**An Internship Report**

**On**

**Analysis of Consumer Credit Schemes – A study on Sonali Bank.**

**Submitted To:**

**Controller of Examinations**

National University of Bangladesh

Gazipur-1704, Bangladesh

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Reg.: No. : 00002096219

ID No.: 13026

Session: (2012-13)

BBA (Marketing)

Daffodil Institute of IT (DIIT)

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Date of Submission: 4th March 2018

**Letter of Transmittal**

Date:

Controller of Examinations

National University

Gazipur-1704

**Subject:** Prayer for permission to submit Internship Report

Dear Sir;

This is a great pleasure for me to submit the internship report, which is a partial requirement for the Internship Program of BBA students. I have prepared my internship report of Analysis **Consumer Credit Schemes; A study on Sonali Bank Limited, Dhaka.**

I have tried to explain my learning and experience in this report which I have gathered from practical operations.

For your kind consideration and perusal, I would like to mention that there might be some mistakes due to limitations of my knowledge, wisdom and time constraint. In spite of various shortcomings I have tried to cover all relevant affairs. I am confident that my report will be able to meet up your expectation and you will appreciate my endeavor.

I will be very glad if the report can serve its actual purpose and I am ready to explain anything to you if necessary.

Sincerely yours,

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**Alok Das**

Reg.: No. : 00002096219

ID No.: 13026

Session: (2012-13)

BBA (Marketing)

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**Student’s Declaration**

I do here by solemnly proclaim that the work presented in this internship report has been carried out by me and has not been previously submitted to any university / collage /organization for an academic qualification / certificate /degree

The work I have presented does not breach any existing copyright and no portion of this report is copied from any work done earlier for a degree or otherwise.

I further undertake to identify the development against any loss or damage arising from breach of the foregoing obligation.

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**Alok Das**

Reg.: No. : 00002096219

ID No.: 13026

Session: (2012-13)

BBA (Marketing)

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**Certificate of Approval**

This is to certify that the internship report on Analysis of Consumer Credit Schemes – A study on Sonali Bank limited is a bonfire record of internship done by AlokDas, a student of BBA program bearingID No.: 13026,Reg.: No. : 00002096219 with specialization in marketing for partial requirements of the degree of Bachelor of Business Administration of Daffodil Institute of IT (DIIT).

The Internship has been carried out under my guidance and is a record of the bonfire work carried out successfully by the scholar

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**AminulHaqueRussel**

Lecturer

Department Of Business Administration

Daffodil Institute of IT (DIIT)

**Acknowledgement**

At first I would like to thank almighty God, I also would like to express my heartiest gratitude to Mohammed Shakhawat Hossain, Principal of Daffodil Institute of IT for giving me this valuable opportunity. I also would like to take the opportunity to express my gratitude to internship advisor, AminulHaqueRussel, Lecturer, department of Business Administration, whose direction, guidance and support helped me a lot in writing this report.

In preparing the report, I have received active co-operation from Mohammad Badrul Hossain Beig who is the branch manager of Sonali Bank, Luxmibazar Branch, My heartfelt greatness to all the officers, executive, staffs, and other employees of Sonali Bank Limited, Luxmibazar Branch, Dhaka, for their day to day monitoring, supervision and maximum assistance during my Internship period.

However this report suffers from many shortcomings. Moreover, I have exerted my best effort in preparing this report. I seek excuse for the errors that might have occurred in spite of my level best efforts.

Lastly, I would like to thank Sonali Bank Limited authority for accepting me as an intern in their organization.

**Executive Summary**

Banking sector is expanding its hand in different financial events every day. Banking customers have also changed in recent years. Customers are more knowledgeable, sophisticated and assertive. They demand higher levels of customer service, are less loyal and more inclined to switch to a competitor. Modern customers require flexibility in hours of operation, greater convenience, customization, transparency, accessibility, and control. Sonali Bank Limited is an old banking in the context of Bangladesh but it has now fastest growing bank in the govt. banking sector in our country. SBL is forwarding on high quality customer service at a very competitive price. Consumer Credit Schemes are increasing day after day. This product is popular because bank can describe this loan within short time, with fewer amounts and the loan is also easily recoverable. Keeping the popularity to customer credit scheme in mind, most of the banks are offering this product. So competition is increasing day by day in CCS. The main objective of the study is to analyze the customer credit schemes in SBL. Data is collected from primary and secondary sources. Such as interview of customers who taken loan from SBL, relevant file study as provided by the officers concerned and relevant books and references. Consumer credit schemes is very popular in our country. As an old bank, SBL has the most of all consumer credit schemes. SBL offers a broad range of CCS such as Household loan, Education Loan, Travel Loan, Marriage loan and so on. The interest rate of SBL on household loan is moderate and comparatively low than the most of banks. SBL charges a very low as application fee comparing to other banks. Sometimes SBL shows biased attitude on disbursing Consumer Credit Schemes they disburse loan mostly to those customers who are known to them without verifying their credit history. There is a lack promotional activities regarding CCS. The limit of household loan should be increased. SBL should monitor and supervise properly to reduce default loan. SBL should increase their ATM booth. SBL should also give more concentration for promoting their CCS to general people like other banks do. SBL customers should be offered sometimes some gifts and discount as they are their reliable customers, this will make their services and offering more lucrative. SBL’s authority were so busy that they could not give enough time for discussion about various causes related for discontinuation of some popular schemes. This point must be following up for making SBL fulfill. It has got adequate resources, both human and physical, to provide the customers with the best possible services. SBL has already developed goodwill among its clients by offering its excellent services and more reliability. This success has resulted from dedication, commitment and dynamic leadership of its managements over the periods. But they must concentrate more on customer oriented services and provide better technological advancement relating to banking activities.

**Abbreviations**

|  |  |
| --- | --- |
| **SBL** | Sonali Bank Limited |
| **CCS** | Consumer Credit Schemes |
| **BBA** | Bachelor Of Business Administration |
| **IGA** | Income Generating activities |
| **SEC** | Sonali Exchange Commission |
| **CSR** | Corporate Social Responsibility |
| **EBL** | Eastern Bank Limited |
| **NCCBL** | National Credit and Commerce Bank Limited |
| **DBL** | Dhaka Bank limited |

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**Chapter One: Introduction**

**1.1 Introduction**

A bank is an indispensable organization in modern economy. It plays a significant role in the economic development of a country and forms the core of money market in an advanced economy. Globally the banking process and its area of operation are increasing day by day. It is also changing due to technological innovation, deregulation, globalization etc. All these are happening because of its demand. Basically bank take deposits from customers against interest and lend it to the borrowers against interest for certain period of time. For getting loan, both individuals and organizations depend on banks. After detailed analysis banks grant loan to borrowers and disburse it among them. Besides loan banks give various types of services to their customers. Sonali Bank limited is one of the largest and oldest Government sector bank in Bangladesh, with years of experience. Sonali Bank plays a vital role in economic development of our country.

My study topic is analysis consumer credit schemes of Sonali Bank Limited; A study on Luxmibazar Branch, Dhaka. The main aim of my study is to acquainted knowledge about credit management system of Sonali Bank Limited.

Bank’s Credit means the credit granted by a banker to his customers. Bank temporarily transfers purchasing power to its borrowers; this provided purchasing power can be termed as loan, credit or advance. It is a lender's trust in a person's/ firm's/ or company's ability or potential ability and intention to repay. In other words, credit is the ability to command goods or services of another in return for promise to pay such goods or services at some specified time in the future. Bank lends not only its cash, but also its goodwill and belief to customers, such as L/C, traveler’s cheaques and traveler’s notes. For a bank, it is the main source of profit and on the other hand, the wrong use of credit would bring disaster not only for the bank but also for the economy as a whole.

**1.2 Background of the Study:**

No knowledge is fully complete unless it is fully supported events on ground. Whatever may be the quality of theoretical knowledge, it is not complete without practical implication on ground. This realization is more pronounced in the study of Business Administration where experience on ground plays a dominant role.

Bachelor of Business Administration (BBA) is designed with an excellent combination of practical and theoretical aspects. After completing the BBA to fulfill the requirement of this Degree, I was assigned to pursue Internship in Sonali Bank Limited, Luxmibazar Branch, and Dhaka.

I have tried my best to use this opportunity to enrich my knowledge on banking system. After observing thoroughly, I have prepared this report on the basis of my findings and observation relating to the topic.

**1.3 Scope of the Study:**

The study covers analysis of consumer credit schemes activities of SBL. This report gives a narrative overview of credit department of Luxmibazar branch, Dhaka of SBL. It consists of my observation and on the job experience during the internship period. This report incorporates the different aspects of credit management tools and techniques and its effect on the performance of the bank.

**1.4 Objectives of the study:**

The main objective of the report is to analyze the consumer credit schemes of Sonali Bank Limited (SBL).However, the objective behind this study is something broader. Objectives of the report are summarized in the following manner-

* To show the different types of consumer’s credit schemes of Sonali Bank Limited (SBL).
* To analyze the lending procedure and approval process of SBL.
* To identify the problems related to consumer credit schemes of SBL
* To compare the consumer credit of SBL with others bank
* To make some recommendation to solve the problems of SBL related consumer credit
* To fulfill the partial requirements of BBA degree

**1.5 Methodology of the study:**

This report is descriptive in nature. For preparing this report both types sources are used. These are stated as follows:

**Sources of Data:**

1. **Primary Sources :**

* Face to face conversation with the respective officers and clients of the branch
* Personal observation of the consumers credit managements activities

1. **Secondary Sources:**

▪ Annual reports of Sonali Bank Limited

▪ A book on ‘Credit Policy and Lending Guidelines, Published by SBL

▪ Manuals of Credit Management of SBL

▪ Published materials and office circulars of SBL

▪ Website of the SBL.

▪ Published report of Bangladesh Bank related to consumer credit

▪ Websites of other banks like Standard Bank, National Bank, Dutch-Bangla Bank

**1.6 Limitations of the Study:**

From the beginning to end, the study has been conducted with the intention to make it as a complete and truthful one. However, many problems appeared in the way of conducting the study. During the study it was not possible to visit the whole area covered by the bank although the financial statements and the other information regarding the study have been considered.

The study suffers from the following limitations:

1. **Lack of proper time:** Time period of this study is really short. I have only 3-month to spend in branch and to complete this report. So I am unable to go in depth of the study. Most of the time the officers were busy and were not able to give me much time.
2. **Insufficient data:** Some desired information could not be collected due to privacy of the company.
3. **Others limitations:** As a newcomer I have little experience in this regard. And many practical matters have been written from my own observation that may vary from person to person.

**Chapter- Two: Overview of the Organization**

**2.1: Establishment**

Sonali Bank, the largest commercial bank in the country, was established under Bangladesh Banks (Nationalization) Order 1972 (Presidents Order No. 26 of 1972). By taking over branches of Former National Bank of Pakistan, Bank of Bhawalpur Limited and Premier Bank of Pakistan were two private Banks performing class banking over the country in that period and National Bank of Pakistan was Government supported bank which was established to finance the jute sector in East Pakistan in the early period of Pakistan. After the birth of Bangladesh on 16th December 1971, newly formed Sonali Bank for mass banking got special facilities from the government to work on behalf of Bangladesh Bank in those areas where Bangladesh Bank is not available. With the increase of responsibility and by virtue of performance within a few years, it becomes the largest commercial Bank of the country with 1211 branches up to July 2017.

**2.2: Management**

The managing of the bank is vested on a Board of directors, subject to overall supervision and directions on policy matters by the Boards which is constituted in terms of Bangladesh Bank (Nationalization) Order 1972. Board of directors, constituted by seven members, has authority to organize, operate and manage its affairs on commercial consideration within the board policy of the Government. There are directors appointed by the Government. Others members of the board including MD are also Government appointed out of that at least three have the experience in the field of Finance, Banking, Trade, Commerce, Industry, and Agriculture.

The management Director is the chief executive of the Bank. He executes all the activities under the direction of the Board. All line and staff personnel of the Banks recruitment member of the Board of Directors.

**2.3: Organization**

Sonali Bank is the largest nationalized Commercial Bank of the country. It has extended 1211branches throughout the country abroad to serve the nation. There are two “Sonali Exchange Incorporations (SECI)” in USA and other in planning stage. The head office of the bank is located at Mothijheel Commercial Area, Dhaka that is the controlling Headquarter. It has eight GM offices in six Divisional Headquarters and 26 principal offices and 32 regional offices. Principal office is headed by DGM and each Department is headed by AGM. Different grade officers depending on the size and nature of the branch.

Principal office Headquarter has the jurisdiction over the entire area of a district i.e. the principal office is the local point of the bank’s administrative zone of the district. The regional office is situated at the Thana level within the district, is under control and supervision of the principal office of that district. Regional offices are responsible for their activities to the principal office.

Regional heads exercise control and supervision overall the branches within their jurisdictions and keep the head of the principal office informed the development of their respective areas from time to time.

|  |
| --- |
| **2.4 : Corporate Profile** |
| |  |  | | --- | --- | | **Particulars** |  | | Name of the Company: | **Sonali Bank Limited** | | Chairman: | Mr. Md. AshrafulMoqbul | | CEO & Managing Director | Mr. Md. ObayedUllah Al Masud | | Company Secretary | Mr. A.K.M Sajedur Rahman Khan | | Legal Status | Public Limited Company | | Genesis | Emerged as Nationalized Commercial Bank in 1972, following the Bangladesh Bank (Nationalization) Order No. 1972 (PO No.26 of 1972) | | Date of Incorporation | 03 June, 2007 | | Date of Vendor's Agreement | 15 November, 2007 | | Registered Office | 35-42, 44 Motijheel Commercial Area, Dhaka, Bangladesh | | Authorized Capital | Taka 6000.00 Crore | | Paid-up Capital | Taka 3830.00 Crore | | Number of Employee | 18,994 | | Number of Branches | 1211 | | Phone-PABX | 9550426-31, 33, 34, 9552924 | | FAX | 88-02-9561410, 9552007 | | SWIFT | BSONBDDH | | Website | www.sonalibank.com.bd | | E-mail | [itd@sonalibank.com.bd](mailto:itd@sonalibank.com.bd) | |

Source: Official website of Sonali Bank

**2.5: HIERARCHY OF POSITION**

|  |
| --- |
| **BOARD OF DIRECTORS** |

|  |
| --- |
| **MANAGING DIRECTORS** |

|  |
| --- |
| **DEPUTY MANAGING DIRECTORS** |

|  |
| --- |
| **GENERAL MANAGER** |

|  |
| --- |
| **DEPUTY GENERAL MANAGER** |

|  |
| --- |
| **ASSISTANT GENERAL MANAGER** |

|  |
| --- |
| **SENIOR PRINCIPAL OFFICER** |

|  |
| --- |
| **PRINCIPAL OFFICER** |

|  |
| --- |
| **SENIOR OFFICER** |

|  |
| --- |
| **OFFICER** |

Source: Official website of Sonali Bank

**2.6: Core Values**

Sonali Bank Limited (SBL)’s Core Value proposition consists of ten key elements. The values would assist the bank in perceiving its employees to work as a team towards accomplishment of assigned duties and responsibility for achievement of desired objectives.

**Team work:** Open communication, discussion and interaction amongst the employees would ensure unification of actions and efforts towards achieving the common goal.

**Ethics:** Everyone must ensure adherence to ethical practices of banking.

**Objectivity:** All persons will have definite objective in carrying out their tasks.

**Integrity:** Protection and safeguard of customers’ interest is a vital element for societal trust.

**Excellence:** Excellent performance and effectiveness are preconditions to ensure quality service to the large customer base of the bank.

**Innovation:** New and innovative products are the needs of the time for which continuous action oriented researches are carried out.

**Commitment:** Every employee is committed to work up to the expected level to ensure satisfaction of valued customers.

**Self-Reliance:** Each employee will have ownership attitude towards the bank and self confidence in his work for betterment of the bank.

**Transparency:** Information is to be kept open for all so that stakeholders can have proper ideas about the bank’s activities.

**Accountability:** All employees are responsible for their activities and will remain accountable to their respective superior for accomplishment of tasks.

**2.7: Core Strengths**

Transparent and Quick Decision Making.

Efficient Team of Performer.

Satisfied Customers.

Internal Control.

Skilled Risk Management.

Diversification.

**2.8: Core Competencies**

* Knowledge
* Experience & Expertise.
* Customer Orientation/ Focus.
* Transparency.
* Determination.
* Zeal for Improvement.
* Reliability.

**2.9: Ethical Principles**

Sonali Bank Limited believes that it will become a leading bank in the government sector. They believe that their aims and objectives can only be realized fully and sustained overtime by faithfulness to ethics that cannot always be built into sets of rules and regulations. In this belief in ethics that motivates the bank in its dealings with customer, regulators and employees.

**2.10: Commitment to Clients**

Sonali Bank Limited has trying to concentrate on modern banking through continuous using modern technology. We also trying to help more to customer by providing various savings schemes like as EDS, MES and DBS etc. Our commitments to the clients are the following:

* + Provide service with high degree of professionalism & continuous use of modern technology through proper use of young generation officers.
  + Create long-term relationship based on mutual trust with customers.
  + Share customer’s values & beliefs.
  + Provide product and service at competitive pricing.
  + Ensure safety and security of customer’s valuables in trust with us.

**2.11 Corporate Social Responsibility (CSR)**

Sonali Bank Limited (SBL) has been rendering various services for attaining greater social goals and objectives. For this process, we aim to contribute towards sustainable development of the society as a whole and fulfillment of corporate social obligation in particular. To reinforce CSR activities, the bank has undertaken fresh initiatives in line with Bangladesh Bank guidelines in the areas of social services, empowerment of women and poor, sports & culture, banking for the disadvantaged groups, disaster & relief activities.

**Social Services:**

SBL has been rendering social services through distribution of various allowances to the Freedom Fighters, Widows, Old–age citizens, vulnerable groups, Disabled peoples etc. as per laid down criteria of the government.  Besides, the bank has been disbursing pension of govt. employees, monthly salary of teachers, and govt. and semi govt. officials without charges.

**Empowerment of women and poor:**

SBL has been providing wholesale credit facilities to different micro credit institution who are in turn lending amongst the women and poor people in different Income Generating Activities (IGA).

**Sports and Cultural Activities:**

Sonali Bank Limited has a tradition of patronizing and sponsoring sports and cultural activities at home and abroad. In 2007, Sonali Bank Limited became Champion in the Victory Day Hockey Tournament and Runners’ up in the Office Hockey League, Dhaka.

**Banking service for the Disadvantaged Groups:**

With 1182 branches all over Bangladesh, SBL could reach the banking services to the disadvantaged groups with the aim to encourage them in mobilization of their hard earned savings and creation for them investment opportunities.

**Employee welfare:**

SBL offers annual stipends and scholarships to the brilliant children of the employees of the bank.

**Disaster Relief:**

SBL always stands beside the helpless people at the times of natural calamities and extends helping hands to the sufferers.  SBL donated Tk. 10.5 million to help the victims of cyclone ‘Sidor’ to the relief fund of the Chief Advisor.  Sonali Bank Limited has collected funds from Bangladeshis residing abroad and remitted over Tk. 150 million at free of charge through Sonali Exchange Company (SEC), USA and Sonali Bank (UK) Limited. SBL has also donated to establish a Cancer Hospital in Dhaka. It has helped a number of Foundations and Organizations for raising funds through lottery and other means.

**2.12: Future Plan:**

SBL will continue to patronize sports and culture at home and abroad. Arrangements will be made for rendering better social services to the community apart from core banking activities. Specific action plans will be initiated to expand CSR programs in line with the guidelines of Bangladesh Bank and Securities & Exchange Commission (SEC)

**2.13 Three-Year summarized financial information of SBL:**

|  |  |  |  |
| --- | --- | --- | --- |
| **Particulars** | **2014** | **2015** | **2016** |
| **Authorized Capital** | 6000 | 6000 | 6000 |
| **Paid up Capital** | 3120 | 3830 | 3830 |
| **Statutory Reserve** | 760.15 | 760.15 | 828.49 |
| **Deposits** | 77014.73 | 86601.23 | 103160.82 |
| **Investment** | 32272.69 | 40795.55 | 46888.14 |
| **Import** | 30014.28 | 20059.85 | 13432.8 |
| **Export** | 6352.53 | 4543.17 | 3688.2 |
| **Operating Profit** | 854.73 | 865.10 | 425.13 |
| **Profit after tax and provision** | 60.55 | 58.65 | 151.62 |
| **Total Assets** | 93459.23 | 103947.82 | 120059 |
| **Return on Investment** | 7.80% | 7.50% | 7.06% |
| **Return on Assets** | 0.68% | 0.06% | 0.14% |
| **Return on Equity** | 11.05% | 0.99% | 2.18% |
| **Earnings Per Share** | 32.12 | 1.53 | 3.96 |
| **Net operating income per Share** | 45.35 | 22.59 | 11.10 |

(Source: Audit report of Sonali bank ltd 2014, 2015, 2016)

**Chapter-Three:**

**Consumer Credit schemes of SBL**

**3.1: Meaning of credit**

Credit comes from a Latin word ‘*Credo*’, which means “*I trust*” i.e. moneylenders trusts his borrowers to pay them back. In terms of bank, bank trusts his borrower will repay the loan as per terms & conditions. Before allowing credit bank should have confidence in the borrower’s ability & willingness to repay the loan. Credit does not exist because of confidence alone. Hence bank prepares a report on the proposed / existing borrower / importer / exporter which is called Credit Report. It is an elaborate & exhaustive report. It contains a full, true, correct & reliable record of the character, integrity, honesty, business ability &worth of the borrower. It assembles accurate & complete information & provides an evaluation of a borrower credit standing. Before giving credit facilities the manager has to reach his conclusion to select a borrower that qualifies the following five essentials which may be termed as 5 C’s namely;

1. **Character** – It is intention of the borrower to pay the loan. It determines the moral risk. It includes integrity of purpose, reputation for honesty, promptness in paying debts & fulfilling contract, high standard of business ethics & records of past performance.
2. **Capacity** – It is Borrowers competence in the field to employ the fund profitably & ability to generate income. It indicates the business risk. Capacity involves business ability of borrower, reputation of product & soundness of business method.
3. **Capital** – It is the financial strength of a risk. It is measured by the equity or net worth of the business.
4. **Conditio**n – It is the general business conditions and the conditions of the particular industry in which the applicant is involved.
5. **Collateral** – It implies the additional security taken to offset weaknesses that are apparent in the risk.

Before performing credit report, the Manager has to go through an investigation. The degree of investigation will be greater or less depending upon the amount of the loan & whether the loan is or is not secured.

**3.2 Overview**

Sonali bank is committed to play a vital role in overall socio economy development of our country. as per its commitment, it launched “consumer Credit Scheme” in the year 1995 to enhance the living standard of the people of limited and fixed income group.

Sonali Bank tries to establish the concept of “Relationship Banking”. It treats clients as its “financial Partner” and always intends to be a friend of rainy days by means of proving financing assistance in those days. It provides financing for the following purposes.

* To purchase different home appliances
* To purchase equipment for medical services
* To purchase motor vehicles
* To meet up emergency or sudden needs
* To arrange Wedding ceremony
* To enjoy vacation
* To bear edu8cational expenses of children
* To convert the vehicle engine into CNG.

**3.3 Objectives of the Scheme**

Sonali Bank Limited started the Consumer Credit Scheme program with a view to fulfill its benevolent institutional objectives through financing the middle class limited income group.

* To ensure the credit facility to the both middle class Limited income group and upper class income group.
* To improve the living standard of limited income group through financing in purchasing necessary goods.
* To participate in the socio-economic development of the country.

**3.4 Customer’s Credit Worthiness:**

To select good borrowers SBL examines some specific criteria of those borrowers. The Bank analyses customer’s character, capacity, capital, collateral, and condition (5 C’s) to justify credit worthiness and eligibility for a bank investment, those are described below:

* **Character:**

The bank analyses past track record of loan transactions of borrowers in SBL and in other banks. Also, the accuracy of the information provided in the loan application is examined. Moreover, the customer’s quality of integrity, responsibility, trustworthiness, and industry goodwill and credit character is scrutinized.

* **Capacity:**

The customer’s credit repayment capacity and ability is justified before sanctioning loan. The Bank examines cash inflows, outflows, net profit, and liquidity from customer’s financial statements. Also, the Bank forecasts about customers earning and stability of the financial condition.

* **Capital:**

The bank analyses current financial position of the potential customer’s organization. The total amount of net asset, debt-equity ratio and capital are examined by the Bank. If capital structure shows that the firm is highly levered, then the Bank marks it negatively.

* **Collateral:**

Marketability of collateral is important to bank; if customers become defaulter the bank can sell quickly that collateral which is easily marketable. The Bank justifies whether the collateral is safe, secured and sufficient or not.

* **Condition:**

Respective officer forecasts the economic and business conditions during the loan period. And also analyzes the stability of the forecasted source of income of the loan applicant.

**3.5 Eligibility of the Customers**

Any interested person within the range of 25 to 60 and having a permanent job or the permanent employees of the following organization can apply for the CCS loan of Sonali Bank.

* Government Organizations.
* Semi-Government and Autonomous Bodies.
* Banks, Insurances Companies or any other financial institutions.
* Armed Forces, B.D.R, Police and Ansar.
* Private Organizations having corporate structure.
* Teachers of Universities, Colleges and Schools.
* Permanent employees of Multinational Companies.
* Permanent employees of Bank acceptable companies
* Professionals such as Doctors, Engineers, Lawyers, Architects, Chartered Accountants, Journalists, and self-employed person etc.
  1. **Discouraged List of Customers**

In context of present economic situation, Government Policy as well as market scenario, the following industries and lending activities are considered as discouraged.

* Military Equipment/Weapon Finance.
* Highly leveraged transactions.
* Logging, Mineral Extraction/Mining or other activity that is ethically or environmentally sensitive.
* Lending to companies listed on CIB black list or known defaulters.
* Share lending.

**3.7 Products of Sonali Bank**

The products of Sonali Bank with their financing items under CCS loan are given below:

* Household Durable Loan: Motor Cycle, Personal Computer, Photocopier, Fax machine, Small PABX system, Television, Mobile Phone set, Refrigerator, Audio-video equipment, Other home electric appliances, Furniture and any other household items.
* Car Loan: Car, Jeep, Station Jeep, Pick up Van, Cover Van, Bus, Truck, Ambulance and any other vehicle for own use.
* Doctors Loan: For the Doctors only.
* Advance Against Salary: Any qualified person
* Education Loan: For Study purpose only
* Travel Loan: For traveling purpose,
* Wedding loan: For wedding only.
* CNG Conversion Loan: To convert into CNG
* Any Purpose Loan: For emergency need
* Hospitalization Loan: For treatment in hospital
  1. **Different consumer credit schemes and rates of interest of each scheme:**

|  |  |
| --- | --- |
| **Categories of Lending** | **Rates of Interest (%)** |
| Home Loan | 09.00 |
| Consumer Loan | 14.00 |
| Credit Card | 14.00 |
| Agriculture | 09.00 |
| Demand Loan (FDR, DPS, MMD etc.) | 4.00% above from the rate of relevant  FDR, DPS, MMD |

**Source**: Bangladesh Bank Announced interest rate chart of the scheduled banks (lending rate)  
(Percentage per annum) July 2017

**3.9: Steps in Credit Approval Process:**

**Step-1:** A potential customer collects prescribed Credit Application Form from the Relationship Officer of Branch/Regional Corporate Banking Department/Corporate Banking Division, Head Office/Web address of the Bank. Later, he/she submits the filled in Credit Application Form along with necessary papers and documents.

**Step-2:** The Relationship Officer scrutinizes the Credit Application Form and other documents submitted by the customer and make a preliminary assessment on creditworthiness of the potential borrower.

**Step-3:** The Relationship Manager, singly or jointly with Relationship Officer, visit the customer’s business premise and try to acquire proper understanding about the business position, actual credit requirement, repayment capacity etc.

**Step-4:** The Relationship Manager sends the Pre-sanction Inspection Report to the Corporate Banking Division, Head Office or to the Regional Corporate Banking Department, if any. The Head of Corporate Banking Division/Regional Corporate Banking Department assesses the credit proposal.

**Step-5:** If the Head of Corporate Banking Division/Regional Corporate Banking Department refuses, the Relationship Manager sends a refusal letter to the customer. If he/she is positive, the Relationship Officer collects duly filled in CIB Inquiry Form from the customer and submits it to the Credit Information Bureau of Bangladesh Bank for latest CIB Report through Credit Administration Department, Head Office. Everything may stop here if CIB report shows that the customer has classified liability in its name and/or in the name of its sister concern(s). In that case, the customer is regretted accordingly.

**Step-6:** Meanwhile, the Relationship Officer rates the customer as per Risk Grading System of the Bank. Finally, the Relationship Manager originates a formal Credit Proposal in which the Head of Corporate Banking Division affixes his/her recommendation regarding the proposal.

**Step-7:** The Head of Corporate Banking Division, Head Office then forwards the proposal to the Credit Risk Management Department, Credit Division along with necessary papers. The concerned Credit Officer conducts in-depth Credit Analysis (Due Diligence) and affixes his/her comments/observations/findings.

**Step-8:** The Credit Officer places the proposal along with his/her comments/observations/findings before the Head of Credit/Head Office Credit Committee. The Head of Credit may contact with the Head of Corporate Banking for his/her queries. He/she may also express his/her reservation on a particular issue/risk and ask the Head of Corporate Banking to clarify his/her position or refer to managing director.

**Step-9:** The Managing Director may decline the proposal if he/she is not satisfied about the proposal. If he/she is satisfied and if it is within his/her delegated power, he/she approves the proposal.

**Step-10:** If the facility is approved (whoever is the approval authority), the Credit Risk Management Department of Credit Division issues sanction letter to the Corporate Banking Division/Branch along with a Documentation Check List which clearly spells out what are the documentation formalities required to be completed before disbursement.

**Step-11:** The Corporate Banking Division/Branch then issues sanction letter to the customer in line with the letter of Credit Risk Management Department and requests the customer to complete documentation formalities.

**3.10: Steps in Documentation Process:**

**Step-1:** The Documentation Officer stationed in Branch completes the documentation formalities with the help of the Relationship Officer. After completion of documentation formalities, the concerned Relationship Manager signs the duly filled in Documentation Check List/Certificate of Documentation prepared by the relationship officer.

**Step-2:** The Documentation Officer stores the documents in the safe custody (vault) and puts pertinent entry in the Safe-in Safe-out Register. Documents shall be kept under joint custody of two responsible officers nominated by the Credit Administration Department, Head Office.

**Step-3:** Later, at the request of the Relationship Manager/Branch Manager, Credit Administration Department gives disbursement authority to the concerned Branch Manager who would load the limit in the system/database and limit is made available to the customer for drawing.

**3.11: Disbursement Process:**

Disbursement of a loan sanctioned by the competent authority shall be made after completion of the required documentation formalities and after obtaining disbursement authority. The disbursement process will be guided some basic principles. Those are:

**Separate Authority:**

Credit approval and disbursement authority shall be separate from each other. Credit risk management department will deal with credit approval while credit administration department will deal with disbursement of approved credit facilities.

**Documentation Check List:**

While issuing sanction letter to the corporate banking division/branch, the credit risk management department will enclose therewith a documentation check list in which credit risk management department will specify documentation formalities to be completed to secure the credit facility.

**Signing Documentation Check List:**

After completion of documentation formalities as per checklist, the Branch will submit the same to the credit administration department, Head Office, duly signed by the Head of the Branch.

**Disbursement authority:**

All the approved credit facilities shall be disbursed only after having disbursement authority from the Credit Administration Department, Head Office. If there is any inadequacy in documentation, the documentation officer will specifically mention it in the Documentation Check List / Certificate of Documentation and concern Branch Manager/RM will mention reason behind the inadequacy, expected date of completion of the same etc.

**Legal Vetting:**

Mortgage documents shall be properly vetted by the Bank's Legal Counsel. He/she will also certify that proper documentation, borrower's legal standing and enforcement of securities are in place. Finally, Lawyer's Satisfaction Certificate shall have to be obtained.

**3.12 Mode of Repayment**

Repayment of loans including accrued interest will be made by equal monthly installments, which will start from the following month of the disbursement of loan. Before disbursement of loan, the customer will deposit crossed cheque covering the total number of monthly installments in favor of Bank which will have to be presented for collection on the due date. Installment will be paid within 7th day of each month. However, prepayment is allowed.

**3.13 Other Conditions**

* Customer will bear the license fee, registration fee, insurance charge etc. if any, in respect of the articles.
* Customer will bear the expenses for necessary repair and maintenance of the articles during the period loan.
* After delivery for the articles, the respective customer shall remain responsible if the articles are broken, stolen or damaged. The customer with optimum care, caution and prudence shall use the articles and he will be liable for compensation or replacement etc. for any damaged caused due to this negligence, carelessness and inefficient handling. In the event of the articles being lost or totally damaged and become irreparable due to his negligence, careless ness and inefficient handling, he will be liable to adjust Bank’s due i.e. outstanding principal, interest and other charges on demand.
* Customer will inform the Bank of any Change of his address immediately after the change.
* The articles shall remain in sole control and custody of the customer who will not let out, lend, resell or transfer the possession or rights of the same to a third party under any circumstances.
* Customer will keep available all the articles supplied to him for inspection by the Bank officials or supervising agency as and when required.
* Default in payment of 3(three) consecutive installments shall render the customer liable to handover the articles of the Bank.
* In case of loan for purchase of Car loan, the registration of the vehicle loan shall be made in the sole name of the Bank/joint name of the Bank and the customer until full adjustment of the loan.
* The Registration, Blue book, Tax token, Fitness Certificate, etc for vehicles must always be kept up to date at the cost of the customer.
* The vehicles must be covered by comprehensive insurance policy to be taken by the customer on his own expenses.
* No additional amount will be paid by bank for repairing or any other purpose for which credit was allowed.

**3.14 Judgment Process of Credit Proposal Under CCS**

Loan and Advances are the main form of asset of a bank. I is very crucial for any bank because it generates the greatest part of revenue for a bank. Within the total credit portfolio consumer credit is the most popular form of credit because it is easily recoverable. To disburse the loan, the credit officer has to verify the potential borrower’s income, expenditure pattern, type of service etc to select the appropriate borrower. The factors, which are considered in this process, are stated below:

**3.15 Borrower’s income**

It is the vital factor for selecting a borrower. To gather required information in his regard, the borrower is requested to allow the credit officer to verify the following subject matters:

* Place of employment
* The stated Salary
* The continuity of Existing job
* Income from part time employment
* Spouse’s income
* Income from rentals
* Dividend or interest
* Children’s support

Besides these the credit officer also verifies borrower’s income from the TIN certificate, tax return and salary statement etc.

**3.16 Estimated Housing Expenses**

The credit officer tries to evaluate the expenditure pattern as well as monthly living expenditure with the help of the following information:

* Children’s educational expenses
* House rent
* Interest payment on previous borrowing
* Interest payment for the loan which is under consideration

**3.17 Location**

The location of the borrower is an important factor for selecting any borrower. If the location of the borrower is far from the bank, the physical communication becomes though for the bank. So bank likes to provide loan to those who stay near to the bank’s branch.

**3.18 Assessment of credit History**

The credit officer evaluates the credit history of a potential borrower with the help of the CIB report and with the inquiry of his or her Business community.

**3.19 Social Status**

Social status of a borrower is to be verified from the following information:

* Ownership of a car
* Ownership of a House in the metropolitan area
* Holding a land phone in residence
* Holding a passport, TIN certificate
* Membership of a first club
* Marital status

**3.20 Guarantors status**

Under the CCS, credit is offered by taking personal guarantors from a third party. The guarantor will be liable for the default of loan. So guarantor’s designation, type of job, monthly salary, period of service, office address, and the consent of the guarantors regarding the matters are evaluated.

**3.21 Loan Amortization**

Sonali Bank uses the most common loan amortization method that is “Capital Recovery Method”. Under this method constant monthly payment is calculated on an original loan amount at affixed interest for a given term.

**Example**

Loan Amount: BDT 100,000 (PV)

Interest rate: 17 %( r)

Number of Installments (monthly): 24

So monthly install will be: PV/\*MPVIFA@17%, 24 months)

So Monthly installment: 100,000/20.62423451=BDT 4843.66/Month

\*MPVIFA=Monthly Present Value Annuity Factor.

**Amortization Schedule**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Month  (1) | Beginning  Balance (2) | Monthly Interest  (3)=(2)\*(.15/12) | Monthly Payment  (4) | Monthly  Amortization  (5)=(4)-(3) | Balance  (6)=(2)-(5) |
| 1 | 100,000 | 1250 | 4843.66 | 3593.66 | 96,401.34 |
| 2 | 96,401.34 | 1205.02 | 4843.66 | 3643.65 | 92,757.69 |
| 3 | 92,757.69 | 1159.47 | 4843.66 | 3689.19 | 89,063.49 |
| 4 | 89,063.49 | 1113.36 | 4843.66 | 3735.31 | 85,333.18 |

Table 2: Amortization schedule

**3.22 Prepayment**

Customer can repay the loan before the maturity of the loan. Sonali usually welcomes the early payment of loan and no prepayment penalty is to be charged. Sonali bank always try to avoid classified loan even at a cost of losing profit and receiving risk just to maintain its credit history and good CAMEL rating.

**3.23 Description of the Schemes in Details**

* Marriage Loan : This scheme is to meet the fund requirement for marriage purpose of salaried person in Govt./Semi-govt./Autonomous bodies/ Multinational Co./Banks/Insurance/Financial Inst. /Educational Inst. with confirmed 3-years’ service ahead and businessman having adequate cash flow
* Education Loan : This scheme is for meeting the fund requirement for higher education of children of salaried persons in Govt. /Semi govt. /Autonomous bodies/ Multinational Co./Banks/Insurance/Financial Inst. /Educational Inst. with confirmed 3-years’ service ahead and businessman having adequate cash flow.
* Hospitalization Loan: Hospitalization loan will be provided for treatment purpose or surgery where hospitalization is necessary. The loan shall be available for the salaried person, i.e., employee of the Govt. Organizations / Semi-Government Organizations / Autonomous Bodies / Multinational Companies / Banks / Insurance Companies / Educational Institutions / Corporate Bodies.
* Car Loan: Car Loan will be sanctioned against Registration of the Vehicle in the name of the Bank.  Instead of down payment, the Customers shall have option to avail loan against their FDR or any other savings instruments up to 90% of the loan amount.
* Travel Loan: This scheme is for meeting fund for travel purpose of salaried person in Govt./Semi govt. /Autonomous bodies/ Multinational Co./Banks/Insurance/FinancialInst./Educational Inst. With confirmed 3-years’ service ahead and businessman having adequate cash flow.

**3.24 Graphical View of Total Deposits and Loans of Sonali Bank Limited (**Tk. In Cr)

(**Source:** Audit report of Sonali bank ltd 2013, 2014, 2015, 2016)

**3.25 Credit Recovery Process:**

The SBL has a rule to create Credit Recovery Unit at the branch to manage the deteriorating Loans and Advances classified as Sub-standard, Doubtful, and Bad & Loss.

**Steps of Recovery Process**

**1. Taking Normal Steps:** The Recovery Unit will take normal steps like physical contact with the borrowers and through letters for adjustment of all classified loans.

**2. Notification:** If any borrower fails to do within a specified period final notice followed by a legal notice is served.

**3. Legal Action Initiation:** Even if no tangible result is achieved legal action is to be initiated through the Bank’s Panel lawyers (taking permission from Head office) under provisions of the existing laws (ArthaRinAdalatAin, 2003) of the country.

**4. Proposals for Settlement:** Recovery Unit at the branch level may also send proposals for amicable settlement or rescheduling of the classified Loans and Advances, through the Zonal Office for approval of Head Office. Recommendation of both the Branch Manager and Zonal Head is required before or after filling of the recovery suit against deposit of down payment.

**3.26 The Recovery Unit’s primary functions will be to:-**

* Determine account action plan or recovery strategy.
* Pursue all options to maximize recovery.
* Ensure making adequate and timely loan loss provision as per Bangladesh Bank’s norms.
* Regular review of all classified loan accounts.

**Chapter- Four:**

**Comparison with other banks & SWOT analysis**

**4.1 Comparison among other banks**

* **Disbursed Amount of Retail Credit**

The amount disbursed in retail credit in the three consecutive years in Sonali Bank, Eastern Bank Dhaka Bank and National Credit and Commerce Bank can be shown in table:

Table: Comparison of retail credit disbursed among four banks Figures in Cr.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Banks | Years |  |  |  |
|  | 2015 | 2016 | Growth over | Growth over |
|  |  |  | 2015 | 2016 |
| SBL | 67.65 | 121.16 | 79.09% | 35.49% |
| EBL | 62.43 | 170.82 | 173.62% | 84.51% |
| DBL | 60.33 | 91.75 | 52.08% | 84.52% |
| NCCBL | 25.05 | 82.86 | 230.77% | 18.77% |

**Sources of Data: Annual Reports of SBL, EBL, DBL, and NCCBL**

According to the above table, though SBL has highest amount disbursement in retail credit, EBL had the highest amount in the next two consecutive years.

* **Interest Income generated by Retail Credit**

In the year 2006, 2007 and 2008 the amounts of interest income generated by different products of retail credit of four banks are given in the following table

Table Comparison of retail credit interest income among for banks Figures in Cr.

|  |  |  |  |
| --- | --- | --- | --- |
| Banks | Years | | |
| SBL | 2015 | 2016 | 2017 |
| 11.09 | 14.29 | 16.32 |
| EBL | 11.86 | 32.45 | 41.32 |
| DBL | 6.82 | 4.89 | 4.79 |
| NCCBL | 1.72 | 2.56 | 4.35 |

**Sources of Data: Annual Reports of SBL, EBL, DBL, and NCCBL**

According to the above table, it can be easily observed that, EBL has always highest amount of interest income in the three consecutive years among these four banks**.** The second highest bank was Sonali Bank in terms of interest income.

* **Number of Clients in Retail Credit**

Table: Comparison of number of clients in retail credit among some banks

|  |  |  |  |
| --- | --- | --- | --- |
| Banks | Years | | |
| **SBL** | 2015 | 2016 | 2017 |
| 8829 | 9461 | 10696 |
| **EBL** | 7963 | 8489 | 11960 |
| **DBL** | 5311 | 9894 | 12443 |
| **NCCBL** | 3587 | 5756 | 8561 |

* **Different Features of Similar Products Offered**

There is only one type of product that is similar among SBL, EBL, DBL and NCCBL which is “Personal Loan or Any Purpose Loan”. The comparative features of this loan among four banks are shown in the following table

**Table: Comparative Features of Any Purpose Loan among some banks**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Features** | **Banks** |  |  |  |
|  | **SBL** | **EBL** | **DBL** | **NCCBL** |
| **Loan amount(min)** | Tk. 10,000 | Tk. 50,000 or 10-12 times of gross salary | Tk. 25,000 | Tk. 20,000 |
| **Loan amount(max)** | Tk. 3,00,000 | Tk. 10,00,000 | Tk. 5,00,000 | Tk. 1,00,000 |
| **Rate of Interest** | 7% | 6.5% | 8% | 7.2% |
| **Tenor** | 1-3 years | 15 years | 14 years | 6 months -1 year |
| **Criteria(Age limit)** | 25-65 years at the time of maturity of loan | 22-60 years at the time of maturity | 21-60 at the time of maturity | 2050 at the time of maturity |
| **Down Payment** | 10% of total amount | 30% of total amount | N/A | N/A |
| **Repayment Method** | Monthly equal installment | Monthly equal installment | Monthly equal installment | Monthly equal installment |
| **Days needed for disbursement** | 15-20 days | 5-7 days | 21 days | 10-12 days |

**Sources of Data: Annual Reports of SBL, EBL, DBL, and NCCBL**

According to table, it can be commented that**,** EBL and DBL, two major competitors of SBL have already targeted different classes of people in the society.EBL is already enjoying larger market share in terms of both disbursed amount and interest income.DBL has targeted greater segments and trying to come up front with other attractive features and promotional activities in retail credit.

* **Promotional activities**

In the following table, the medium of promotional activities are shown for four banks**.**

Table: Comparison of promotional activities among four banks

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **SBL** | **EBL** | **DBL** | **NCCBL** |
|  |  |  |  |  |
| **Direct Sales Agent(DSA)** | √ | √ | √ | √ |
| **Display media advertisement** |  | √ | √ |  |
| **Print media advertisement** |  | √ | √ | √ |
| **Billboard** |  | √ | √ |  |
| **Fair arrangement** | √ | √ |  | √ |

**Sources of Data: Annual Reports of SBL, EBL, DBL, and NCCBL**

According to the above table, EBL has a complete promotional activities compared with other four banks SBL has only two wings in promotional activities.

* **Household Loan**

The aim to provide Household loan is to increase the living standard of people by supporting financially. In our busy life it is necessary to purchase various household items to make our life easy, comfortable and enjoyable. The various Banks of Bangladesh come forward to assist their valued clients by providing the loan for household items. Almost all the Private Commercial Banks are providing household loan. Among them Dhaka Bank Limited, HSBC and NCCB are to be considered the competitors of Sonali Bank Limited for their attractive offering.

**Amount of Credit Offer:**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Particulars | Name of The Banks | | | |
| Minimun Credit Offer | **Sonali Bank** | **Dhaka Bank** | **Eastern Bank** | **National Credit and Commerce Bank** |
| Tk 10000 | Tk 25000 | Tk 25000 | Tk 15000 |
| Maximum Credit Offer | Tk 500000 | Tk 500000 | Tk 500000 | Tk 120000 |

**Table: Maximum and Minimum loan offered by different banks in Household loan**

A client can apply for a maximum household loan of BDT 500,000 from the three banks, i.e. Sonali Bank, Dhaka Bank and Eastern bank. NCCB follows a very conservative policy by offering a least amount of loan of BDT 120,000. Sonali Bank’s minimum offering of loan is BDT 10,000 with compare to Dhaka Bank (BDT 25000), Eastern bank (BDT 25000) and NCCB (BDT 15000).

**Rate of Interest:**

|  |  |
| --- | --- |
| Banks | Rate of Interest |
| **Sonali Bank** | 6% |
| **Dhaka Bank** | 7% |
| **Eastern Bank** | 9% |
| **National Credit and Commerce Bank** | 5% |

**Table: The rate of interest of different banks on Household loan**

In household loan, NCCB offer a very low interest rate of 5% and this rate is very competitive with compare to other Banks. Sonali Bank’s interest rate is moderate (6%) whereas Dhaka Bank’s interest rate is 7% and Eastern bank interest rate is 9% respectively.

**Down Payment:**

|  |  |
| --- | --- |
| Banks | Down payments |
| **Sonali Bank** | 10% |
| **Dhaka Bank** | 0% |
| **Eastern Bank** | 0% |
| **National Credit and Commerce Bank** | 25% |

**Figure**: **A comparison of Down payment of different banks on Household loan**

For the household loan of Dhaka Bank and Eastern bank, a client does not need to pay any advance. But Sonali Bank charges a down payment of 10% on the loan applied. A customer needs to deposit a down payment of 25% in case of obtaining a Household loan from NCCB.

**Maximum time to repay:**

|  |  |
| --- | --- |
| Banks | Maximum Tenure |
| **Sonali Bank** | 3 years |
| **Dhaka Bank** | 5 years |
| **Eastern Bank** | 3 years |
| **National Credit and Commerce Bank** | 3years |

**4.2 SWOT Analysis**

Every organization is composed of some internal strengths and weaknesses, also has some external opportunities and threats in its whole life cycle. SWOT analysis provides an opinion and adjustment whether organizations current position is satisfactory or not.

* **Strengths**
* Diversified product lines.
* Experienced, expert and efficient management team especially in credit department.
* Effective strategy in loan sanctions and recovers.
* Centralized banking system.
* Strong policy and guideline.
* **Weaknesses**
* Centralized loan sanctioning process.
* Long loan processing time.
* Moderate Advertisement.
* Do not have separate marketing team for credit schemes.
* **Opportunities**
* Favorable business climate for Govt. banks in the country in comparison with other business.
* The bank can introduce more innovative consumer credit schemes in modern era of banking
* The bank can introduce separate marketing team for credit schemes.
* The bank can offer more micro credit facilities for agriculture and small business.
* **Threats**
* Increased Market competition according to varieties credit schemes
* Product Risk
* Political environment.
* Changing rules and regulations of central bank.

**Chapter- Five:**

**Findings, Recommendations and Conclusion**

**5.1 Findings:**

* There are many diversified consumer credit schemes in Sonali Bank for surviving in the modern era of competition
* The loan processing period is lengthy due to preparation of credit proposals, proper documentations and negligence of the employees. Most of this time is spent for the correspondence between the branch and Head Office.
* The terms and conditions of credit division are sometimes difficult to understand and maintain to the ordinary clients.
* Lack of manpower slows down to provide better services to its borrower-clients.
* Credit monitoring and supervision activities are moderate. When a borrower fails to repay 4 or 5 installments then the bank officials go to the borrower to persuade him/her. .
* The bank has no specific credit recovery unit to realize the credit from borrowers in time. Generally the branch Manager and the Relationship Manager perform these activities.
* This bank has no credit sales and marketing wing to attract and increase valued borrower-clients.

**5.2 Recommendations**

In order to get competitive advantage & to deliver quality service, top management should try to modify the services at the loans and advance sector. For the improvement of sound lending and reducing the rate of bankruptcy, the following measures should be taken:

* Sonali Bank is the first leading bank in Bangladesh. Its major operations are profit, growth, development and welfare oriented. Management system of this bank is fully democratic. It always maintains the rules declared by Bangladesh Bank. Sonali Bank Staff College provides training facilities to its medium & junior level officers of the bank and also provides executive development & internship programs. This is my observation that the lecture of credit risk management and negative barriers of sanctioning finance should be discussed widely than before. Because the management of Sonali Bank has been facing the high involvement of lending risk & procurement of project finance with Bank’s growth, profit & future.
* The management functions (from planning to control) are not clearly present in their various activities. Only the cash section of the branch is computerized. But for reducing bankruptcy Sonali Bank should develop immediately Credit & Project Finance Information System through computer.
* Sonali Bank has network manually not computerized. Sonali Bank should had networking system by which all branches of Sonali bank can be connected easily as a largest commercial bank in Bangladesh. By using computerized networking system Sonali bank could disbursement of services on ATM, Debit card, Master card, Q-Cash facilities.
* Officers who are working on Credit risk management & Project finance procedure, they should give attention on timing of sanctioning finance. Because demand of any kind of product is being flexible. So if other thing is remaining constant, sanctioning procedure should not be delayed.
* Policy should be distinctive and dynamic which has more acceptability to the borrowers. Policy should be made at the consideration of regional, financial, continental, demographical, economical, psycho graphical.
* At last Sonali Bank should develop the proper environment so that borrowers can bargain or negotiate about loan and finance. Because Sonali Bank must have think about borrower’s needs, wants and demands and beside his profitability
* Political power should not be considered to maintain credit management module and project finance procedure. In our Bangladesh most of the cases procedure is too weak for financing so, ultimate result is being bankrupted.
* Decision maker of credit risk management of Sonali Bank should work for the profitability of bank as well as they should have some unique power than before to sanction for sound return on investment.

**5.3 Conclusion**

Banking sector is very crucial for any economy. To have understanding of this sector is very vital for any business graduate. I am really glad to be oriented to this sector through the nation’s largest commercial bank “Sonali Bank”. This bank performs hundreds of important activities both for the public and for the govt. as a whole. It has an outstanding bearing to thrive our business sector

Sonali Bank continues to play its’ lending role in socio-economic development of the country as a companion of independent Bangladesh. Since the inception of Sonali Bank, it has been rendering its’ banking services to meet the needs of the state and the nation and to cope up with the demands of mass people of the country giving priority to service. Almost there is no one financial sector in Bangladesh where Sonali Bank is not existed. Not only loan sector but also general banking, foreign exchange dealings are efficiently and effectively guided by Sonali Bank, that’s why it has been established as a representative of Bangladesh Bank.

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