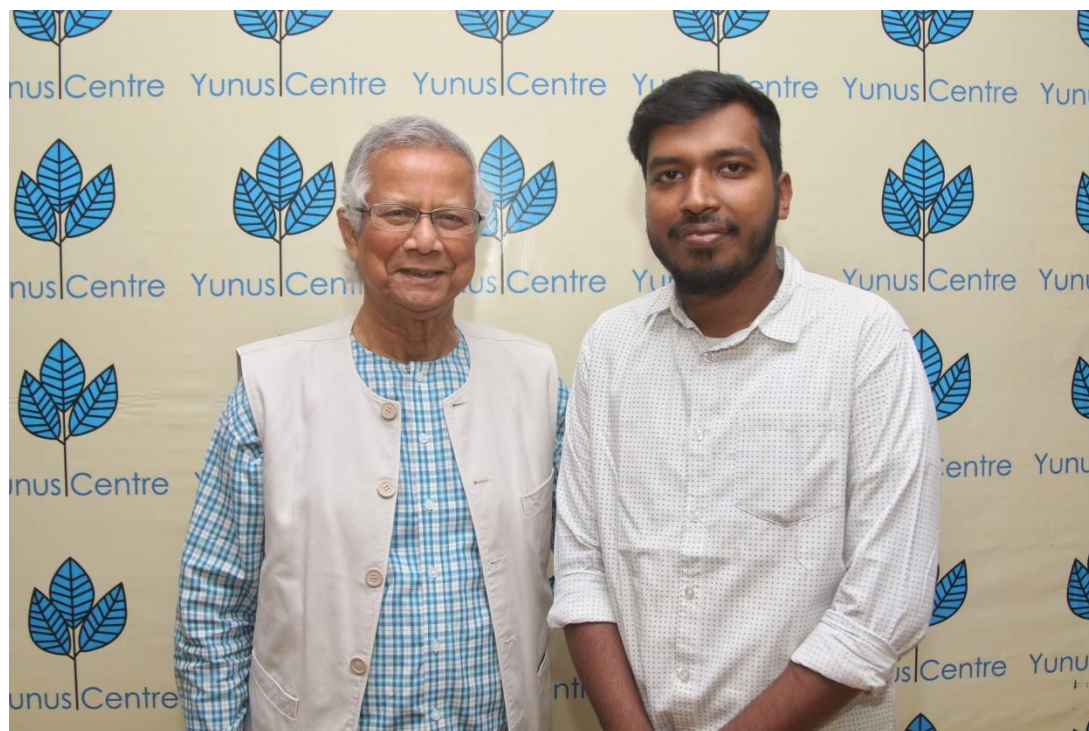
Sincerely,



(Golam Morshed Mohammed)
Assistant General Manager and Unit Chief
International Program Department
Grameen Bank, Head Office
Mirpur-2, Dhaka-1216
Phone & Fax: 880-2-9009576
E-mail: g_iprog@grameen.com



Photo Gallery





He is 82 years old, Took loan from Grameen Bank in 2001. He has nothing early those days. Now he earn good amount of money by selling his product in near market. (Katigram, Manikganj)



A Chanachur factory of a woman named Shilpi Rani. She took loan 1 lakh taka from Grameen bank 3 years ago and started her own business.



Branch office. (Katigram, Manikganj)



A group photo with Interns, Branch manager, members who took loan from Grameen Bank (Katigram, Manikganj)