

United International University

Internship report

On

“SME Sector Comparison between BRAC Bank Ltd. and Some Other Commercial Banks”

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“SME Sector Comparison between BRAC Bank Ltd. and Some Other Commercial Banks”



LETTER OF TRANSMITTAL

19 September, 2018

Mr. Mosabbir Uddin Ahmad

Assistant Professor

Department of Finance

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United International University

Subject: Submission of internship report.

Dear Sir,

I am submitting my internship report titled ***“SME Sector Comparison between BRAC Bank Ltd. and Some Other Commercial Banks.”*** as part constraint of Internship program under BBA curriculum. I would like to procure this break to express thanks you for the guidance and provide for you enjoy provided me during the choice of this report.

To prepare the report I collected what I believe to be most relevant information to make my report as analytical and reliable as possible. I encompass concentrated my finest energy to accomplish the objectives of the report and look-in that my make an effort will supply the purpose. The functional awareness and skill gathered during my article groundwork will hugely benefit in my upcoming expert life.

I would really be grateful if you enlighten me with your thoughts and views regarding the report. Also, if you inclination to enquire about a part of my report, I would gladly solve your queries. Thank you over for your sustain and patience.

Yours Sincerely,

Md. Rezaur Rahman

ID: 111 151 361

United International University

OBSERVANCE

I would like to acknowledge my respectable overseer **Mr. Mosabbir Uddin Ahmad** for bountiful me the opening to plan the report. I am thankful to him for his constant buttress and supervision, suggestions and only if me with expensive in rank that was extremely a lot required for the completion of this report.

His important indication complete it laid-back for me to get ready the report. I as well express thanks **Mr. MD ANAWAR JAHID**, BRAC Bank Ltd. Supervisor, for his intense hold up to train this report. And additionally gratitude to my others supportive colloques.

Utterly my sincere gratefulness goes to my family, friends, generation and colleagues who helped me on every occasion I needed.

EXECUTIVE SUMMARY

I have prepared my internship report based on the three months long internship program that I had successfully completed in BRAC Bank Ltd. under accounts services department of operation division of Head office from 27 May 2018 to 27 August as a requirement of my BBA program on School of Business, United International University. The topic is about the **SME Sector Comparison between BRAC Bank Ltd. and Some Other Commercial Banks**. I also included general banking operation of BRAC Bank Ltd. I have worked in customer service in SME sector and I collected data for report.

The 1st phase of the report different aspect of the report like methodology, origin, objective etc. of the report. Phase two is the organization part, in this section, the detailed background of BRAC Bank Ltd. has been provided. This section looks into the different aspects of the bank starting from the mission, vision to the business and functional units of BRAC Bank Ltd.

The next phase is the job part. In this section, I have put forward my job description as an intern in Head office and the different tasks that has been assigned to me, how the task were done etc.

The next phase is the most important part of the report, this is the main section. Here, according to the title of the report, **SME Sector Comparison between BRAC Bank Ltd. and Some Other Commercial Banks** has been provided. Performance is influenced by lots of factors in that reason, I have decided that it is fair to compare performance of **BRAC Bank Limited** with **DBBL & JBL** which are more or less same category bank in terms of assets, number of branches and number of employees, foreign correspondents etc. The comparative analysis of BBL's performance in **SME** sector reveals that the bank is relentlessly trying to increase the SME portfolio as shown in 2013 & 2017. In recent years BBL is quite successful in developing themselves as a successful bank in **SME** sector of Bangladesh. Along with it a SWOT analysis of **SME** division has been done to look into the competitive edge of the bank.

Finally, in the last phase commendation, Inference and Reference has been done.

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Phase: I

Induction

1.1 Set of The Statement:

Economic possessions are the blood of lucrative development. The banking sector is painstaking to be a weighty spring of financing for largely business. In the banking sector, BRAC BANK LTD. is one of the chief banks in our country. I perfect my job series in BRAC Bank Ltd. that helps me to get it the environment of corporate world.

1.2 Beginning of the report:

This register has been ready as a mandatory prerequisite for BBA syllabus completion of Department of Business Studies, Faculty of business Studies of **United International University**. I was assigned for liability my job in BRAC Bank Limited. My job stop has helped me to improvement a little familiarity about corporate environment. As an intern of BRAC Bank, I was provided with the subject **“SME Sector Comparison between BRAC Bank ltd. and Some Others Commercial Bank.”**

1.3 Objectives:

Open Objectives:

- To consider the refund conduct of SME lend borrowers
- To make out SME finance and its progression of recovery

Diacritic Objectives:

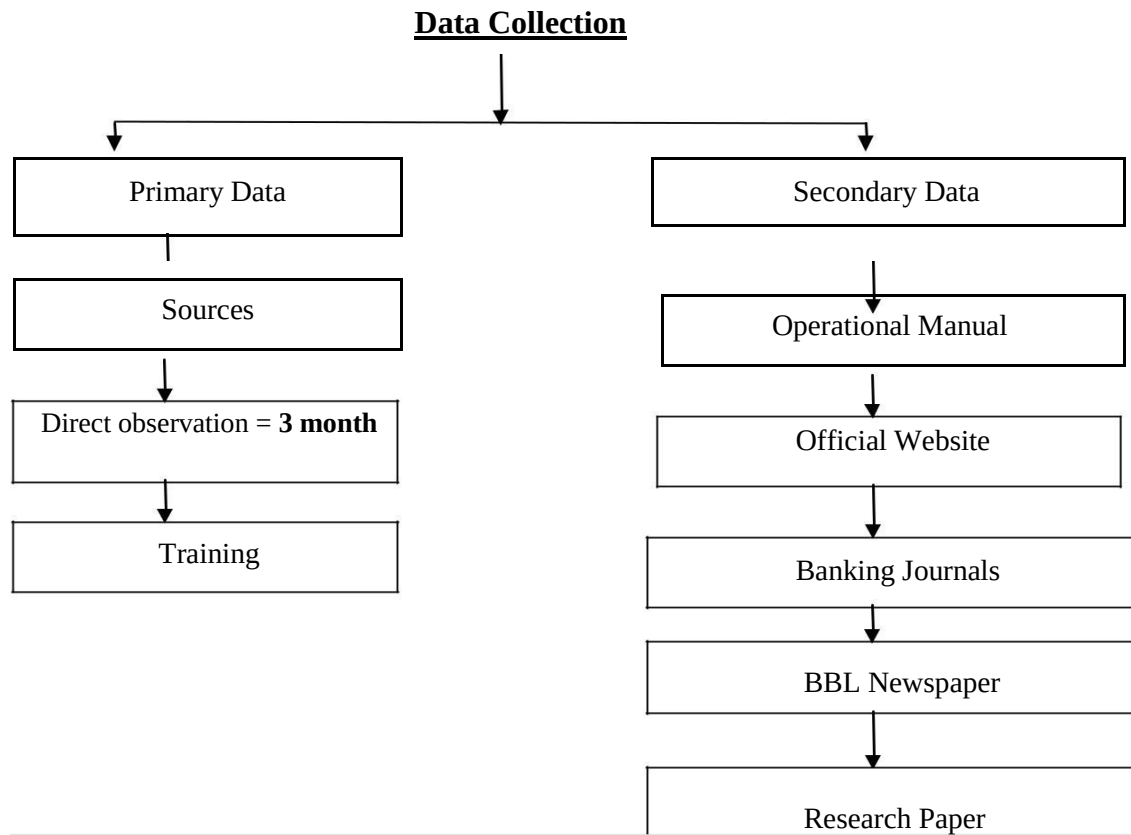
- To stumble on out unsophisticated appraisal of SME loan
- To be on familiar terms with the endeavor choice criteria to afford SME loan
- To experience the requisites and situation of SME loans

- To be familiar with the expenditure and recovery procedures of SME loans
- To assemble roughly rule implications and inference to extend the change of SME give somebody an advance of foodstuffs of BBL.
- To be on familiar terms with the product route and monitoring system of Asset undertaking Department
- To open the input operation indicator of the department
- To realize how the SME give somebody a loan of borrowers would perform in repaying their loan
- To go through whether SME advance borrowers are tediously paying their installments or no

1.4 Method and records analysis:

The revise uses equally initial numbers and less important data. The give details is not speaking into two parts. One is the club segregate and the other is the envisage part. The parts are in effect dispersed from one another. The in sequence for the method share out of the testify was together from consequent sources like books, available news and tangle place of the BRAC Bank Limited (www.bracbank.com). For common idea stage about the level terse interviews and dialogue meeting were full as main sources.

The in sequence for the plan ahead “Analysis of SME lend in BRAC Bank limited “both were together from initial and consequential sources. For gathering belief of SME loan, the item for consumption plan Guideline (PPG) carefully analyzed. Beside this observation, argument with the member of staff of the SME branch and give somebody a loan of doling out grouping they alleged pile was besides conducted. Extra over a sell inspect was conducted with a detail questioner. To discover the implementation, supervision, monitoring, and compensation exercise interview with the member of staff and wide analysis of the on hand sort was and feasible holder scrutiny was done.



Primary Data:

- ❖ Raw data is a term for data collected on source which has not been subjected to processing or any other manipulation. (Primary data), it is also known as primary data. It is a relative term.
- ❖ New data gathered to help solve the problem at hand. As compared to secondary data which is previously gathered data. As example is information gathered by a questionnaire.
- ❖ Information collected directly from the source through observation, conversation, and/or participation. The degree of reliability, validity, and precision required depends on how you intend to use the information. Visitor response to surveys is one example of primary data. In this report I used
- ❖ Interviews of Customer relationship officers (CROs)
- ❖ Focus group meetings
- ❖ Direct observation

Secondary Data:

- ❖ In research, secondary data is collecting and possibly processing data by people other than the researcher in question.
- ❖ Information collected by others such as government agencies and/or nonprofits that pertains to your area of interest. The degree of reliability, validity, and precision secondary data depends on how it was collected and interpreted. Census data is one example of secondary data.
- ❖ Any information collected from intermediate sources. Industry figures, databases library sources, and so forth are example of secondary data. In this report I used.
- ❖ Operational manual
- ❖ Official Website
- ❖ Banking journals
- ❖ BBL newsletters
- ❖ Research papers

1.5 Time Schedule:

Date	Activities	Duration
May 27, 2018 to 27 August, 2018	SME Banking	3 months

1.6 Limitations:

This report is not free from limitations. Moreover, the topic is so much vast. I have faced some problems while preparing this report. The limitations acquainted with this report are as follows:

1. *Lack of Information or Data:*

Adequate and in-depth well-organized information is not available for access. Though the officials tried to assist, sometimes their working pressure couldn't give me proper assistance what I needed. There is some information which need special permission from top level is not always achievable.

2. *Confidentiality of data:*

According to banking policy was not disclose some confidential information which was another important barrier that I faced during the conduct of this study.

3. *Time limitation :*

My internship program was about 3 month. This is fairly enough if I only concentrate on the report only but the thing is during this time I was busy to continue daily official activities. That's why there was a time constraint to finish it within the specified time frame.

4. *Lack of communication:*

Since I had to spend all the working days in office each and every week so, I did not have any scope to communicate with my supervisor to be informed about what aspects I need to include in my report.

Phase: II

Organization Profile



2.1 History of BRAC Bank Ltd.:

BRAC Bank Limited started its journey on 4 July 2001 originating from its source BRAC – ***Bangladesh Rural Advancement Committee***. BRAC is known as the one of the most successful NGO in the world.

BRAC Bank has been the fastest growing local bank in the year 2004 & 2005 with a double bottom line of vision. This organization wants to mix profit and social responsibility together and as such serve the people of the nation. The parent organization that is **Bangladesh Rural Advancement Committee (BRAC)** has been working since the independence of the country for the development of the deprived people.

The concept of BRAC Bank is also based on helping those deprived people and at the same time making profit by providing top class financial services. For this reason 50% of the total loan portfolio of this bank is dedicated towards small and medium enterprises. It has been found that there exists a segment of people who do not have access to capital but if fund is given to them, they can excel in their own small and medium businesses and as such contribute in the development of the economy.

Today BRAC Bank is considered as third generation bank extending full range of banking facilities by providing efficient, friendly and modern fully automated on-line service on a profitable basis. Since its inception, it has introduced fully integrated online banking service to provide all kinds of banking facilities from any of its conveniently located branches

2.2. Vision and Mission of BRAC Bank Ltd.:

Imagination:

“ Edifice profitable and socially answerable monetary society all ears on advertise and custom with intensification potential, by this means assisting BRAC and stakeholders to foster a just, enlightened, in the pink egalitarian and poverty free Bangladesh”.

Issue:

- Sustained development in slight & means project sector
- Continuous low-cost deposit advance with illicit escalation in retail assets.
- Corporate Assets to be funded through self-liability mobilization. Intensification in Assets through syndications and investment in earlier on the rise sectors.
- Continuous try to augment non-funded income
- Keep our debt charges at 2% to swear a steady profitable growth
- Achieve effective synergies between the bank's branches, SME company offices and BRAC pasture offices for mode of discharge and Banks other goods and services

2.3 Primary worth:

BRAC Bank's intensity emanates from its care for business BRAC. This means, we will storage space the next ethics and will be guided by BRAC.

- Value the statement that one is an element of the BRAC family.
- Creating an honest, not closed and enabling environment.
- Have a brawny client focus and shape relationships based on integrity, exclusive check and mutual benefit.
- Strive for profit & jingle growth.
- Work as bunch to achieve the unsurpassed fascination of our owners.

2.4 Logo of BBL:

The logo of BRAC Bank has been ready charge in brains the goal of the organization. The honestly form of the logo capital sturdy and strong. The fair-haired dye in the subordinate portion of the logo funds that 'Golden Bangladesh & her productive land'. The sad paint in the higher portion measures 'the sky with mammoth & indefinite opportunity'. The pallid

painted curve channel 'Growth and Progress'. Colorless circles in the depressed dye require the irregular sun that gives nimble to everywhere



2.5 Transaction ideal of BBL:

The big business perfect innovated was simple: assemble finances from the municipal advertise towards lending at semi-urban and rural. The swing round had to put your feet up absent from established banking, had to come into being new behavior to assess position proposals and to get hold of these dwell in who once in a blue moon accesses a invest outside metro areas, but the journey proved a success.

2.6 Products And Services Offerings:

BRAC depository Ltd. is at present focusing on four uncommon areas of sphere activities. These are: a) SME Banking b) Retail Banking c) Corporate banking d) Probashi Banking

SME banking (SME Products):

Currently BRAC BANK is offering 13 SME packaging. These are listed and briefly explained below:

- ☐ **Anonno Rin:** "Anonno Rin" is a business loan designed to finance small scale trading, manufacturing and service ventures, especially to help small and medium entrepreneurs.
- ☐ **Apurbo Rin:** Apurbo is a loan facility for Small and Medium business. Apurbo loan has been designed and target small entrepreneurs.
- ☐ **Prothoma Rin:** "PROTHOMA RIN" is a loan facility for small and medium sized business, which is operated by women entrepreneur. The product offers terminating loan facilities for the purpose of working capital finance or fixed assets purchase. Loan limit is from minimum BDT 3 lac up to maximum of BDT 9.5 lac.

- **Shomridhi Rin:** “Shomridhi Rin” is a loan facility to meet import-export related expenses, post import expenses, tax/duty payment, local bill purchase, working capital and fixed asset finance
- **Shompod Rin:** SHOMPOD is a business loan facility starting from BDT 1 million to BDT 35 million against home or business premise mortgage.
- **Shokti Rin:** Shokti is a Business loan under which one can avail BDT 1 million to BDT 10 million to meet any kind of business needs.

Retail banking (Products and Services):

Near are retail banking harvest of three categories. One is lend Products, second is Deposit goods and the other is Cards.

Corporate Banking:

Corporate Banking segment has three types of coverage currently. These are: a) Corporate give somebody a loan of Products b) Trade Financing & c) Corporate coins Management

Probashi Banking:

Our nation’s staff who are missing from their families, relatives, alone and above all, from breathing the expose of our country, operational abroad for the riches of their lives and the inhabitants in the lengthy series despite the fact that sacrificing a lot. BRAC Bank, through Probashi Banking services, is facilitating the banking requirements of remitters. At present BRAC Bank is providing six military for remitters under Probashi Banking.

2.7 Organization Hierarchy

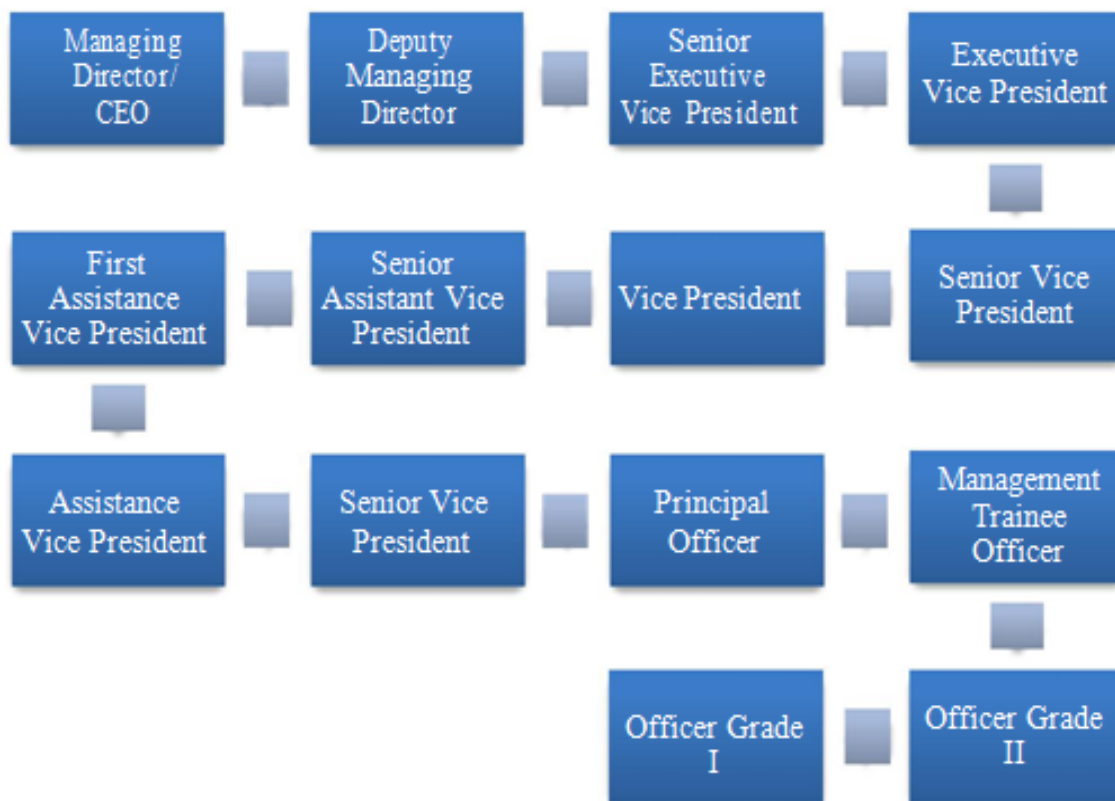


Figure 1: Organization hierarchy

Phase: III

Internship Experience

3.1 Occupation Category:

I connected BRAC Bank as a hold in custody in the undertaking apportionment on **27th May 2018**. I was elected after an in black and white ordeal of the respected department. With the consent of my onsite overseer my register is over **3 months of internship**.

3.2 Limited Employment Responsibilities:

This is a SME loan related job. I've worked on a new project of 10 thousand SME customers Database. What I did is fill the gap of customer profile in system customer identification information like customers' accounts relevant information (customers identification; NID, PASSPORT, TIN, contact no, working address etc. I did another job is working with a mismatched project where I worked on justifying customers identification document's validity. If the documents are invalid then we marked it and ask the information from branch. From these working experiences, I have got various kind of work experience of banking systems, operations procedure, customer relationship etc.

3.3 Critical observations and recommendations:

Boss and subordinates relationship: I observed that between boss and subordinate has friendly relationship for some cases. But there are also some traditional boss exist whose only need order and work. They just don't much talk with subordinate without any works. But there are more leaders whose have power to control their subordinate with motivation and caring.

Organizational culture and behavior: Organizational culture and behavior is well maintained. In any organization there much more need ethical culture and behavior than paper rules and regulation. In BRAC bank I saw that is very good. Every employee have positive attitude about their office culture and behavior.

Employees reward and orientation: BRAC bank has structure employees' reward and orientation facilities. They strictly judge every employees performances which called performance appraisal and give them reward, increment and promotions. Employees also use their pin to any Aarong shop with 10% discount. On the other hand compare to others bank BRAC bank salary structure bit low. So bank should think about it.

Working environment: BRAC bank ensures good working environment for its officials. But not the best, bank should make friendlier working environment for employees. It may produce more works.

Medical and Day care facilities: BRAC bank head office has medical and day care facilities but others office don't have. So authority should focus others offices.

Centralized structure: BRAC bank follows centralized official structure. In every important decisions comes from top level and also every important have to pass from top level. I think it is not good idea. Decentralized is best idea to work efficient end effectively.

Transport facility: BRAC bank has no transport facility for inside officials. They just only provide bike to the CRO for customer visit. BRAC bank should introduce this facility for better security of its employee

Phase: IV

Theoretical aspects of SME Banking

4.1 Small & Medium Enterprises (SME):

SME is clear as, “A determined managed in an adapted respect by its owners or partners, which has just an unimportant reveal of its bazaar and is not adequately sizeable to possess open to the sell replace for raising capital”.

SME typically suffer hardly any accesses to prim channels of finance and depends primarily upon savings of their owners, their families & friends. Consequently, generally SMEs are sole proprietorships & partnerships. As with altogether definitions, this one is not perfect. Depending on milieu consequently demarcation of SME will vary.

4.2 SME financing in Bangladesh:

Most of the Banks and monetary Institutions encompass incorporated SME banking. The merger is completed by no more than re-designing and scaling down their tide monetary food for the SME customer. This does not initiate anticipated rate adding to SME financing, since it is uniform financing under an unusual name. SMEs grant miserable price tag employment Opportunities and render flexibility to the economy. Lots of the SMEs are engaged in export actions telling that they are globally competitive. Allowing for the weight of SME sector in the nation of Bangladesh and tolerance the constraints under which such enterprises operate, it is evident that policies to assistance the promotion and lump of SMEs are necessary.

4.3 Significance of SME in Bangladesh:

Figure 2: Significance of SME in Bangladesh



Phase: V

SME Banking (BRAC Bank)

5.1 Procession Begins from “MISSING MIDDLE”:

BRAC Bank is promptly pioneered the insignificant and middle activity (SME) Banking. If we sense of the monetary pyramid, at hand are corporate institutions (local and Multinational) at the cap of the pyramid and here are glum pay packet folks at the bottom. Folks at the best are served by banks and other economic institutions though individuals at the underneath are served by Micro Finance Institutions (MFIs), e.g. NGOs. But SME sector in the halfway point were absent approach to essential banking air force and that's somewhere BRAC Bank has overflowing the gap. So, BRAC Bank Launched SME give somebody an advance of for cut and inner lessons custom from the perception of lost middle.

5.2 SME Banking Process:

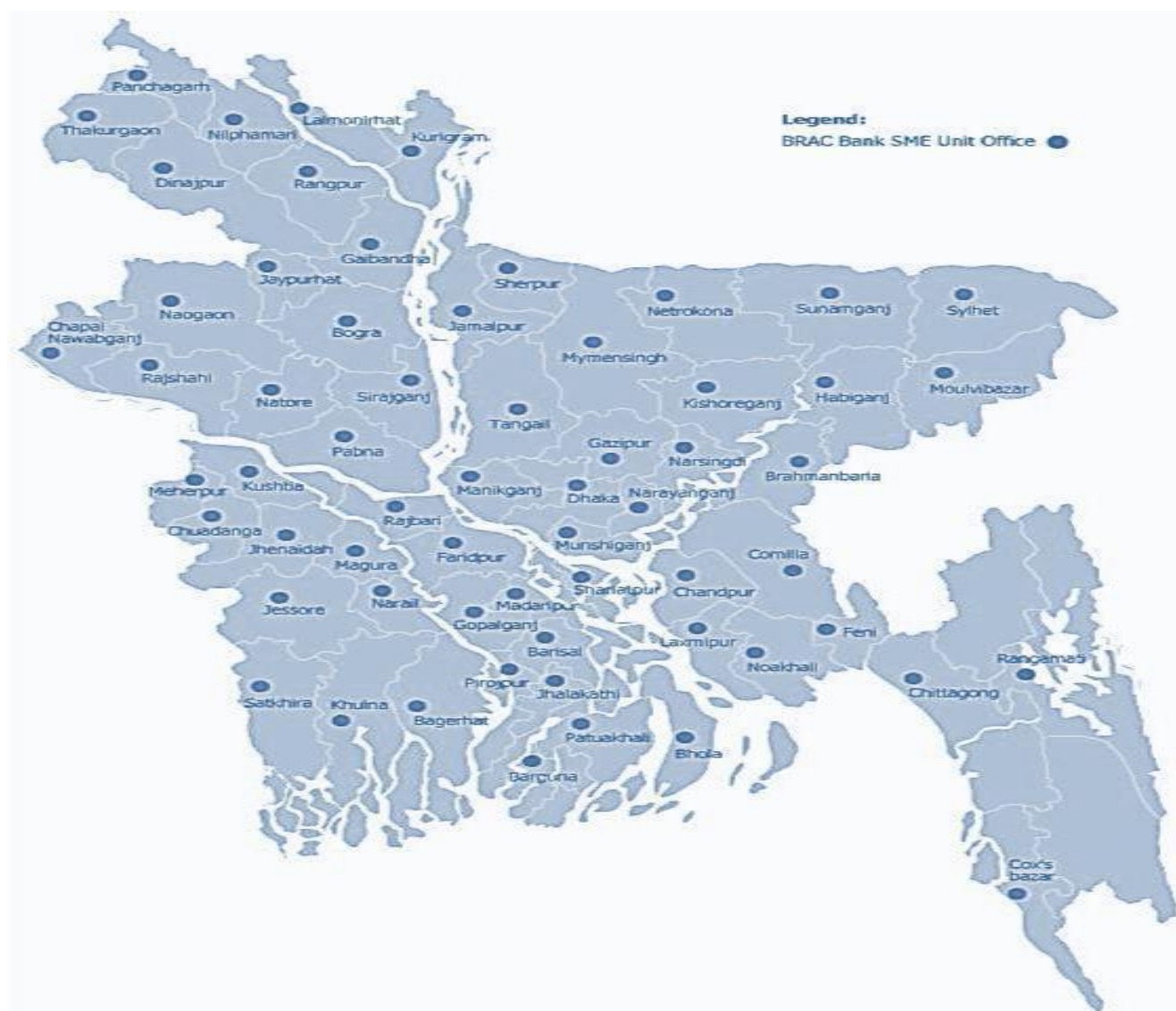
- Every SME corps position will be inflicted with a recent tally with a designate side in the locale of an organization office. This margin relation will be opened and operated by SME travel office.
- To join niggling price tag such as stationary, entertainment and other incidental expense, every one of part administrative center will be acceptable pastry hard cash of Taka 2000/=
- The cheque of this pastry money will be issued from SME controller work in the activation of the month. Entirely vouchers concerning to such expenses must be launch to the balance sheet from SME journey office
- Payment of charter rentals, efficacy bills and cheque drained on the SME item place of work have an account bill and issued by SME come first administrative center must give other expenses (Large amount). If these bills are minute amount, they must be compensated from the pasty notes and replenished later.
- All the monetary accounting entries will be approved at the SME start staff and will assert one by one on the beginning of the company office.

5.3 Requisites and circumstances of SME credit:

The SME region of BRAC Bank will make available insignificant loans to likely borrower under the next provisions and condition:

- The capability borrowers and enterprises take to discharge the mixture criteria.
- The advance sum is between Tk. 2 lacs to 50 lacs.
- SME will presume credit dispensation fees for evaluation/processing a loan proposal.

5.4 SME Network Coverage:



5.5 SME Goods:

BRAC Bank, individual the youngest bank, took a stride to occasion absent from familiar tradition and tapped into the firm commune consumerist initiatives. Now BRAC mass has next SME give somebody an advance of products such as **ANONNO (Business Loan)**, **APURBO (Term Loan)**, **PROTHOMA (Term Loan)**, **SHOKTI (Business Loan)**, **DURJOY (Business Loan)**.

5.6 Activity Choice Criteria:

The accomplishment of SME will chiefly depend on the choice of a selling and staff behind it. In conditions of the commercial (Enterprise), the next attributes must be sought:

- The matter ought to be in function for at slightest three year.
- The establishment be supposed to be environment friendly, no narcotics or tobacco business.
- The company must be officially registered, i.e., justifiable trade license, earnings accuse or silo registration, where applicable.
- The contract must be in officially permitted trade, i.e. smuggling will not be allowable or socially intolerable commerce will not be entertained.
- The trade be required to include a definite marketplace with a clear budding growth.
- The transaction have got to be located ideally minute to the bazaar and the spokesperson of its unrefined materials/suppliers. It must maintain get into to every one of the utilities, skilled manpower's that are required.

Phase: VI

BRAC Bank: SME loan

6.1 Complete Credit and Advances:

Credit and Advances augmented by BDT 28,947 million in 2017. This is an answer of continuous intensification in lending business and solid growth in banking industry reflecting a continued focus on customers and profitable growth. Here the 5 years total loans and advances in BBL are given below:

Loans and Advances (Taka in Millions)	
Year	Amount
2013	117,111
2014	121941
2015	147434
2016	173612
2017	202559

Table 1: Total Loan and Advance (Taka in millions)

Sector-wise honor range is exposed in the picture below:

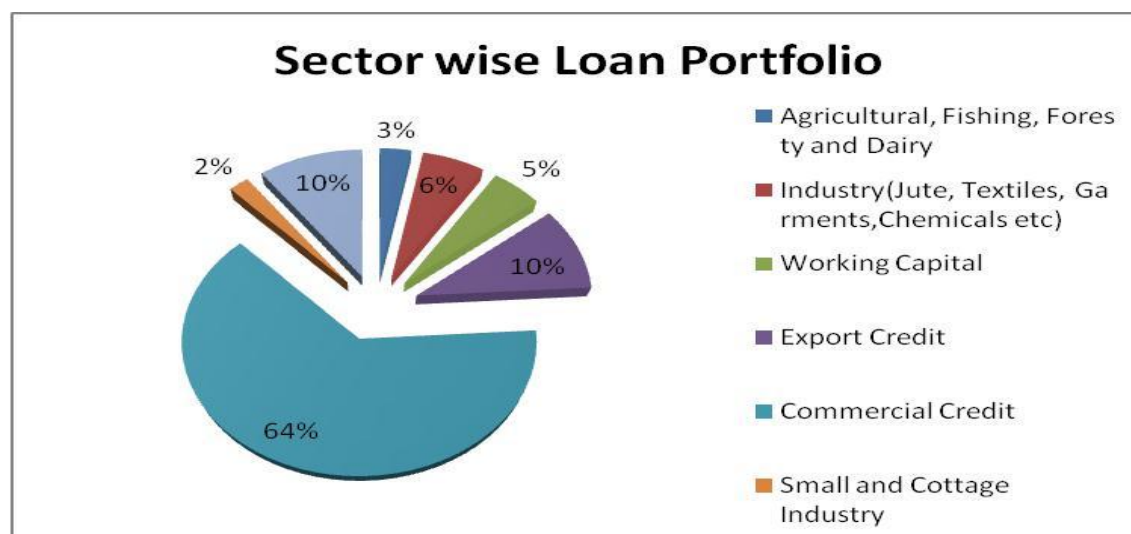


Fig-3: Sector wise loan portfolio.

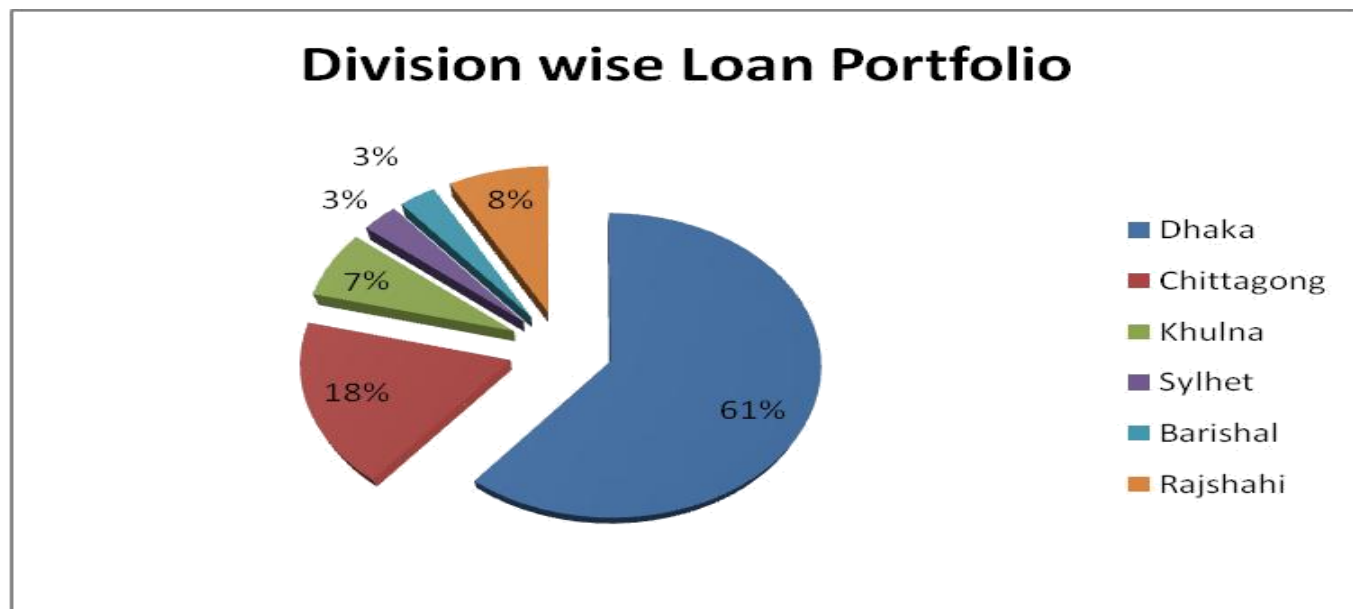


Fig-4: Division wise portfolio

Credit concentration is made known in the above pie-chart to elaborate the locale of concentration of loans and advances. About 39% of full lend selection concentrated outside Dhaka.

6.2 In Service Profit from SME:

BRAC Bank's in use profit increases in every day at a spitting image figure growth. In 2016 it was near **800 million** but in **2017 it increases 63%, near to 1800 million**. In use Profile is below:

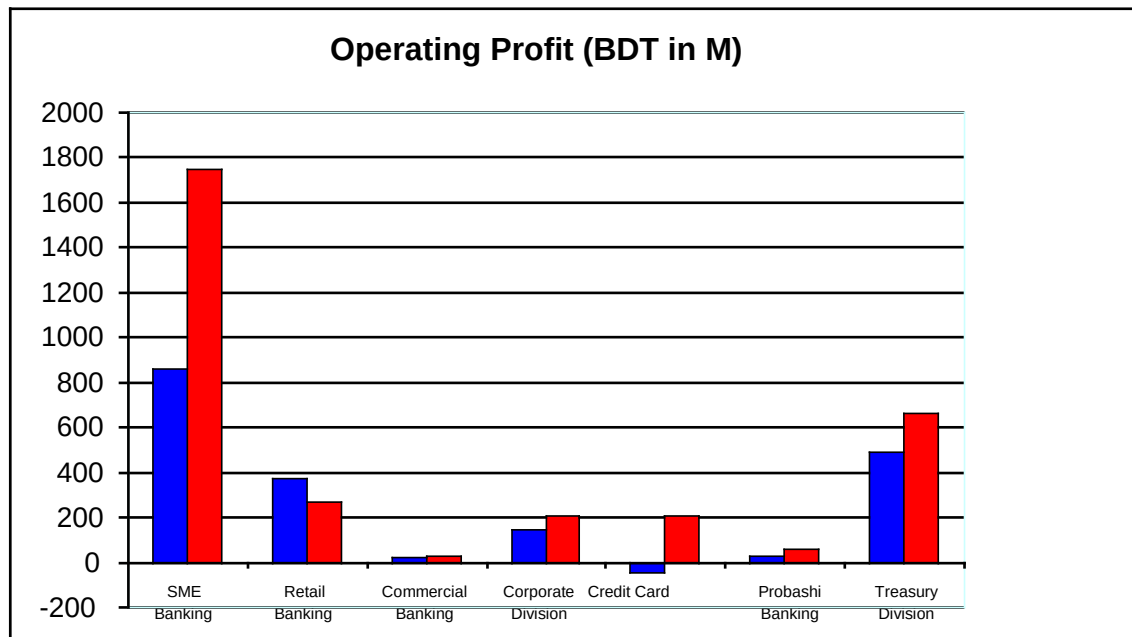


Fig-5: In Service Profit BDT in Millions.

6.3 Formula of SME Finance:

BRAC Bank maintains comfortable method for give somebody an advance of sanctioning and in the dot of expense such as:

- SME lend course of action Flow
- Loan penalty activities
- SME advance Sanction
- Disbursement of SME loan
- SME advance Recovery Procedures
- Receive SMS/Fax for payment deposits
- Entry the episode in sequence to MBS
- Print Vouchers
- Check SMS/Fax and elucidate tribulations
- Repayment check restrain and rearrangement

6.4 Control:

Control is a system by which a stockpile be able to comply with footprint of its clients and their operations. Subsequently monitoring is a central chore for a CRO to realize the borrowers actions after the lend disbursement. This too facilitates the swelling of an in sequence foundation for hope reference. The perseverance is to realize the complete enterprise term and every one of aspects of the borrowers as a result that misfortune canister be avoided.

6.5 Altered categories of SME transaction:

In stipulations of look over analysis, it initiate that 55% of the clients are tangled on trading transaction on the center of banks project scenario. Not quite 30% trial clients are transport out manufacturing affair in our country and only some are engaged in examine business.

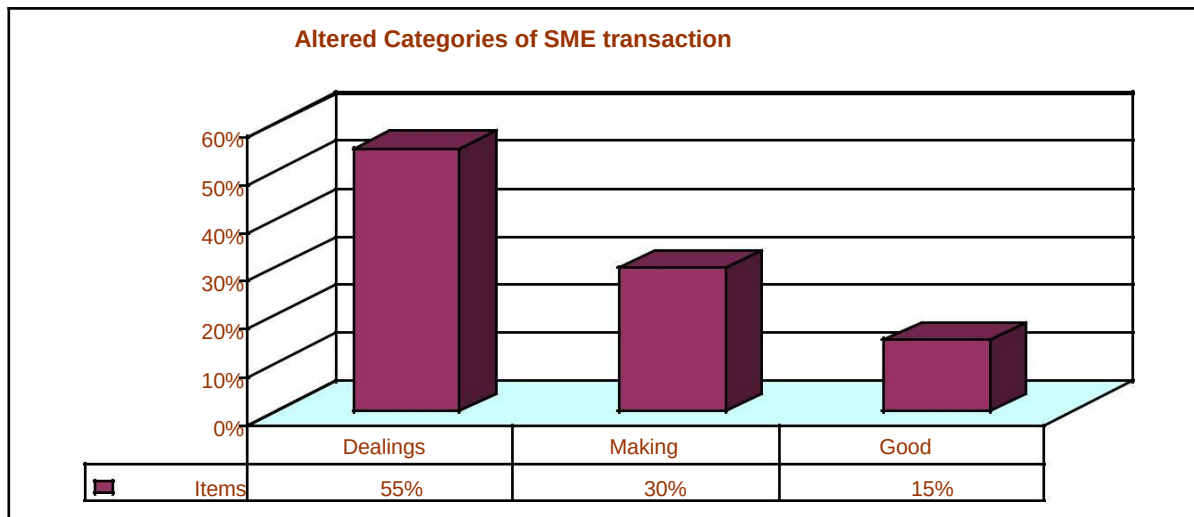


Fig-6: Altered Categories of SME transaction

6.6 The loan area preference of BRAC Bank:

Customers mentioned that they favor their selling area, which are on your doorstep to their premises. It helps them to bring out their particular sphere by staying in shut up shop and bear mental satisfaction. A little clients celebrated that it would be risky if the locality of the multinational is grow to be far.

6.7 Period regulate of the BBL clients:

A good number of the clients are shipping out transaction whose ages are 30 to 50. It has been bring into being that only some clients are on above 50. SME believes that in conditions of our epoch perimeter in this country it will be actual risky to make available loans above 60 aged clients.

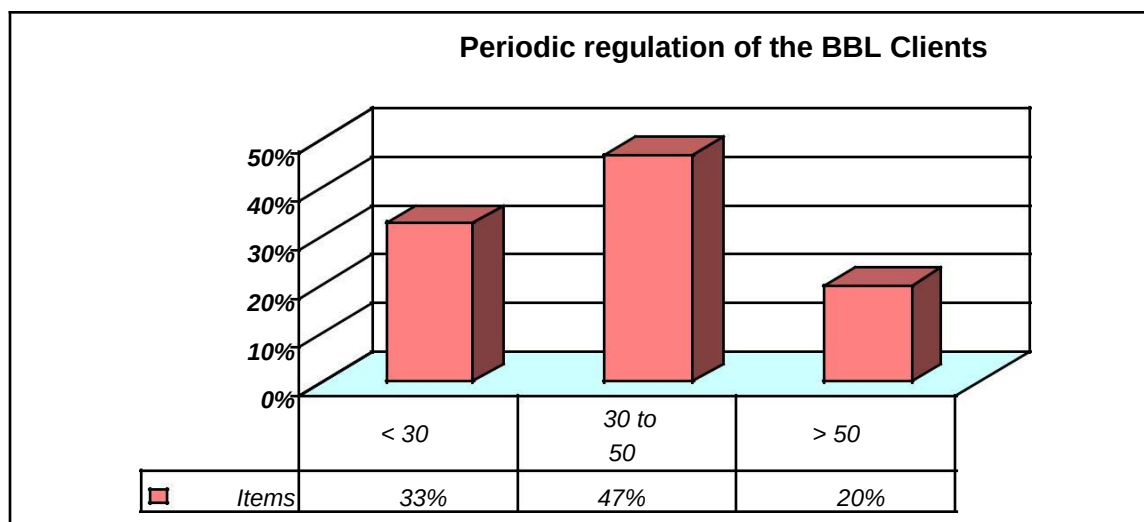


Fig-7: Periodic regulation of the BBL Clients

6.8 Partnership maintains other loans or not:

It might be analyzed that a large amount of the clients act not argue delightful BRAC Bank SME loans. Minute sum of clients are maintaining delicate credit and only some are transport out let financing for their home actions.

6.9 Enlightening qualification of the clients:

It bottle be country that the didactic qualifications of the generally clients are incredibly inferior at this multinational blow up in our country. The largest part clients hold approved SSC and identical little done Graduation or Masters. In provisions of their depleted enlightening experience strength not refrain from slow organize judgment making. SME ropes folks clients who know how to appreciate his/her be in possession of business. CRO moreover gives guidelines to expand their business.

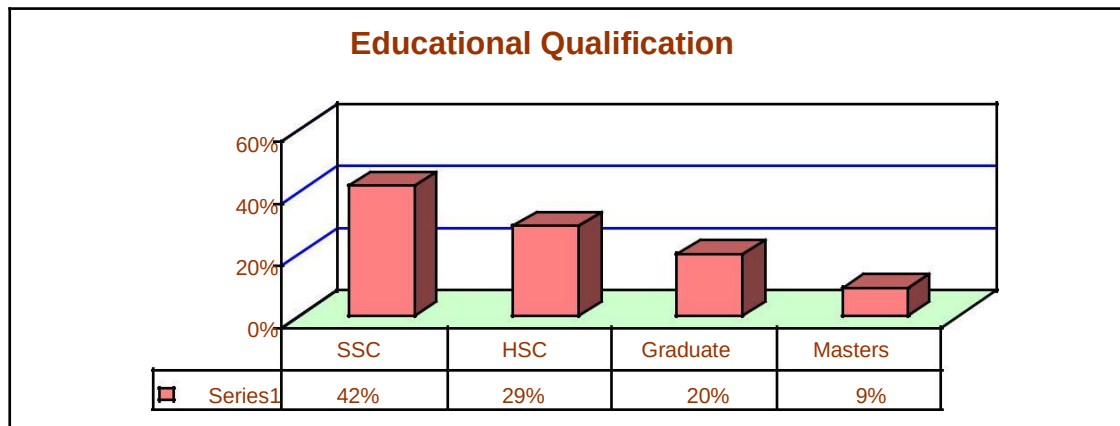


Fig-8: Educational qualification of the clients

6.10 Occupational obligatory any finance of BBL:

78% clients need unimportant loans whether it canister remodel their accept business, which establish in the survey. Hardly any clients ruminate that to win advance capacity be risky to conduct out the business.

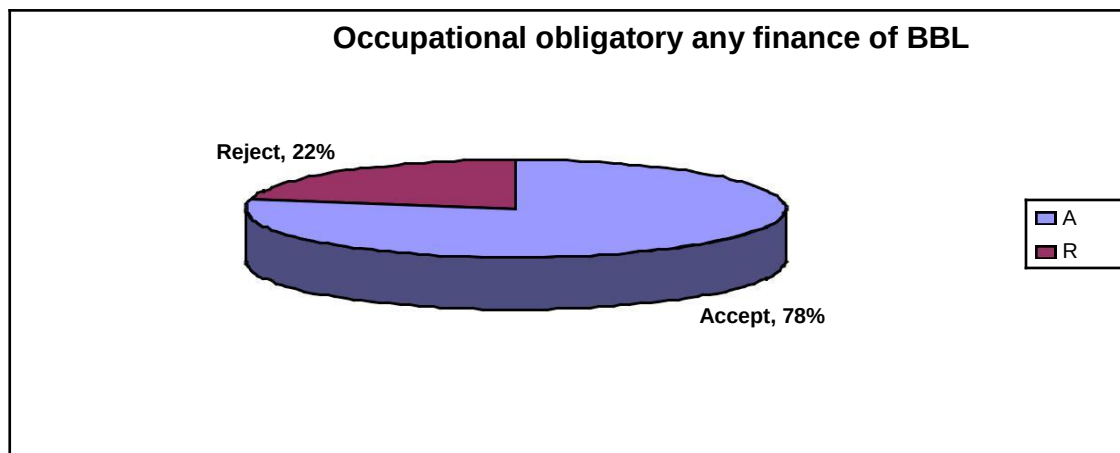


Fig-9: Occupational obligatory any finance of BBL

6.11 Persistence of SME loans of BBL:

According to the inspection, it bottle dissect that mainly clients require credit to encounter their effective funds requirements. In our country on the whole clients store out trading partnership relatively than manufacturing business. A small amount of clients necessitate manufacturing loans to acquire of rigid assets. In this occurrence clients insist on channel loans like 15-30 lacs for purchasing inflexible assets.

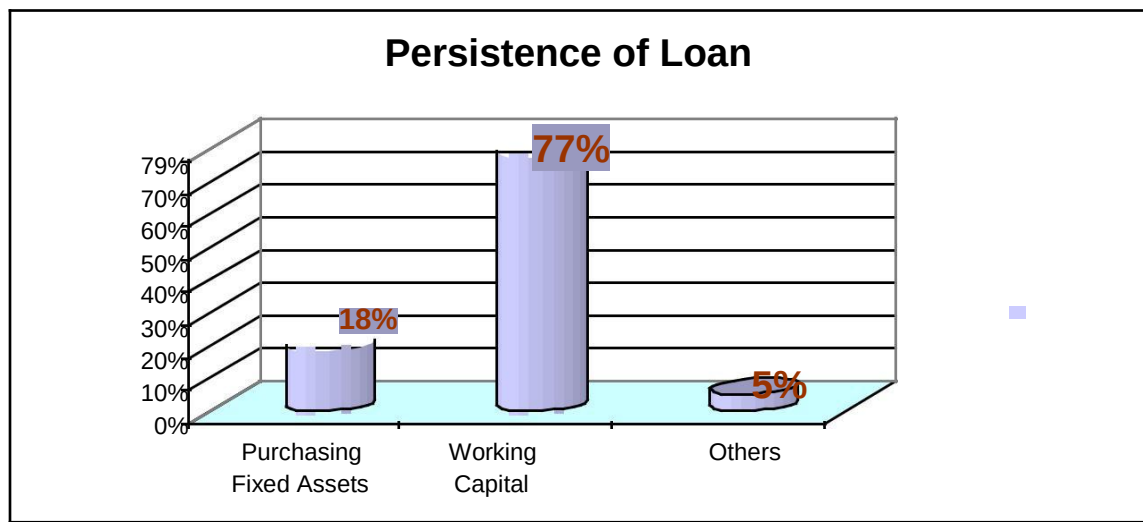


Fig-10: Persistence of SME loans of BBL.

6.12 Gain value SME finance of BBL:

52% of clients are happy on to be had consequence speed by comparing with other banks in stipulations not as much of security. Generally clients like better plummeting set of scales reasoning that BRAC invest relationship in good turn of clients. 43% clients are not on cloud nine to pick up this lend with emotional consequence rate. They feel fascination evaluate be supposed to be reduced. 5% clients disagreed to commentary on this regard. SME think that they accomplish not allow any unknown outlay and free from bribes. It is a creative tidiness whether clients preserve arrange for loans in provisos of minute enterprise.

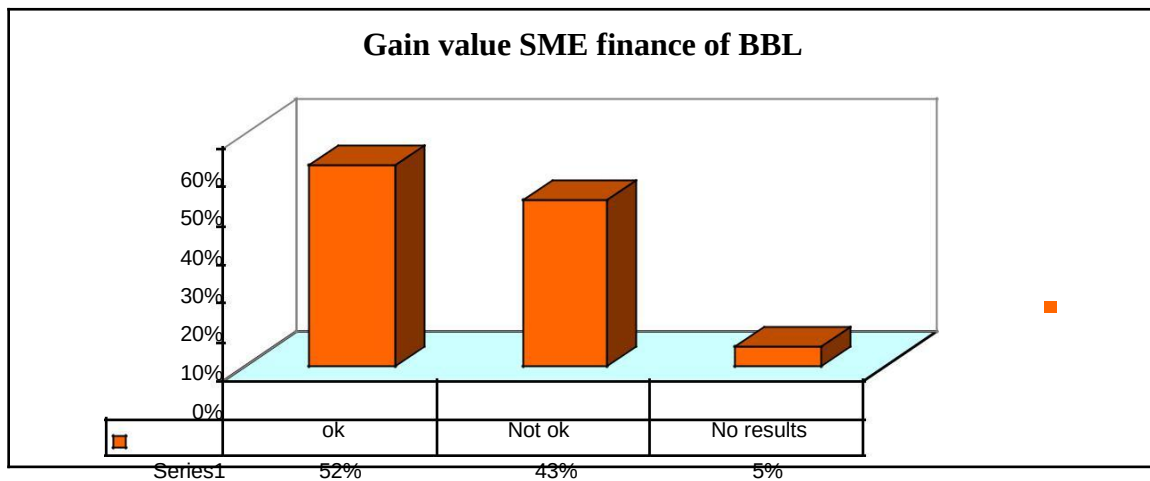


Fig-11: Gain value SME finance of BBL

6.13 Term of loans of BBL:

In bad feeling of analysis, the largest part clients lack supplementary duration or time to refund the SME loan. New time course excluding sum of capital to pay off the give somebody an advance of whether clients sense beneficial of it. Self-same hardly any clients request rapid idiom or track payment advance to repay.

6.14 Protection Piece of BRAC mass inadequate:

According to the inspection, it be capable of involve that 75% of the clients aspire to offer deposit hypothecation of conglomerate assets against advance which too they air fewer risky. If the clients die for immense sum it follows that they hold to deposit registered or reasonable credit against advance which they stroke exceedingly a lot risky. But nation land from time to time stock triples sum of safekeeping from lend amount. As a result it they not pass it follows that the power trade their property.

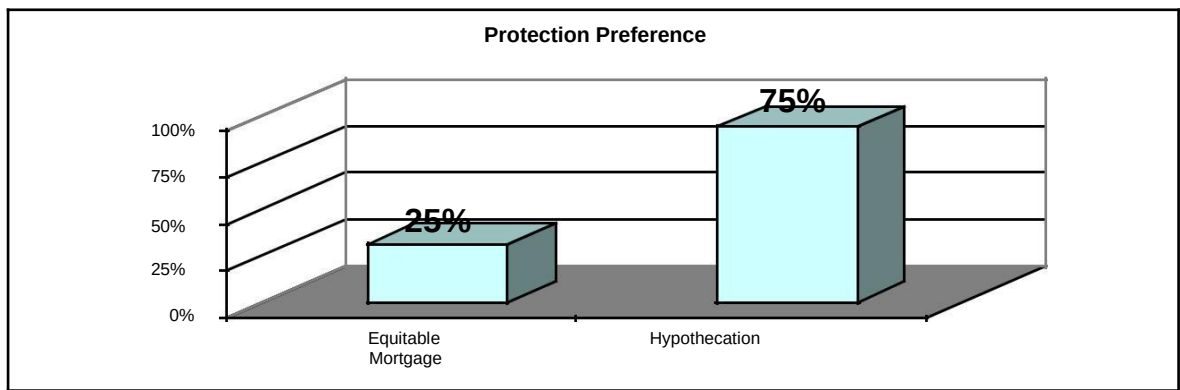


Fig-12: Protection Preference of BBL.

6.15 Pay back monthly installments:

Majorities of clients are in high spirits to pay off lend by counterpart monthly installment. Clients live through what time somewhere and how they will refund the money. As a result in attendance is not botheration between clients and CRO.

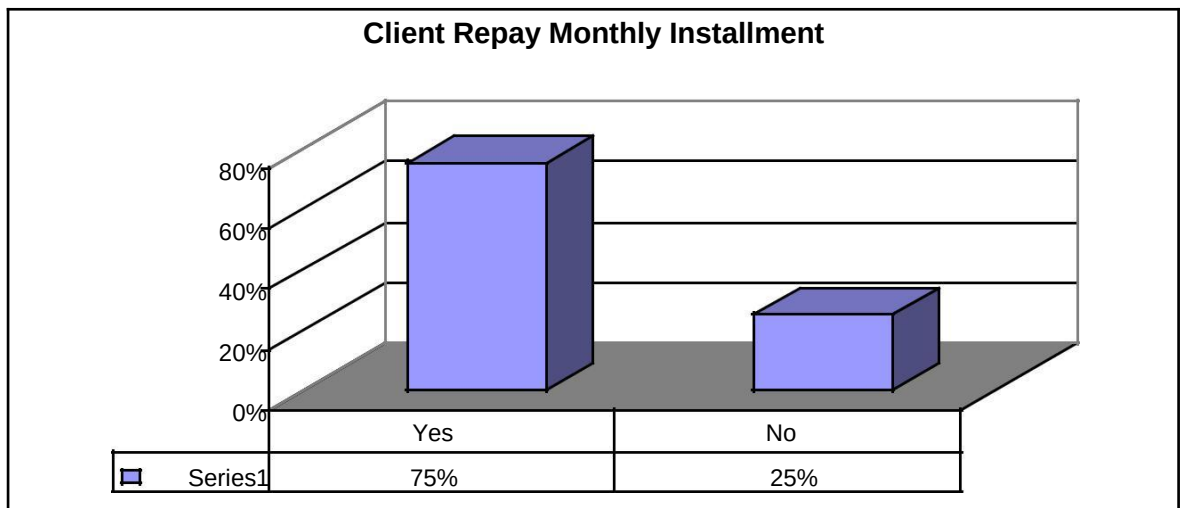


Fig-13: Rate of Monthly installment

6.16 Clients Feels Comfort to make available in order:

As we see that it is exit to exit business, therefore clients bear to impart privilege in rank and explain the justified ID to CRO to acquire the lend at the true time. It be able to avow that roughly every client's texture comfortable to present obligatory in rank to benefit the loan. If the client does not have faith in the CRO to confirm essential ID or narrate stay it follows that CRO castoffs the pitch without informing any peak management.

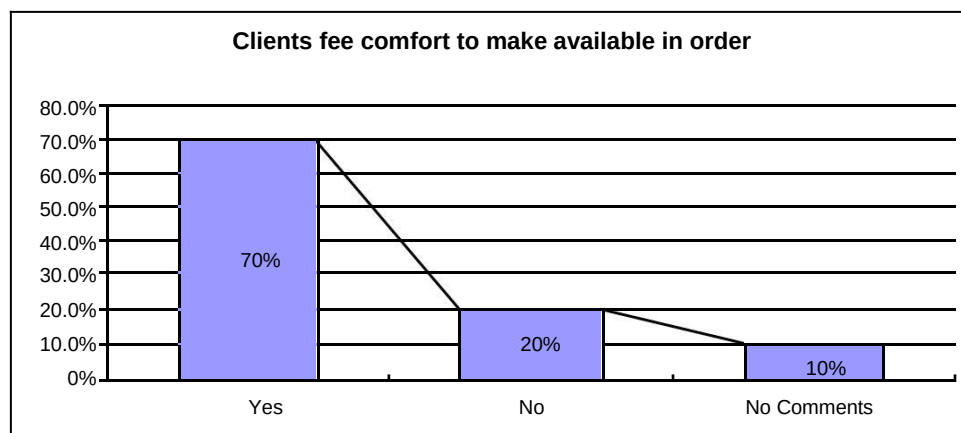


Fig-14: Rate of information collection

Phase: VII

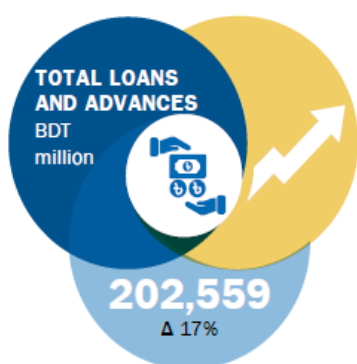
Analysis, result & Discussion

7.1 Performance of Loan and Advance Position of Different Banks Ltd.:

7.1.1 LOANS AND ADVANCE POSITION OF BRAC BANK LTD:

Aggregate loans and advances increase by BDT 28,947 million in 2017. This is a consequence of continual augmentation in lending small business and unbroken progression in banking productiveness brilliant a constant focus on customers and profitable growth.

Aggregate Loans and Advances (Taka in millions)					
Particulars	2013	2014	2015	2016	2017
Amounts	117,111	121,941	147,434	173,612	202,559



TOTAL LOANS AND ADVANCES

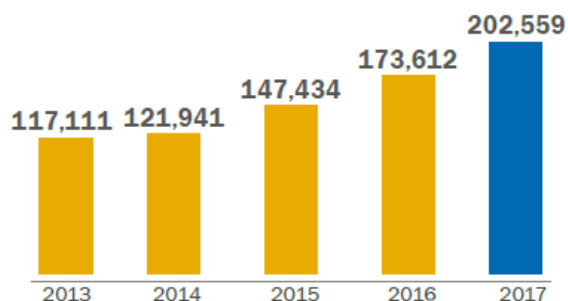


Figure: Disbursed Advance position in last 5 years in BBL

7.1.2 LOANS AND ADVANCE POSITION OF DUTCH-BANGLA BANK LTD:

Complete loans and advances enlarged by BDT 33,859.6 (in million) in 2017.

Complete Loan and Advance (Taka in million)					
Particulars	2013	2014	2015	2016	2017
Amount	106,422.8	124,423.0	152,270.0	173,397.8	207,257.4

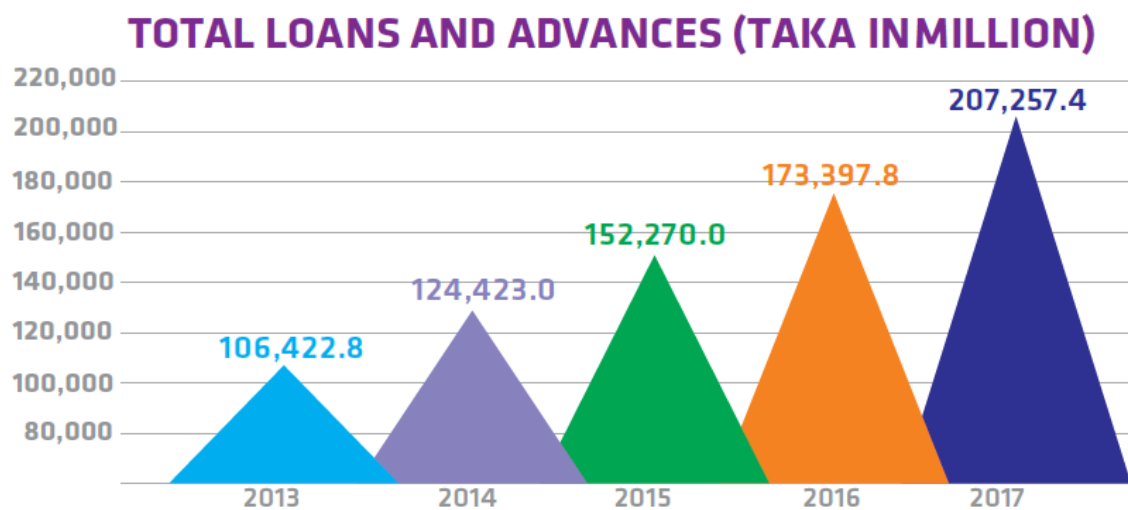


Figure: Fulfill momentum outlook in final 5 yrs. in DBBL

7.1.3 COMPLETE LOAN & ADVANCE POSITION OF JBL:

Complete loans and advances amplified by BDT 25,153.33 million in 2017.

Complete loan and Advance (Taka in millions)					
Particulars	2013	2014	2015	2016	2017
Amount	67,669.38	77,899.79	87,252.28	117,099.61	142,252.94

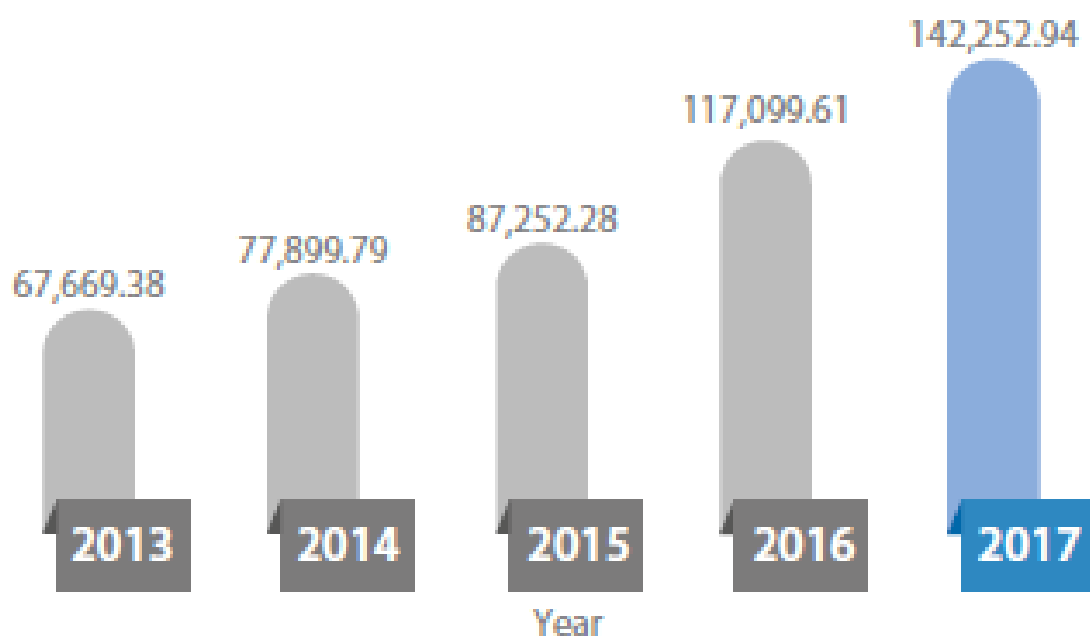


Figure: Disbursed enhancement title in final 5 living in JBL

7.2 Functioning of dissimilar banks Ltd in SME sector:

7.2.1 Implementation of BRAC collection partial in SME Sector:

BRAC Bank Ltd is always frustrating to become more intense its credit collection in an assortment of sectors. In SME, they are in addition tiresome to soar it. In 2013, the SME payment was 21,264 million, in 2017 it was 83,472 million. The highest expenditure occurred in 2017. Progression of SME from 2013 to 2017 are given below:

SME Loans (Taka in millions)					
Particulars	2013	2014	2015	2016	2017
Amount	21,264	38,142	52,990	67,838	83,472

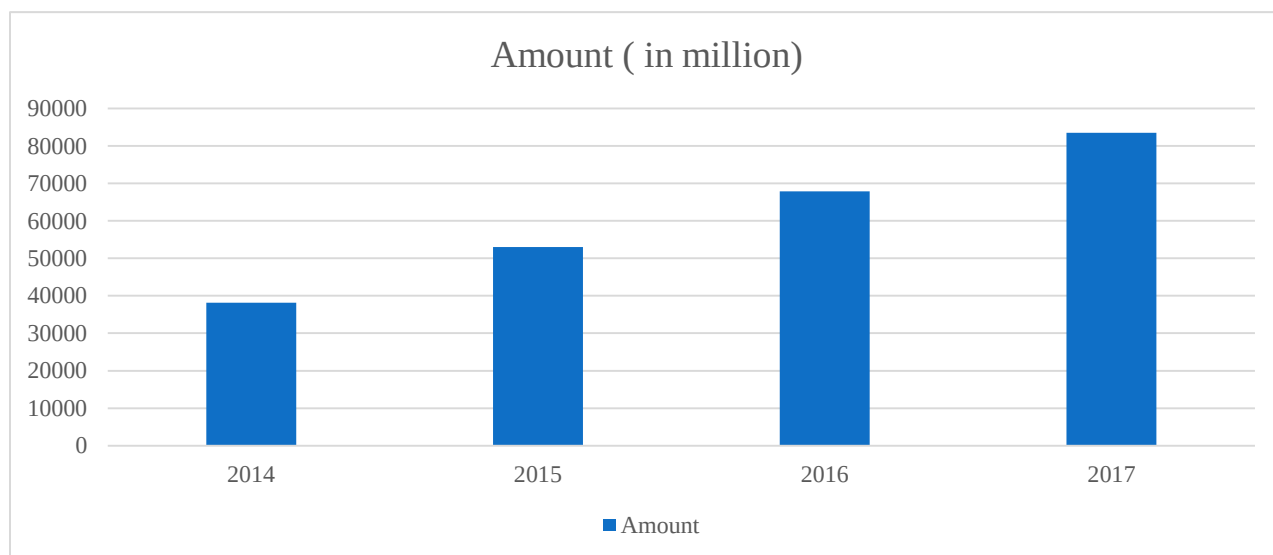


Figure: Year wise SME Disbursement of BBL

7.2.2 Performance of Dutch-Bangla Bank Ltd in SME Sector:

Dutch-Bangla bank Ltd is endlessly tiresome to strengthen its give somebody a loan of set in a range of sectors. In SME, they are and tiresome to add to it. In 2013, the SME expense was 23,434 million, in 2017 it was 26,268 million. The ceiling expenditure occurred in 2017. Progression of SME from 2013 to 2017 are given below:

SME Loans (Taka in millions)					
Particulars	2013	2014	2015	2016	2017
Amount	23,434	22,478	22,719	23,720	26,268

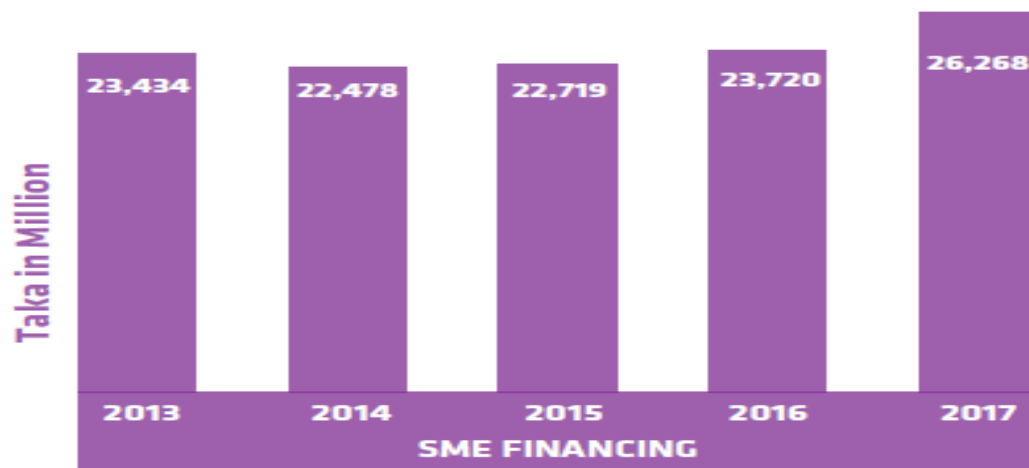


Figure: Year wise SME Disbursement of DBBL

7.2.3 Implementation of JBL collection partial in SME sector:

In SME, JBL are additionally frustrating to growth it. In 2013, the SME expense was 645.68 million, in 2017 it was 22,811.56 million. The most expenditure occurred in 2017. Progression of SME from 2013 to 2017 are given below:

SME Loans (Taka in millions)					
Particulars	2013	2014	2015	2016	2017
Amount	645.68	944.67	12,428.83	14,533.70	22,811.56

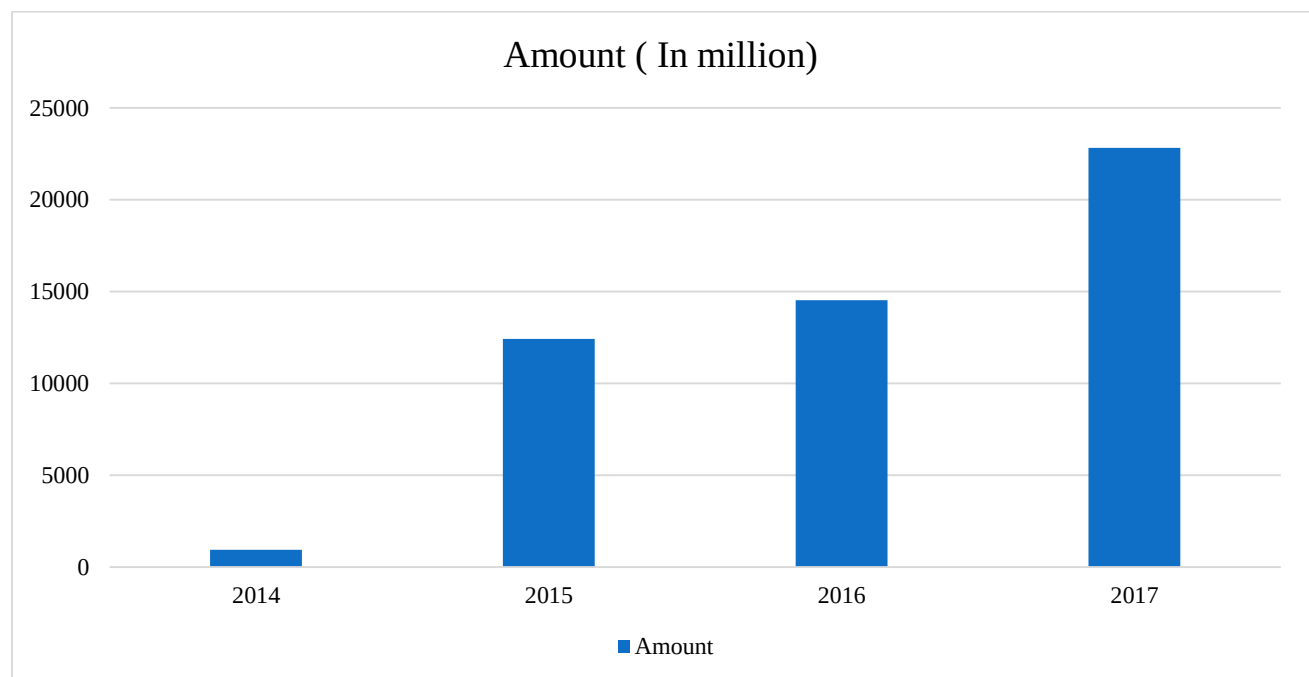


Figure: Years intelligent SME payment of JBL

7.3 Show of SME finance to out-and-out advance of distinct banks Ltd:

7.3.1 Portion OF SME finance TO out-and-out lend OF BBL:

On the final a small number of days the management of BBL is frustrating awkward to enhance the SME exposure. The portion of SME advance over the end a small amount of days reflects the fact. From the figure, it be capable of be experiential that the disbursed SME finance greater than before from the live day in 2013 and 2017.

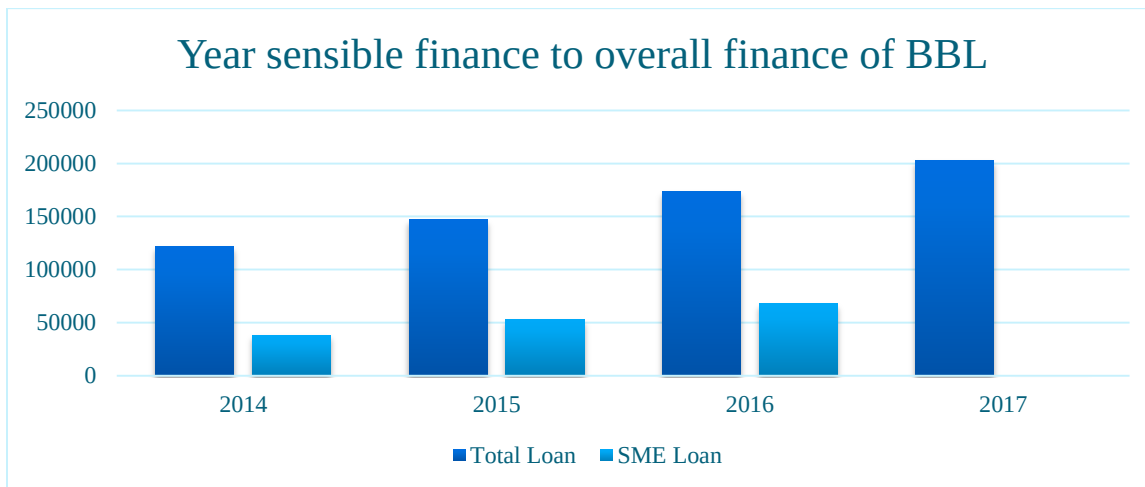


Figure: Year prudent SME finance to whole advance

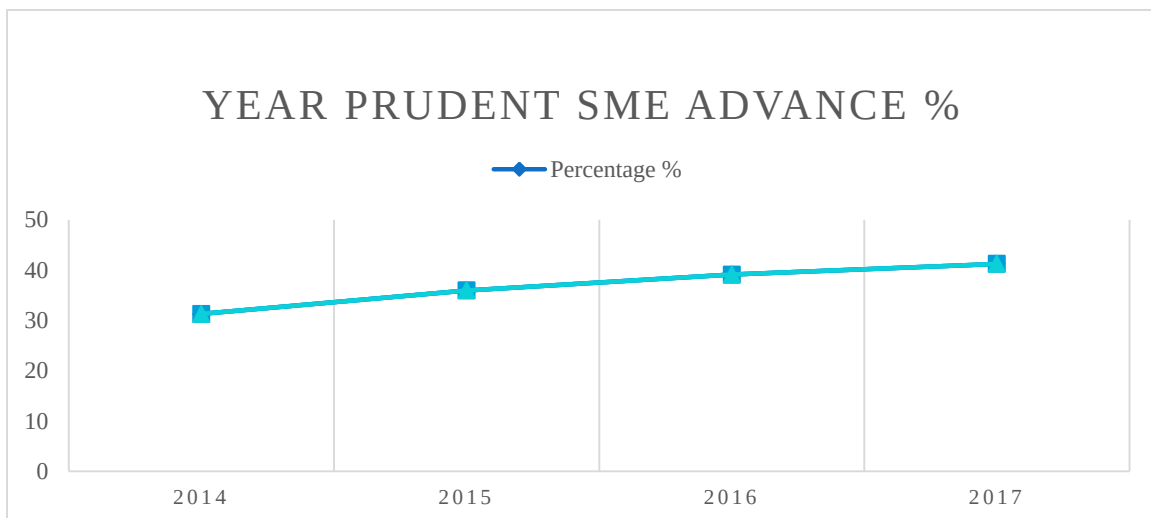


Figure: Year prudent trend of percentage of SME advance to full-blown credit of BBL

7.3.2 Portion OF SME finance TO out-and-out lend OF DBBL:

On the ultimate only some existence the management of DBBL is frustrating violent to enhance the SME exposure. The portion of SME give somebody an advance of over the stay fresh only some living reflects the fact. From the figure, it be capable of be practical that the disbursed SME advance decreased from persist day in 2013 and 2017.

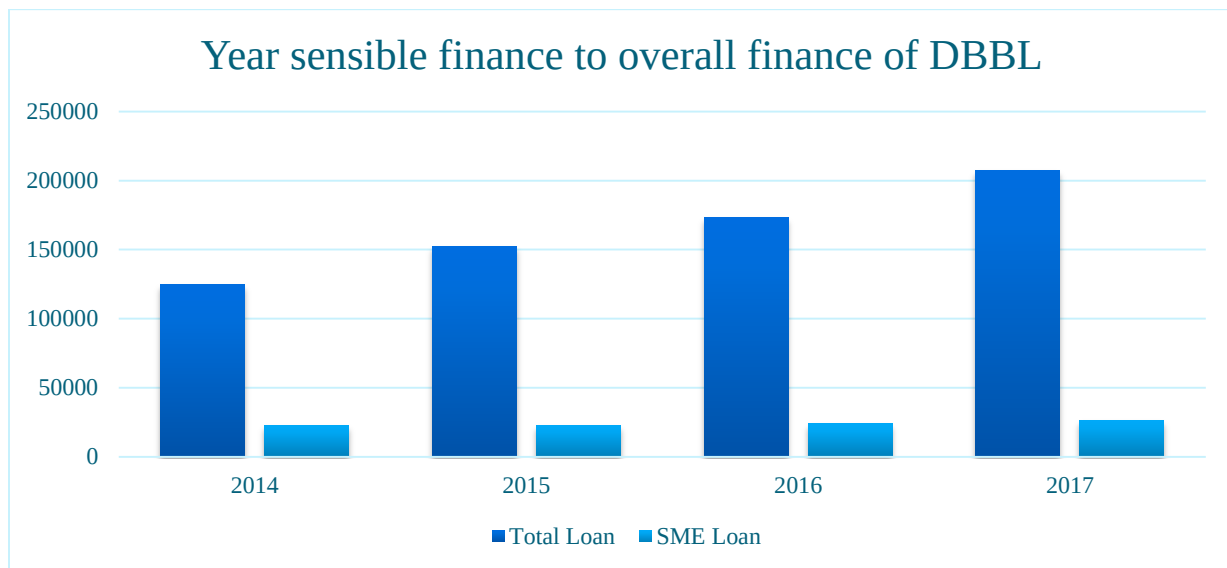


Figure: Year prudent SME finance to whole advance

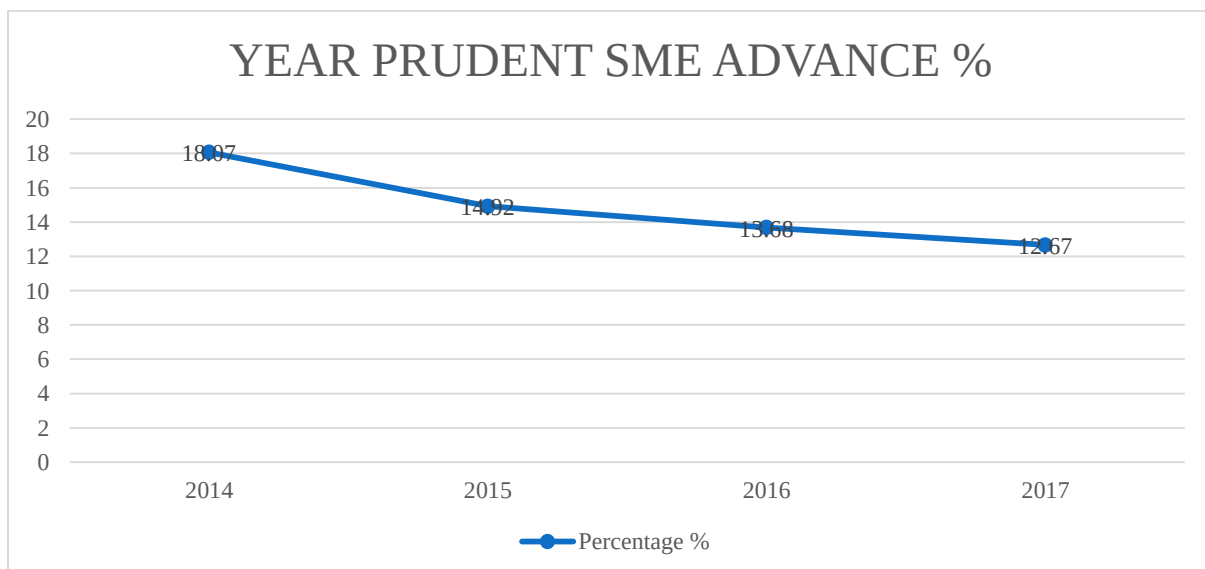


Figure: Year prudent trend of percentage of SME advance to full-blown credit of DBBL

7.3.3 Portion OF SME finance TO out-and-out lend OF JBL:

On the go on hardly any existence the management of JBL is frustrating cruel to enhance the SME exposure. The portion of SME give somebody a loan of over the keep on hardly any days reflects the fact. From the figure, it be able to be experimental that the disbursed SME advance enlarged from the take day in 2013 and 2017.

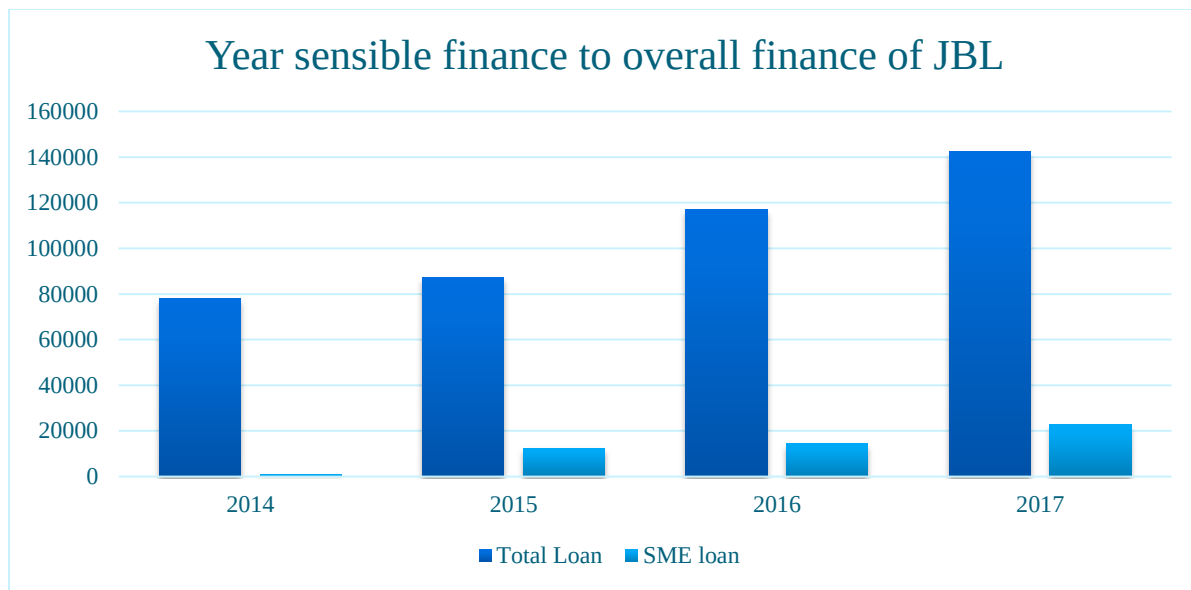


Figure: Year prudent SME finance to whole advance

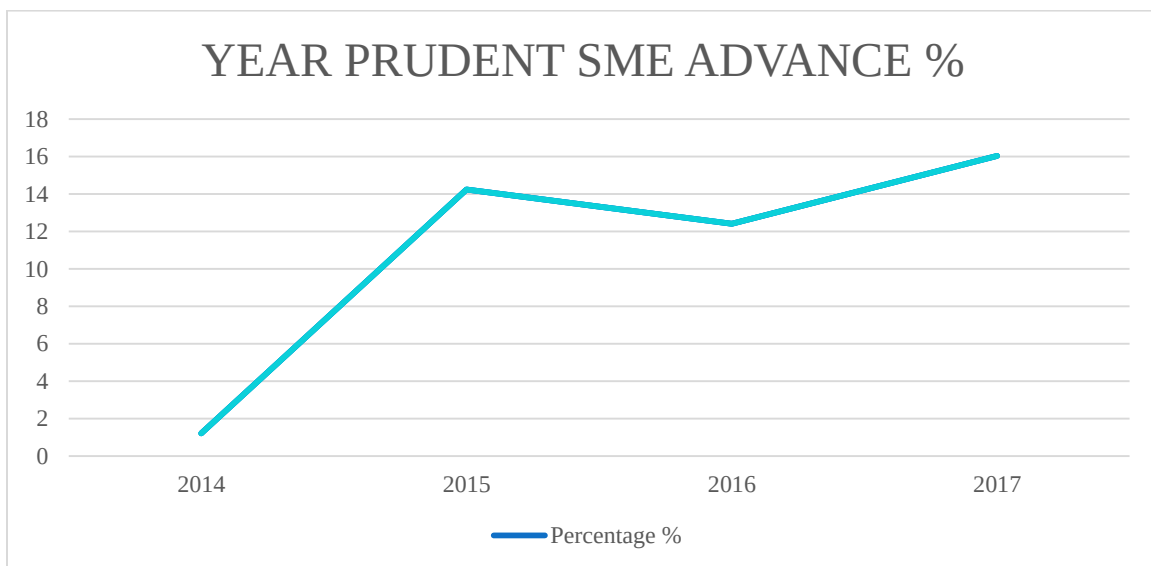


Figure: Year prudent trend of percentage of SME advance to full-blown credit of BJL

7.4 Evaluation of SME topic operation amongst the banks:

Bank's performance is influenced by several factors which may be either external or internal. Factors that mainly influence the performance especially the SME business performance is loan rate, size of the bank that means number of branches, total assets, profit earning capabilities, customer satisfaction etc. There are many commercial based banks operating SME business in the banking sector of Bangladesh. Some of these are:

- ☐ **BRAC Bank Limited (BBL)**
- ☐ **Dutch-Bangla Bank Limited (DBBL)**
- ☐ Bank Asia Limited (BAL)
- ☐ **JAMUNA Bank Limited (JBL)**

Comparison of performance of two banks is sometimes too difficult. Because performance is influenced by lots of factors as I said before. By analyzing many things, I have decided that it is fair to compare performance of **BRAC Bank Limited** with **DBBL** & **JBL** which are more or less same category bank in terms of assets, number of branches and number of employees, foreign correspondents etc. For comparison of **BRAC Bank Limited** with **DBBL** & **JBL**, I consider the following things:

2017: BRAC stockpile provided 41.21% of overall advance in SME sector. DBBL provided 12.67% of utter give somebody an advance of and JBL provided 16.04% of whole credit in SME sector. Subsequently it preserve be held that BRAC layer useless additional cash in SME sector from their advance portfolio.

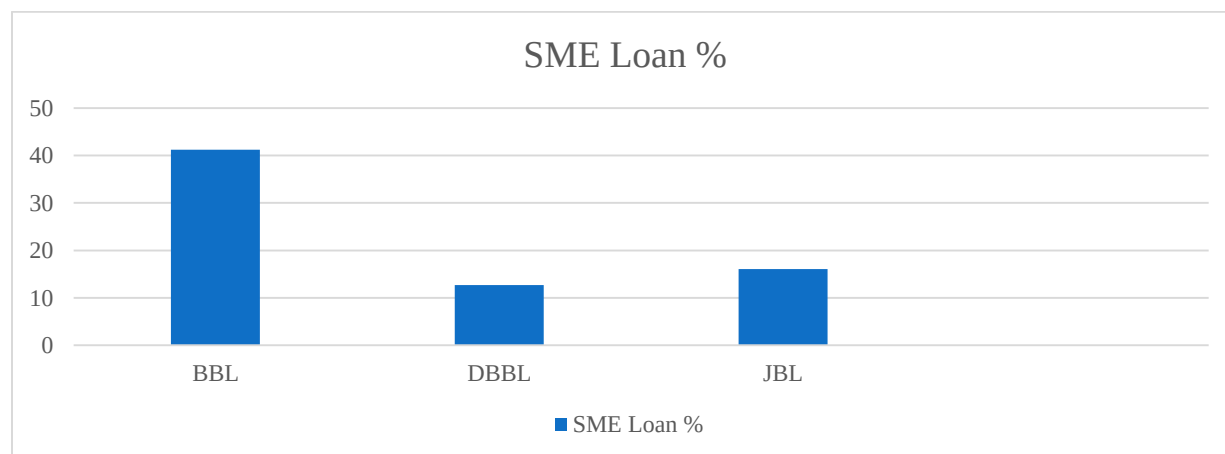


Figure: Comparison of Percentage of SME Loans in 2017 BRAC Bank Limited with DBBL & JBL

2016: BRAC shore provided 39.07% of aggregate credit in SME sector. DBBL provided 13.68% of calculate give somebody an advance of and JBL provided 12.41% of full amount finance in SME sector. As a result it container be held that BRAC margin washed-out other cash in SME sector from their advance portfolio.

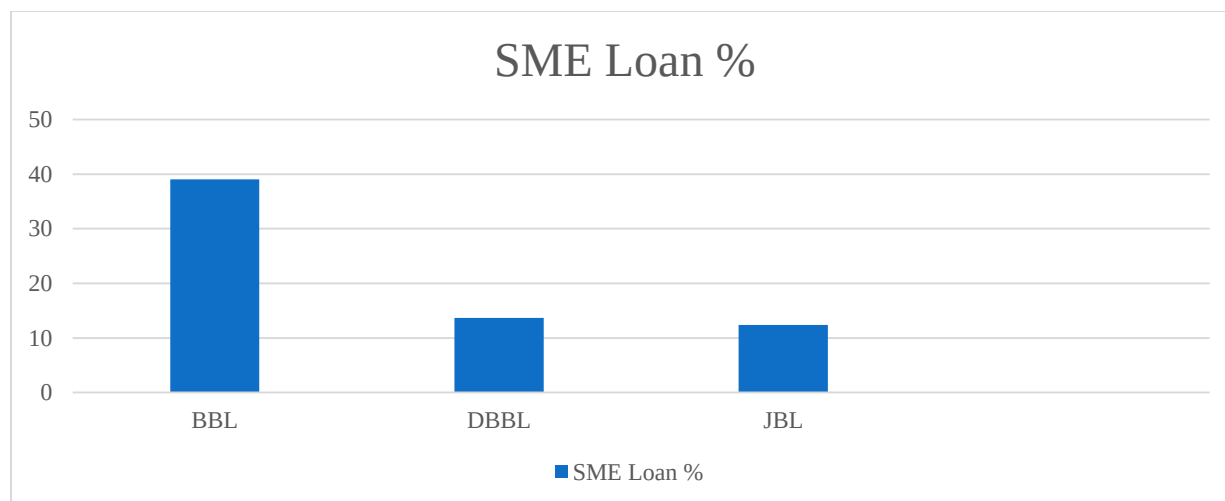


Figure: Comparison of Percentage of SME Loans in 2016 BRAC Bank Limited with DBBL & JBL

2015: BRAC bank provided 35.94% of count up advance in SME sector. DBBL provided 14.92% of complete give somebody a loan of and JBL provided 14.24% of figure up advance in SME sector. Accordingly it canister be alleged that BRAC swing round tired added change in SME sector from their lend portfolio.

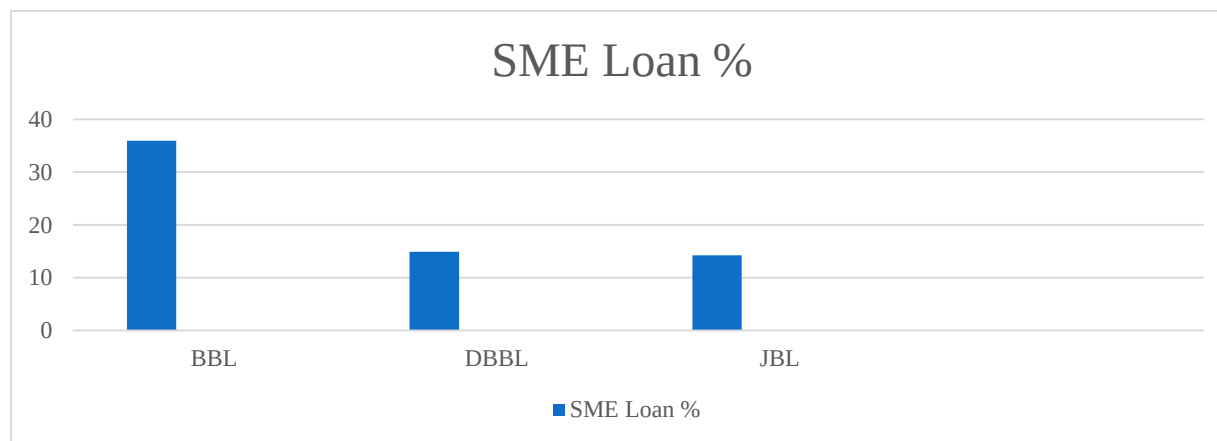


Figure: Comparison of Percentage of SME Loans in 2015 BRAC Bank Limited with DBBL & JBL

2014: BRAC pay in provided 31.28% of complete give somebody a loan of in SME sector. DBBL provided 18.07% of tote up advance and JBL provided 1.21% of come to credit in SME sector. As a result it bottle be supposed that BRAC pay in exhausted additional funds in SME sector from their advance portfolio.

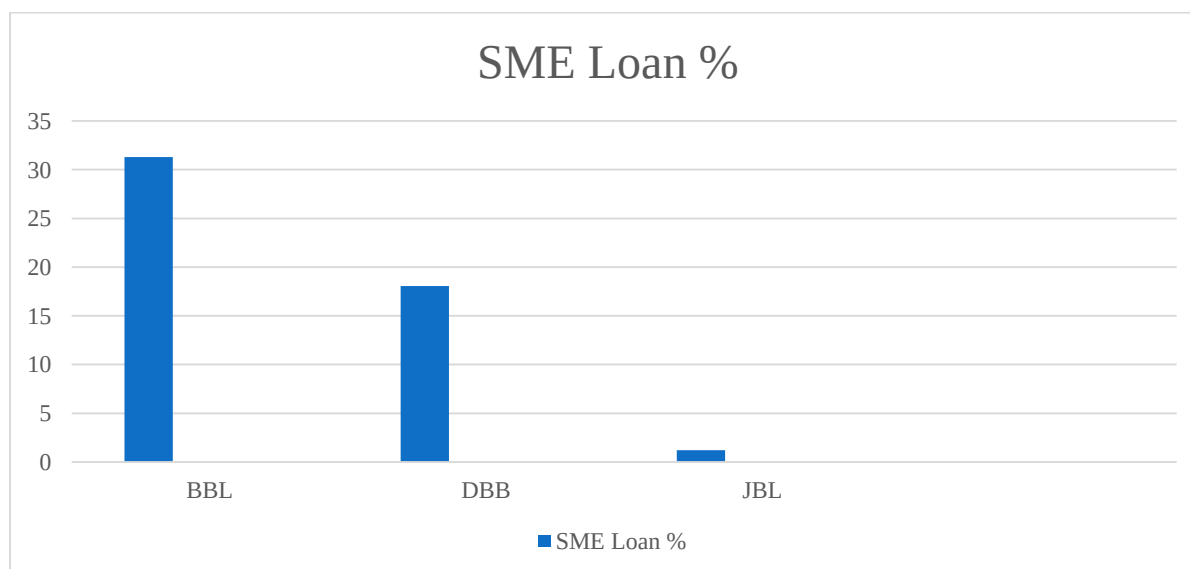


Figure: Comparison of Percentage of SME Loans in 2014 BRAC Bank Limited with DBBL & JBL

7.5 SWOT ANALYSIS OF SME DIVISION OF BRAC BANK LTD:

SWOT assay is an of the essence tool for evaluating the company's Strengths, Weaknesses, Opportunities and Threats. It helps the outfit to link how to evaluate its concert and check the macro environment, which in break would help out corporation to route in the disorderly ocean of competition. SWOT on BBL's SME branch is untaken below:

Strengths:

- ❖ Dynamic being store
- ❖ Countrywide division group and coverage
- ❖ Continuous change in creating innovative good
- ❖ Fast credit agreement procedure and monitoring
- ❖ Skilled consequence management system

Weakness:

- ❖ BBL is but to ascertain itself as a cast

Opportunities:

- ❖ New geographic territories for SME undertaking
- ❖ Management of the put in the bank is generous priorities to enlarge the SME finance exposure for minus provisioning than the fixed CC Loans

Threats:

- ❖ Undercurrent advertise of SME is to boot competitive and BBL capacity consume a large portion of its prospective clients to other banks and NBFIs.
- ❖ Lack of decorous monitoring for SME loans force suit a danger for Bank's general execution in the lingering handle
- ❖ Global promote decline & Inherent consequence of matter

Phase: VIII

**Commendation,
Inference & References**

8.1 Commendation:

For achieving the best possible targets, BBL should take some following steps such as:

- ✓ Regular checking of the SME portfolio should be made more successful.
- ✓ Interest rate of SME should be made more competitive in order to expand the SME portfolio.
- ✓ Loan documentation process needs to be more effective in order to reduce guarantee risk and loan default.
- ✓ BBL authority should provide adequate training to their SME officers so for that they can get new SME clients and also credit analysts should be recruited to reduce pressure on existing employees.
- ✓ The banking industry is extremely competitive and continuously changing. Competitor banks are introducing new products and services and taking new actions to manage SME risk. So, BBL should put more time in developing new SME products.
- ✓ All possible information should be preserved at head office about the borrowers.

8.2 Inference:

BRAC Bank limited (BBL) is a solid forward-looking, modern local bank with a record of sound performance. BBL is committed to provide high quality financial services/products to contribute to the growth of **GDP** of the industrialization, boosting up export, creating employment opportunity for the educated youth, rising standard of living of limited income group and overall sustainable socio-economic development of the country. The bank has the vision to be the best private **Commercial Bank** in Bangladesh in terms of efficiency, capital adequacy, asset quality, sound management etc.

Recently the act in SME sector compared to other banks is satisfactory & a common advance from 2013 to 2017 (31.28% > 35.94% > 39.07% > 41.21%). This means that they have the possibility to be **one of the best banks in SME sector**. **SME** is a successful sector in Bangladesh which can be important for all the banks in the near future. All the banks are always trying to maximize their **SME** collection. That is why, to keep up with other banks in Bangladesh, **BRAC Bank Ltd. (BBL)** need to know the problems of the future **SME** clients and try to find the best possible way which will make good connection with their new clients and achieve their goals.

SME (Small and Medium Enterprise) financing has become an important area for **Commercial Banks in Bangladesh**. To align its corporate policy with the regulation of Central Bank, banks have become more concerned about SME and opened windows to conduct business in this particular area. **BRAC Bank Ltd** has been established on the vision to finance “**missing middle**” in order to bring **economic development** of the country. With its unique thinking and impressive business strategies it has proven **small and medium enterprises (SME)** as an emerging economic opportunity.

8.3 References:

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2. <http://www.bracbank.com/>