

Internship Report on

"Study on Customer Service Quality and Customer Satisfaction at credit card in the context of Prime Bank Limited in Bangladesh"

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EAST WEST UNIVERSITY

21 December 2008

To Whom It May Concern

This is to certify that **Shahriar Hossain** is a BBA student of East West University. In the Fall – 2008 semester, he has taken the course **Bus. 499**, which requires a formal report on a specific topic or on a specific organization after completing a three months of work experience. For this purpose, he requires to gather relevant information about the chosen organization.

It is worth mentioning that the gathered information will only be used for pure academic purposes and will be kept classified. It will be highly appreciated if you help him to get relevant information about your esteemed organization.

Thank you for your kind cooperation.

S I Nusrat A Choudhury

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Letter of Transmittal

21 December 2008

S. I. Nusrat A Chaudhury
Associate Professor
Department of Business Administration
East West University

Submission of the Internship report "Study on Customer Service Quality and Customer Satisfaction at credit card in the context of Prime Bank Limited"

Dear Sir

It is an honor and great pleasure for me to submit my internship report on "**Study on Customer Service Quality and Customer Satisfaction at credit card in the context of Prime Bank Limited in Bangladesh**". An Study on **PRIME Bank Ltd.**" in a professional way. I am now submitting my internship report on my activities.

During the process of preparing the report, I had the chance of experiencing and rediscovering my potentials. This report gave me an opportunity to apply my theoretical expertise, sharpen my views, ideas and communication skills, which will definitely help me in my future professional career.

Please feel free to contact me if you have any inquiries. I would be very happy to provide you with any clarifications regarding my Report. Thanking you and looking forward to receive your cordial approval of my submission.

Sincerely yours



Shahriar Hossain
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Acknowledgement

Firstly I am grateful to Almighty Allah for whose blessing I have successfully completed my internship program and then it goes to our honorable course coordinator "S I Nusrat A Chaudhury", who has been very much friendly and approachable to me throughout the course and has given me a lot of guidance in the preparation of my report. I am indebted to many persons that a complete acknowledgement would be encyclopedic.

This paper is the outcome of my practical work at **PRIME Bank Ltd.**, Mohakhali Branch after 90 days of working and data collection. The report could never been completed without the help of some helpful cooperative officials and accommodating authorities. I thank all the officers, staffs, especially all the heads of different departments of **PRIME Bank Ltd.**, Mohakhali Branch, Dhaka for their nice co-operation.

I would also like to express my appreciation to the people who have helped all through the internship work. Above all, this report is a combined effort of my sincerity, efficiency and determination. However, I hope that this course as well as this work experience will help me to build my career in a successful and precise way in this arena.

And finally I like to say that I have tried heart and soul to prepare this report accurately. However, there might be some errors and silly mistakes due to my limited aptitude and time constraint. In this regard, I seek your kind consideration as I am in the process of learning.



**"Study on Customer Service Quality and
Customer Satisfaction at Credit card in the
context of Prime Bank Limited in
Bangladesh"**

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Executive Summary

Credit Card is an electronic based plastic card bearing an account number assigned to a cardholder with a credit limit that can be used to purchase goods and pay for services with a credit facility and without cash transaction. **The Prime Bank Ltd. (PBL)** has started its credit card business in 1999 through Master-card and VISA card. The report titled “**Study on Customer Service Quality and Customer Satisfaction at credit card in the context of Prime Bank Limited in Bangladesh**” is prepared with a view to provide the bank some valuable after sale information in this business. The broad objective of the study is to draw an overall view of the satisfaction level of the credit card user of the Prime Bank Ltd. and then identify how to improve the level. The specific focuses of the study are analysis of the satisfaction level of the card users of The Prime Bank Ltd., comparing their product and service offerings with other issuers, judging cardholders’ level of satisfaction, and exploring the opportunities and competitive advantages that can be exploited by PBL. Both primary and secondary sources of data have been used to gather the necessary information for the analyses of the study. Primary data sources are the cardholders (convenient sample size of 77), merchants (sample size of 20) and 4 issuers namely Standard Chartered Bank (SCB), Prime Bank Limited (PBL), National Bank Limited (NBL) and Dhaka Bank Limited (DBL). All the primary data sources are reached through questionnaire survey.

In the market share analysis, at present, SCB has the highest market share of 69% with around 200,000 cardholders (as on 15th April, 05).

Amongst the service offerings of different issuers, the average time for processing the card and delivery is only 2 days of NBL, 3 days in PBL and 10 days of SCB. The same for others is 7 days.. The lowest subscription fee for principal card local silver is Tk. 1000 (offered by PBL) and local gold is Tk 2000 (PBL & NBL).. The monthly interest rate is 2% of NBL, which is the lowest.

In the customer satisfaction survey, the largest portion (35.25% of the total) of the respondents has the limit of Tk 10000 to Tk 24000. The highest satisfaction level of the cardholders regarding the overall service including all aspects of credit card operation is of SCB, which secured 4.13 CPA (Cumulative Point Average, see Appendix C). The second in this category is PBL with CPA of 4.08.



1

Part One

INTRODUCTION TO THE PROJECT



“a bank with a difference”

Chapter-1

Introduction to the Project



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1.1 BACKGROUND

The report titled “Study on Customer Service Quality and Customer Satisfaction” at credit card in the context of Prime Bank Limited in Bangladesh” is prepared as a requirement of the three month long internship program at The Prime Bank Ltd. After consulting with my internship supervisor S.I Nusrat A Chaudhury and the supervisor in the host organization Quazi Anwarul Azim, I decided to work on the customer services and satisfaction using Prime Bank Master-card and VISA-Card. In Bangladesh there are several local and foreign banks that are in the credit card business and have a good customer base.

In this paper I have tried to analyze the existing card market to accumulate various data and information regarding the offers of various banks and institutes, customer bases, marketing strategies, customers’ satisfaction level etc of all the competitors and in the process helped to explore opportunities and set strategies etc. This is the basic rationale behind the study. At the same time, it would be a huge boost for me to get acquainted with the credit card business. So, this study is very significant for both the bank and myself.

1.2 ORIGIN OF THE STUDY

There is a common phenomenon we observe in our life that a cultural shock strikes as people step ahead from their academic lives to the job fields. To make students overcome from this problem it is very useful to have a practical orientation to the job environment during the academic lives and internship program enables us to do so. This research paper has been prepared as a part of Internship Program of BBA , East West University. The report titled “**Study on Customer Service Quality and Customer Satisfaction at card division in the context of Prime Bank Limited in Bangladesh**” is a collaborative representation of three month long Internship Program at The Prime Bank Ltd., Mohakhali Branch.



1.3 OBJECTIVES OF THE STUDY

The broad objective of the study is to draw an overall view of the customer services and satisfaction at PBL and then to identify the ways to improve the customer satisfaction at the card business of PBL. The objectives of the study are:

Broad Objectives:

- ▶ To identify the level of customer satisfaction of the cardholders of PBL Master card, Visa card and ATM Debit card.

Specific Objective:

- ▶ To identify the present customer service provided by other banks and financial institutions (issuers).
- ▶ To identify, analyze and compare their product offerings.
- ▶ To identify, analyze and evaluate the cardholders' level of satisfaction for the services of those Issuers.
- ▶ To identify the strengths and weaknesses, if any, of those organizations.
- ▶ To evaluate the prospects of The Prime Bank Ltd. (PBL) in the credit card business.

1.4 SCOPE OF THE REPORT:

The study focuses on a comprehensive market analysis of Credit Card and the level of satisfaction of Cardholders of the issuers. The scope of the study was strictly confined to Dhaka City. Here it should be noted that the cardholders outside the Dhaka City are not included here in the study due to the inconvenience of reaching them.

1.5 EXPECTED FINDINGS OF THE STUDY

Prior to all research works, there are some expected results, which are hypothesized for the evaluation of the study. The expected findings of the study were:

- ▶ Comparison of the process of the evaluation of creditworthiness, card delivery times, interest rate, different fees & charges, sources of customer dissatisfaction of the issuers to find out whether there is any opportunity to exploit.



1.6 Methodology:

1.6.1 Sampling Technique Used

a) Population:

There are two different finite population parameters involved in the study. They are:

- I. **Issuers:** For smooth analysis four issuers of credit card have been taken. These are Standard Chartered Bank (SCB), The Prime Bank Limited (PBL), National Bank Limited (NBL) and Dhaka Bank Limited (DBL).
- II. **Cardholders:** The following table shows the existing cardholders of different offering organizations at present.

As on 10th June 2008

Issuers	Cardholders
Standard Chartered Bank	250000
The Prime Bank Ltd.	18000
The National Bank Ltd.	8000
Dhaka Bank Ltd.	6000

Table 4.1: Cardholders of different issuers

b) Sampling Design and Sample Size:

All the four issuers were addressed for interview. But, because of the large population size of the cardholders, it was difficult to determine a representative sample size. So, a purposive quota sampling was used for the cardholders. The total sample size of cardholders that were interviewed was 75. The Cardholders were selected on a convenient basis for the face-to-face personal interview as well as the telephone interview.

Issuers	Percentage	Sample Size
PBL	65.44	50
SCB	8.38	8
DBL	12.31	10
NBL	6.02	7
Total	100	75

Table 4.2: Sample size taken of different issuers

Finally, to get a general idea about the problems and demands of 11700 merchants, a small sample size of 20 merchants were selected and interviewed. It was not necessarily required that they are to be selected on a quota basis, rather they were reached on a convenient basis.



1.6.2 Data Administering Method

The cardholders, merchants and the most knowledgeable persons of the card division of the issuers were personally interviewed. Due to some inconvenience and also to avoid wastage of time, some respondents were also interviewed over the telephone by making them understand the technical terms. Three semi-structured questionnaires were developed to collect all the data and information.

1.6.3 Techniques of Data Analysis

Quantitative approaches like frequency calculation, cumulative percentage measurement have been used for analyzing the collected data. Mathematical tool like geometric mean calculation and some analysis tools that are most commonly used in analyzing marketing research now a days are also used. For example, to rank various attributes/factors according to the relative importance of others Mean Score Relative Importance (MSRI) scale has been used and to determine the relative position of various card issuers on a single attribute, Cumulative Point Average (CPA) scale has been used. The formulas for these tools are described as under:

$$\text{MSRI for a factor} = \frac{\sum W + (N - 1)}{n}$$

Here, W = Total weight for the factor on a scale

= Frequency of the factor (f) x Weight assigned to the scale (w)

N = Number of total respondents

n = Number of total factors

$$\text{CPA of a factor} = \frac{f_i \times w_i}{N}$$

Here, f_i = Frequency of the factor

w_i = Weight assigned to the scale

N = Number of total respondents

Finally, to give the analyzed data a structural figure and express them in a constructive manner, some standard computer software was used which are MS Word 2000 and MS Excel 2000.



1.7 Limitations of the Study

There are some specific problems and limitations that were faced during the entire process of preparing the report. Some of them are:

▶ Because of time and cost constraints, it was not possible to generate a representative sample size and also to use simple random sampling procedure. And, it was not possible to interview .

International cardholders who are very high-profile personal and more frequent users of credit cards.

▶ Initially the sample size of cardholders that was targeted was 100; but due to time constraints, the size that could be finally obtained was 75.

▶ American Express Bank is also a provider of the credit card; but it offers credit card only to its valued corporate clients. So, it was not possible to get idea about its product/service offerings.

▶ The cardholders outside Dhaka City cannot be covered due to time and cost constraints.

▶ During the interview, there was some amount of non co-operation from a section of the respondents, which were unavoidable. Hesitation and refusal of the respondents caused one of the major limitations.

▶ The lack of experience of the researcher in the field may become another limiting factor.

▶ Lack of time and resource constraint has also limited the scope to conduct the survey smoothly and so as to prepare the report.



2

Part Two

INTRODUCTION TO THE ORGANIZATION & ORGANIZATIONAL OVERVIEW



CHAPTER: 2

INTRODUCTION TO THE ORGANIZATION



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2.1 INTRODUCTION TO THE ORGANIZATION

In the backdrop of economic liberalization and financial sector reforms, a group of highly successful local entrepreneurs conceived an idea of floating a commercial bank with different outlook. For them, it was competence, excellence and consistent delivery of reliable service with superior value products. Accordingly, Prime Bank Ltd. was created and commencement of business started on 17th April 1995.

As a fully licensed commercial bank, Prime Bank Ltd. is being managed by a highly professional and dedicated team with long experience in banking. They constantly focus on understanding and anticipating customer needs. As the banking scenario undergoes changes so is the bank and it repositions itself in the changed market condition.

Prime Bank Ltd. has already made significant progress within a very short period of its existence. The bank has been graded as a top class bank in the country through internationally accepted CAMEL rating. The bank has already occupied an enviable position among its competitors after achieving success in all areas of business operation.

Prime Bank Ltd. offers all kinds of Commercial Corporate and Personal Banking services covering all segments of society within the framework of Banking Company Act and rules and regulations laid down by our central bank. Diversification of products and services include Corporate Banking, Retail Banking and Consumer Banking right from industry to agriculture, and real state to software

The bank has consistently turned over good returns on Assets and Capital. During the year 2006, the bank has posted an operating profit of Tk. 2131 million and its capital funds stood at Tk 4409.21 million. Out of this, Tk. 1750 million consists of paid up capital by shareholders and Tk. 2659.21 million represents reserves and retained earnings. The bank's current capital adequacy ratio of 9.95% is in the market. In spite of complex business environment and default culture, quantum of classified loan in the bank is very insignificant and stood at less than 0.82%.

Prime Bank Ltd., since its beginning has attached more importance in technology integration. In order to retain competitive edge, investment in technology is always a top agenda and under constant focus. Keeping the network within a reasonable limit, our strategy is to serve the customers through capacity building across multi delivery channels.



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2.2: Mission and vision of the Prime Bank Ltd.

2.2.1: Mission of PBL

To build Prime Bank Limited into an efficient, market driven, customer focused institution with good corporate governance structure.

Continuous improvement in our business policies, procedures and efficiency through integration of technology at all levels.

2.2.2: Visions of PBL

To be the best Private Commercial Bank in Bangladesh in terms of efficiency, capital adequacy, asset quality, sound management and profitability having strong liquidity.

2.3: Slogan of PBL

To keep continue the growth with reputation and social responsibility, it has it's own slogan is, "**A Bank with a difference**"

2.4: PBL's efforts are focused

On delivery of quality service in all areas of banking activities with the aim to add increased value to shareholders investment and offer highest possible benefits to our customers.

2.5: Goals and objectives of PBL

Maximization of Profit through customer satisfaction is the main objective of the bank. In addition, the others relevant objectives are:

-  To be market leader in high quality banking products and services.
-  Active excellence in customer service through providing the most modern and advance technology in the different spheres of banking.
-  To participate in the industrial development of the country to encourage the new and educated young entrepreneurs to under take productive



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venture and demonstrate their creativity and there by participate in the national development.

- ✚ To provide credit facilities to the small and medium size entrepreneur located in urban & sub-Urban area and easily accessible by our branches.
- ✚ To develop saving attitude and making acquaintance with modern banking facilities.
- ✚ To inspire for undertaking small projects for creation employment through income generating activities.
- ✚ To play a significant role in the economic development of the country.

2.6: Departments of PBL

All branches of Prime Bank Ltd. are divided into three departments:

- **General Banking Department.**
- **Foreign Exchange Department.**
- **Credit Department.**

2.6.1: General banking department

General banking department is one of the most important departments of Prime Bank Limited.

Basically bank provides the main services to the customer through this department. In general this section of the Prime Bank Ltd. is divided into five sections.

- ❑ Accounts opening section
- ❑ Cash section
- ❑ Remittance section
- ❑ Bills and clearing section
- ❑ Accounts section



2.6.2: Foreign exchange department

Banks play a very important role in effecting foreign exchange transaction of a country. Mainly transactions with overseas countries are in respect of imports, exports and foreign remittance come under the purview of foreign exchange department. Banks are the vital sectors by which such transactions are effected / settled. Central Bank records all sorts of foreign exchange transactions. The other banks dealing with foreign exchange are to report to Bangladesh Bank regularly (viz. daily, monthly, quarterly, yearly etc.) the foreign exchange department consists of three sections. They are:

- Import section
- Export section
- Foreign remittance section

2.6.3: Credit department

Banking business consists of borrowing and lending. Banks act as intermediaries between surplus and deficit economic units. Thus a banker is a dealer in money and credit. Banks accept deposit from large number of customers and then lend a major portion of the accumulated money to those who wish to borrow. In this process banks secure reasonable return to the savers, make funds available to the borrowers at a cost and earn a profit after covering the cost of funds. Banks, besides their role of intermediation between savers and borrowers and providing an effective payment mechanism, have been allowed to diversify into many new areas of better paying business activities.

2.7: CAMEL rating

Bangladesh Bank (BB) has rated CAMEL (Capital Assets Management Earning and Liquidity) of all commercial banks on the basis of credit management performance till September 2002. There are two systems of CAMEL Rating. One is 'on-site' and the other is 'off-site'. In off-site rating Prime Bank Ltd treated as not only A-Class bank and but also number one among all other A-Class bank.



CHAPTER: 3

ORGANIZATIONAL OVERVIEW

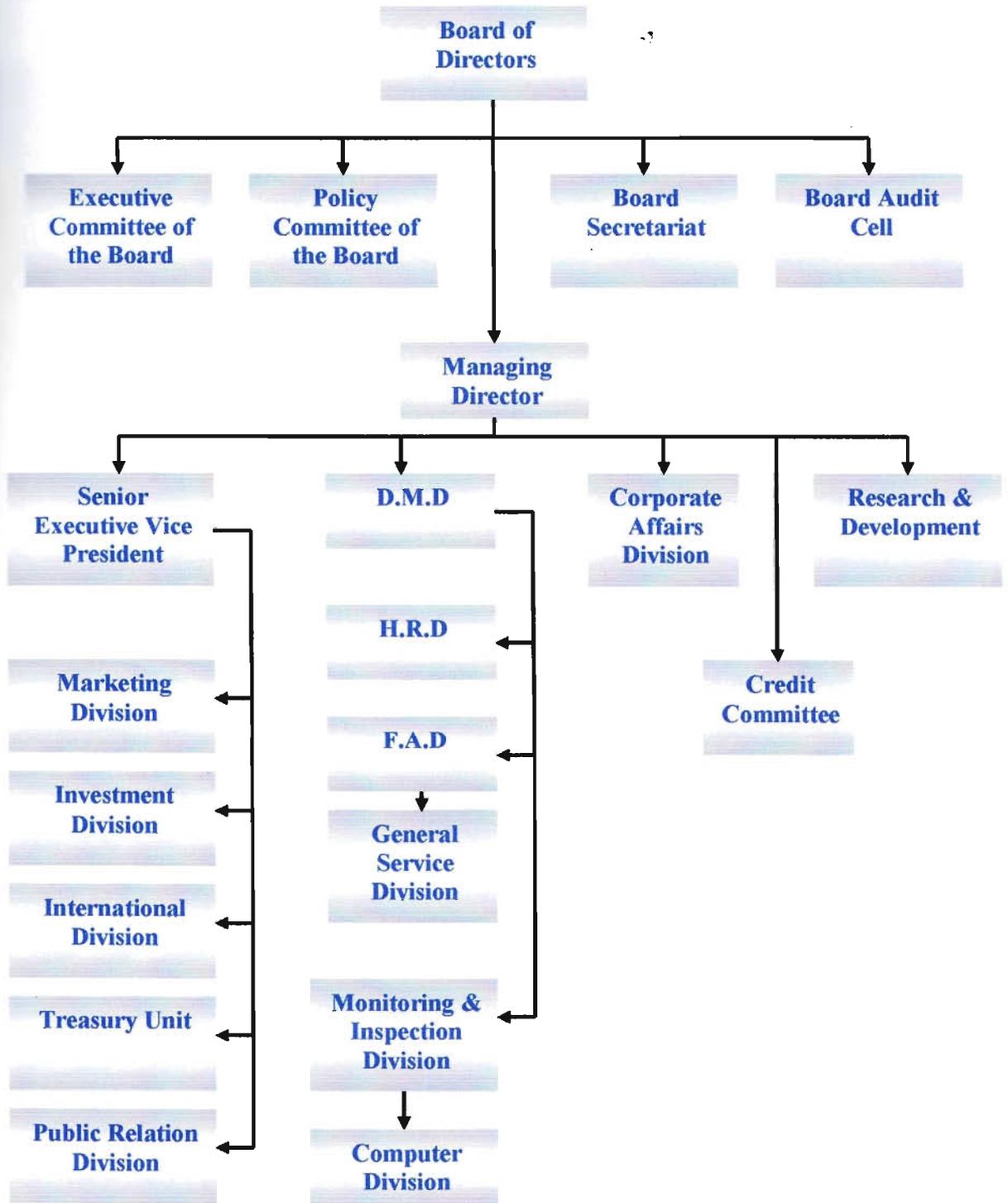


3.1 A glance of Prime Bank;

⊕ Creation of the Bank	:	17 th April 1995
⊕ Number of Branches	:	67
⊕ No. of Employees	:	1250
⊕ Board of Directors	:	
⊕ Chairman	:	Azam J. Chowdhury
⊕ Vice Chairman	:	Shahnaz Qasem and Hasina Khan
⊕ Directors	:	Mohammed Aminul Haque Quazi Sirajul Islam Capt. Imam Anwar Hossain Qazi Saleemul Haque Razia Rahman Ferdousi Islam Nafis Sikder Nafisa Parvin Trisa Mohammad Delwar Hossain Maksudur Rahman Sarker
⊕ Managing Director	:	Ehsanul Haque



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3.2: Hierarchy of Prime Bank Limited

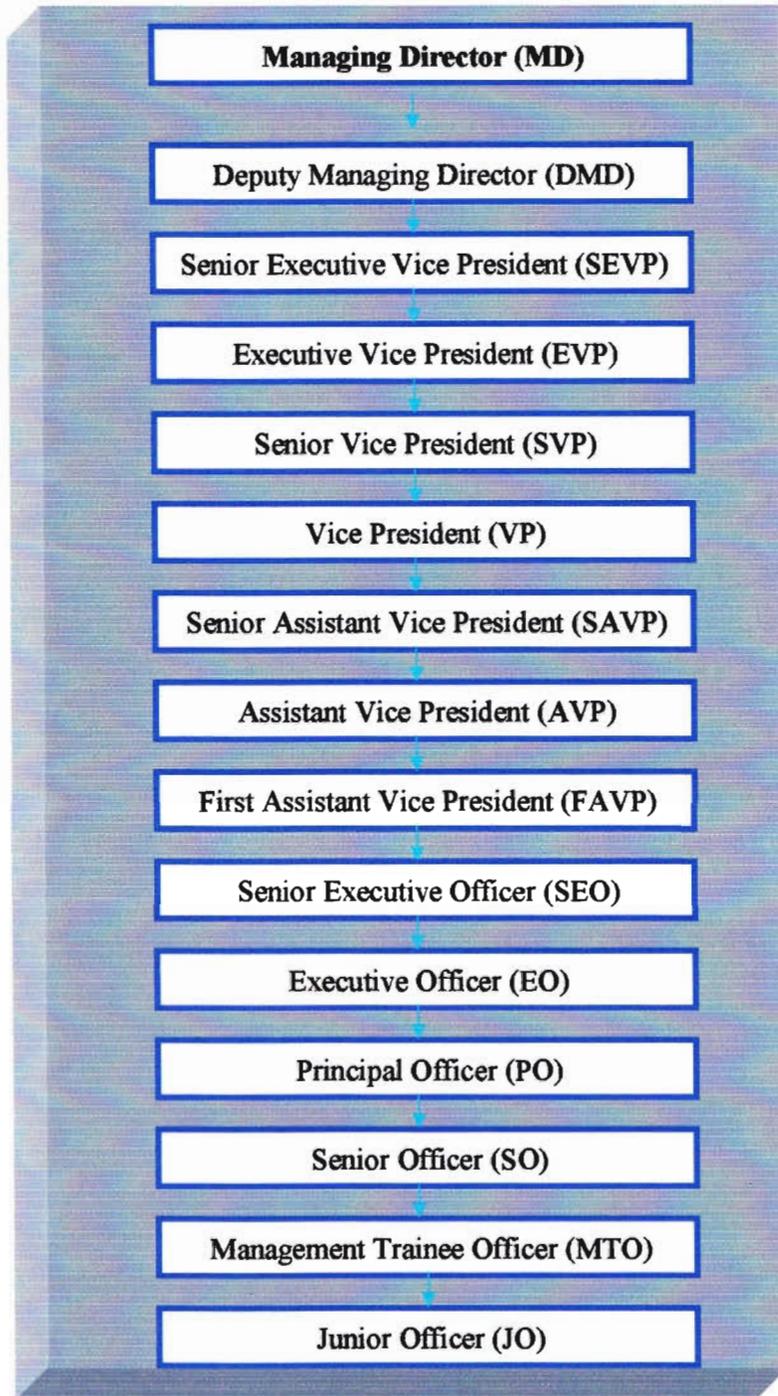


Figure 2.2: Hierarchy of Prime Bank Limited

3.3 Branches of PBL

There are sixty seven branches of prime Bank in six divisions.

- ❖ **Dhaka Division**
- ❖ **Chittagong Division**
- ❖ **Sylhet Division**
- ❖ **Khulna Division**
- ❖ **Barisal Division**
- ❖ **Raishahi Division**

The head office of prime Bank situated in 119-120 Motiizheel C/A, Adamjee court, Annex building-2, Dhaka-1000



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3.3.1: Branches

Prime Bank has 62 existing branches and some other proposed branch all over the Bangladesh to provide better service to their valuable customers.

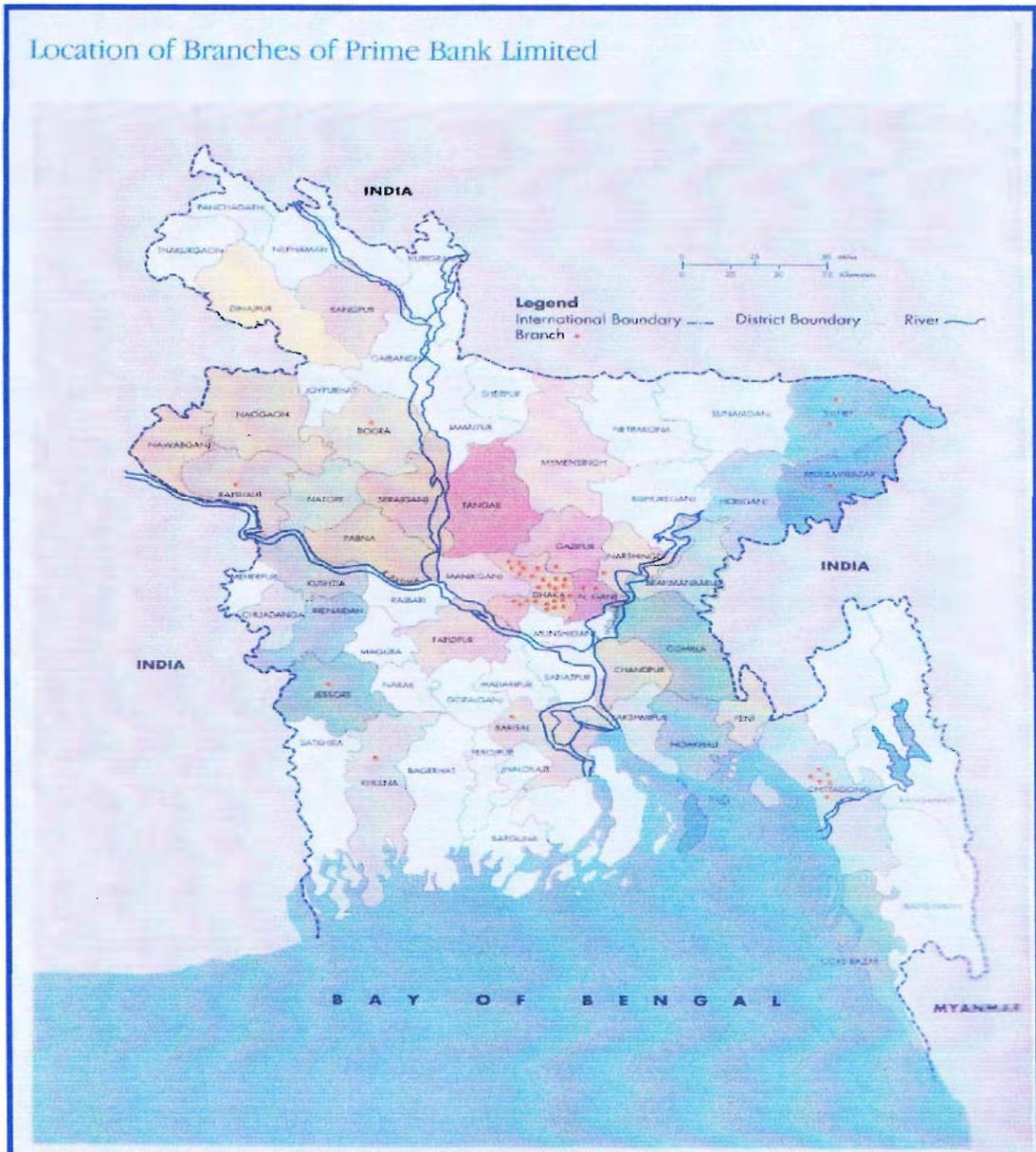


Figure 2.3: Branch Locations Prime Bank Limited in Bangladesh

Prime Bank aims to continuously update and develop its product line and range of services to cater to the needs of retail and corporate customers. To achieve this goal, efforts have been directed in three main areas:

- ♦ Design and introduction of new products and services
- ♦ Shaping and developing the system to face new challenges and emerging need of the market
- ♦ Full implementation and utilization of the Bank's excellence program which aims to provide service to customers.

While strengthening risk management and improving asset quality is the main focus of the bank, it is also aware of its responsibility to the society. With this noble intention, Prime Bank Foundation was established in 2001, which took part in diverse charitable and voluntary programs to alleviate poverty and community welfare.

3. 4 General Service Division (GSD)

The functions of GSD are classified as Establishment and General Banking (GB).

(a) Establishment

The main function of GSD is to procure and supply the tangible goods to branches of PBL. Those are:

- Tangible functions of opening a branch, for example, interior decoration, making lease agreement
- Print all security papers and bank stationeries, forms, registers and distribute them to the branches
- Purchase and distribution of bank's furniture and fixtures
- Find out the demand of equipment from the branches and divisions and arrange the purchase and delivery of them to the branches concerned
- Install and maintain different facilities in different branches.



(b) General Banking

General department performs the majority functions of a bank. It is the core department of any bank. The activities of GB of PBL are mainly divided into the following categories:

- Account opening section
- Local remittance section
- Online branch banking section
- Deposit scheme section
- Clearing section
- Collection section
- Cash section
- Accounts section



3.5 Head Office Accounts

Its deals with the Head Office transactions with banks and its different branches and these are recorded under the following headings:

- **Income and expenditure positioning:** It maintains all the income and expenditure information
- **Cash section:** It handles cash expenditure for office operations and payments.
- **Bills section:** It deals with inland bill transactions.
- **Salary and wages section:** Salary and wages of head office executives are given from this account.
- **Provident fund:** Employee provident fund are maintained here

3.5.1 Credit Division

The main functions of this division are:

- To Manage PBL's credit portfolio
- Receive credit proposal from branches
- Appraise and approve the proposals
- Sanction letters and send them to branches
- Monitor and follow up the loans and advances provided by the bank
- Set up prices for credits and ensure their effectiveness
- Prepare various statements to submit to Bangladesh Bank

3.5.2 International Division

This division is responsible for monitoring and supervising the foreign exchange dealings of the bank. It performs the following functions:

- Making guidelines and frameworks for foreign dealings complying the rules of Bangladesh Bank
- Circulating instructions of Bangladesh Bank
- Maintaining correspondence with foreign banks and exchange houses with which it has exchange arrangement
- Maintaining NOSTRO accounts with banks in abroad.
- Fixing and sending foreign exchange rates to Authorized Dealer (AD) branches and Bangladesh Bank.



3.5.3 Treasury

Treasury is considered to be an important division for income generation purpose within the head office. The treasury of PBL continues to efficiently manage bank's cash flow. It optimizes the investment of the bank's excess liquidity. Treasury is also expected to provide quality services and products to meet the demand of the customer needs and play a major role in raising bank's income.

3.5.4 Computer Division

This division operates and keeps the record of all transactions, assets, liabilities of PBL by using integrated software. Though the technology of PBL is not advanced, the computer division tries to provide the following functions:

- Supply and installation of computer as per requirement
- Design software to support accounts operation
- Train the officers and employees about the operation of different software
- Updating the software if there is any lagging in its operation.

3.5.5 Marketing Division

There are two types of Marketing division. These are:

Asset Marketing: It refers to various kinds of loan and advances. This division maintains communication with corporate clients gives incentive to take loan from PBL and approaches them to borrow from PBL in profitable projects.

Liability Marketing: This refers to marketing for collecting funds through buying of depository products from large depositors. The division communicates to the persons or organization having excess fund of deposit, informs them about the attractive features of the depository products and convince them to invest in PBL in various deposit scheme.



3.5.6 HR Division

The Human Resource Division performs the activities related to administration and personnel. The main functions of HRD are:

- Selection and recruitment of new personnel
- Appropriate placement of human resources
- Maintain the detail about transfer, promotion and leave of personnel
- Training and development of human resource
- Keeping employee records and personal file
- Taking disciplinary action if necessary.

3.5.7 Credit Card Division

In 1999, PBL obtained the membership of Both Master card and Visa card and a separate division has been assigned to look after the credit card operation. There are four types of credit card, Local Silver Credit Card, International Silver Credit Card, Local Gold Credit Card, International Gold Credit Card.

3.5.8 Research and Development

This division is maintained to do the research and development work to innovate new products and services as well as to improve existing products and services.

3.5.9 Committees and Group Division

Prime Bank Ltd. has both democratic and consultative decision making process. The subordinates are given chance to participate in the goal and objective setting of the bank. In this regard, there are three committees functioning in the bank. These are:

Policy Committee: In this case, the committee members are drawn from the Board of Directors. The committee reviews the principles, policies, rules and gives a decision which later requires the approval of the Board.

Executive Committee: This committee consists of the members of the Board. To approve the matters beyond the delegation of the board, this committee exercises the power delegated by the Board from time to time.



Management Committee: This committee consists of the Managing Directors and Head Office Executives. They discuss about the progress and improvement on the guidelines regarding deposit, loans, gives different ideas, decision regarding various issues.

3.6 Nature of Customer Services Rendered by Prime Bank Ltd.

Bank tries to serves the customers in various ways. These are:

- Bank acceptance and withdrawal of deposit.
- Bank collect and payment customer's money as a agent.

Banks have to three-solvency certificate to the customer.

- Locker services.
- Providing information.
- Payment and collection of cheques.
- Acceptance of bill of exchange.
- Safety of the deposit.
- Loan extension.
- Payment and collection of bill.
- Bills discounting.
- Purchased and sales of share and securities.
- Preparation of income tax return.
- Creation of medium of exchange.
- Money transfer.
- Underwriting facility.



3.7 Deposits of Prime Bank Ltd.

Prime Bank Ltd. mobilizes deposit as a source of fund through the following accounts:

- Current & other Deposit.
- Savings Bank Deposit.
- Fixed deposit.
- Short term deposit
- Deposit scheme.
- Bills Payable.

3.7.1 Deposits of Prime Bank Ltd.

Prime Bank Ltd. mobilizes deposit as a source of fund through the following accounts:

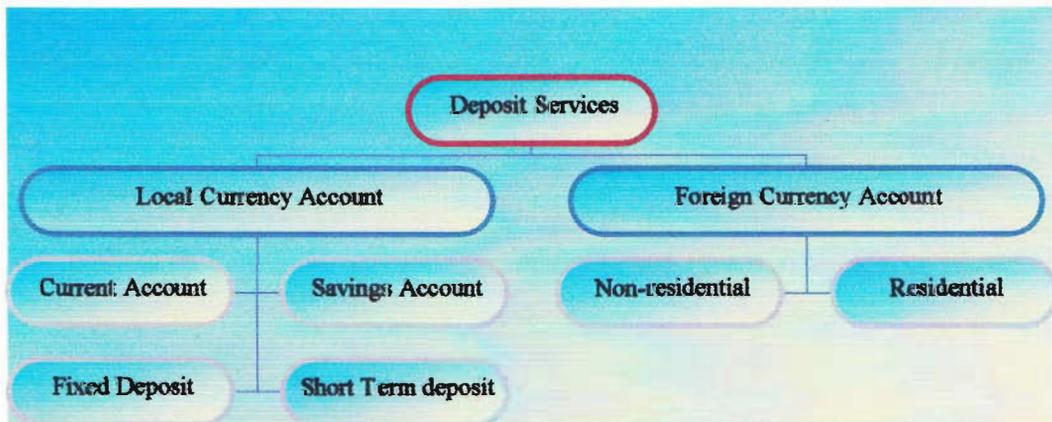


Figure: Deposit Services Of PBL



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3.8 Types of Customer A/C's Deposits and Advances of Prime Bank Ltd.

1. Current Account

A current account is a running and active account, which may be operated upon any number of times during a working day. The depositors can freely deposit/withdraw money as many times as he feels necessary in each working day. The primary object of current account is to save customers like businessmen, joint stock companies, public authorities etc. from the risk of handling cash themselves. No interest is providing for the deposit in a current account. Current account opened with a minimum initial deposit of not less than Tk.3000/= which is also minimum balance required to be maintained by the account holder.

2. Savings Bank Account

Savings Bank Account is suitable for savers who want to save for meeting future needs. This deposit account for people who do not want to withdraw frequently or who do not want to keep money for fixed long period. It is a midway between current account and fixed deposits. Savings bank account holder may deposit money as and when he feels necessary. At present, withdrawals of money from the SB A/c are allowed twice in a week. But such withdrawal up to a maximum 25% of deposits which should not exceed Tk. 10,000 can be allowed in a week. For withdrawal of amounts over and above the limit, the account holder shall be required to give seven days notice in writing. No interest will be paid in a savings bank account for the month in which withdrawals have been made more than twice a week involving more than 25% of the total deposits and above Tk. 10,000 without notice. For savings bank account the present interest rate of Prime Bank Ltd. is 6% and the minimum required amount for opening account is Tk.3000/=.

3. Short Term Deposit Account

There are people and organizations who want to keep funds in the bank so that it can be withdrawal without any restrictions. They also want to earn some interest. For neither current account is suitable, nor savings bank account is suitable. These types of people and organizations keep their funds in the bank, which is withdraw able by a written notice for a specified period. These deposits are called Short Term Deposit Account. Prime Bank Ltd. pays 4.5% interest for this account. Interests in STDA are paid only at the expiry of the term on daily product basis. STDA are highly liquid in nature though not



equivalent to the liquidity of current accounts. The minimum amount required for the opening / maintaining STDA is Tk.25000.

4. Fixed Deposit

Fixed deposits are moneys deposited by the customer for a fixed period, which ranges currently from three months to one year and over. For different duration interest paid is different. As the duration increase rate of interest also increase. Highest interest is paid to the fixed deposit of one year duration. For deposits of more than three years, interest rate applicable is the interest rate applicable to deposits of three years duration. Fixed deposit bear higher interest compared to other deposit as these accounts are less liquid in nature.

5. Call Deposit

Some times bank may secure funds from the money market usually from other bankers who have surplus funds against a receipt to meet temporary short fall of their funds. These deposits have an element of over-night stay usually. The rate of interest for such funds is not fixed. It depends on demand & supply of funds in the money market. When the money market is tight such deposits such deposits attract higher rate of interest, but when the demand is less, lower rate of interest prevails in the market.

6. Contributory Savings Scheme

Prime Bank Ltd. Contributory Savings Scheme which offers 5 years savings plan with attractive interest and bonus option at maturity by its all branches. The monthly installment is Tk. 500 and multiples of tk.1000. Maximum installments shall beTk.25000. Lump sum amount shall be paid after maturity or monthly Pension Shall be paid for the next five years according to the size of deposit.

7. Monthly Benefit Deposit Scheme

Prime Bank Ltd. provides Monthly Benefit Deposit Scheme by its 45 branches. The duration of the account is 5 years. Amount to be deposited in this scheme is Tk. 25000/= and multiple thereof but maximum Tk. 2500000. Profit shall be paid on monthly basis @ Tk.1000 & net of Taxes @ Tk.900 per Tk.100000.

8. Others Deposit Account

Prime Bank also maintains some other deposit account. Such as – **Double Benefit Deposit Scheme, Lakhopoti Deposit Scheme, Prime Millionaire Scheme, House Building Deposit Scheme, Education Savings Scheme and Mudaraba Contributory Savings Scheme (MCSS)** for Islamic Banking Branches.



3.9 Five Years' Corporate Information of The Prime Bank Ltd

Performance at a glance

(Taka in Million)

Particulars	2003	2004	2005	2006	2007
Income Statement					
Interest Income	2159	2641	3446	5199	7170
Interest Expense	1408	1616	2271	3698	5267
Net Interest Income	751	1025	1175	1500	1903
Non-interest Income	841	946	1232	1732	2913
Non-interest Expense	591	824	886	1101	1559
Net Non-interest Income	250	121	346	631	1354
Profit before provision and tax	1001	1146	1520	2131	3257
Provision for loans and assets	232	82	320	390	910
Profit after provision before tax	770	1064	1201	1741	2347
Tax including deferred tax	394	452	633	689	946
Profit after tax	375	612	568	1052	1401
Balance Sheet					
Authorized Capital	1000	1000	4000	4000	4000
Paid-up Capital	700	1000	1400	1750	2275
Total Shareholder's equity	1732	2240	2808	3860	5273
Deposits	20483	28069	36022	54724	70512
Long-term liabilities	7052	7371	11406	16877	15267
Loans and advances	16492	23220	31916	45010	57683
Investments	2750	3084	3940	7844	12698
Property, Plant and Equipment	256	322	372	412	660
Earning Assets	19335	27131	36727	55458	72798
Net current assets	583	(1299)	31	5286	1338
Total assets	24249	32362	41506	60899	79588
Current ratio	0.96	1.06	1.00	0.88	0.97
Debt equity ratio	8%	7%	7%	7%	7%
Other Business					
Import	25441	36747	40303	52639	70617
Export	16490	19502	28882	41801	51316
Remittance	3063	2140	3688	15050	15905
Guarantee Business	4248	4085	5303	5386	7033
Inland letter of credit	3729	4267	5405	10174	11943
Capital Measures					
Total risk weighted assets	16455	23050	31890	44324	55485
Core capital (Tier-I)	1782	2240	2808	3860	5273
Supplementary capital (Tier-II)	176	236	369	549	1109
Total Capital	1958	2476	3177	4409	6382



"a bank with a difference"

Tier-I capital ratio	10.83	9.72	8.80	8.71	9.50
Tier-II capital ratio	1.07%	1.02	1.16	1.24	2.00
Total capital ratio	11.90%	10.74	9.96	9.95	11.50
Credit Quality					
Non performing loans (NPLs)	326.53	352.73	308.21	367.15	777
% of NPLs to total loans and advances	1.98%	1.52%	0.96%	0.82%	1.35%
Provision for unclassified loans	171.73%	231.73	364.80	544.80	895
Provision for classified loans	249.44	174	127.00	308.52	478
Share Information					
Market price per share (Taka)	374.25	879.50	681.50	528.75	924
No. of shares outstanding	7	10	14	17.50	22.75
No. of shareholders at actual	1993	2620	4467	5262	7368
Earning per share (Taka)	37.55	43.71	40.59	60.11	61.57
Dividend	62.86%	40.00%	25.00%	30%	35%
Cash	20.00%	0.00%	0.00%	0.00%	10%
Bonus	42.86%	40.00%	25.00%	30%	25%
Effective dividend ratio	67.70%	47.06%	29.17%	33%	40%
Market capitalization	2619.75	8795.00	9541.00	9253.13	21021
Net assets per share (Taka)	233.12	223.98	200.57	220.57%	232
Price earning ratio (times)	9.97	20.12	16.79	8.80%	15.00
Operating Performance Ratio					
Net interest margin on average earning assets	4.36%	4.41%	3.68%	3.23%	2.97%
Net non-interest margin on average earning assets	1.45%	0.52%	1.08%	1.37%	2.11%
Earning base in assets (average)	79.02%	82.08%	86.45%	90.02%	91.29%
Cost income ratio	37.11%	41.83%	36.82%	34.07%	32.37%
Credit deposit ratio	80.52%	80.72%	88.60%	82.25%	81.81%
Cost of funds on average deposits	7.62%	6.66%	7.09%	8.15%	8.41%
Yield on average advance	14.80%	13.30%	12.50%	13.52%	13.96%
Return on average assets	1.72%	2.16%	1.54%	2.05%	1.99%
Return on average equity	22.70%	30.43%	22.51%	31.55%	30.68%
Other information					
No of Branches	30	36	41	50	61
No of employees	777	894	1024	1172	1400
No of foreign correspondents	441	501	517	528	553
Average earning assets	17230.13	23233.08	31929.08	46092.85	64128
Average total assets	21804.03	28305.38	36933.96	51202.88	70244
Average deposits	18482.42	24276.24	32045.85	45373.27	62618
Average advance	14590	19856	27568	384634	51347
Average equity	1654.14	2010.83	2523.90	3333.94	4567

Table 2.1 Five Years' Corporate Information of The Prime Bank Ltd.



3.9.1 Total Asset:

The Authorized Capital of the bank has been increased from Tk. 24,249 million to Tk. 79,588 million in the year 2007. The bank current ratio is 0.97%.

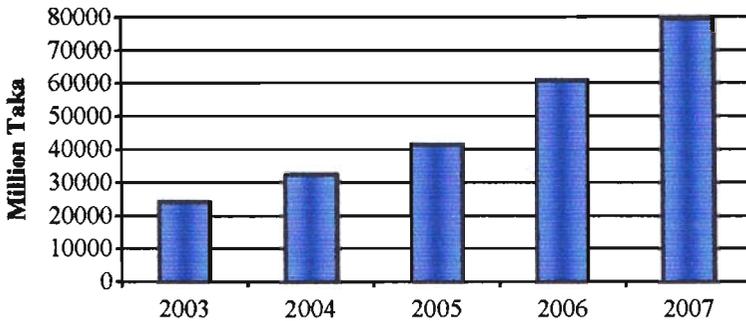


Figure 2.1: Growth of the total Asset of PBL for five years

3.9.2 Deposits

The deposit base of the bank registered a significant growth. The amount of deposit has been increased 20,483 million to 70,512 million from 2003 to 2007.

3.9.3 Loans & Advances

The amount of total loans and advances of the bank was Tk. 16,492 million, increase compared to Tk. 5,768 million from the year 2007.

3.9.4 Profit

The operating profit of the bank increased to Tk. 375 million to 1,401 million from 2003 to 2007.

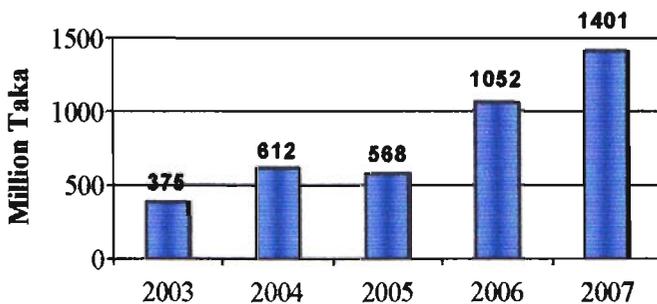


Figure 2.2: Five years' profit performance of PBL



Chapter-4

Introduction to the Credit card system



4.1 WHAT IS A CREDIT CARD?

Credit card is a form of *Bankcard*. A bankcard is a card issued by a financial institution. Cardholders can use the cards to access their financial resources, such as a checking account or a line of credit.

Credit Card is an electronic based plastic card bearing an account number assigned to a cardholder with a credit limit that can be used to purchase goods and pay for services with a credit facility and without cash/currency note transactions from the appointed merchants of issuer of the card and to obtain cash disbursements on credit, for which the card holder is subsequently billed by an issuer for repayment of credit extended at once or on an installment basis.

By definition, Credit Card is a continuous credit facility given to the card subscribers. People prefer the Credit Card transaction instead of cash because of its following advantages:

- ▶ It increases purchasing power.
- ▶ It eases the transaction process (money less transaction).
- ▶ It allows for obtaining credit facility for a definite period (of maximum of 50 days and minimum of 15 days).
- ▶ It is convenient to carry a plastic card rather than bundles of cash.
- ▶ It lowers risks of losing money as often occurred through hijacking/snatching or forged currency notes.
- ▶ It is usually issued for a year with renewal facility available.

Not all bankcards are credit cards. Other bankcard products include:

- ▶ ATM Cards
- ▶ Proprietary Debit Card (Buy now pay now)
- ▶ Prepaid Card (Pay now buy later)
- ▶ Check Guarantee Cards
- ▶ Charge Card (Buy now pay monthly)



Likewise, not all credit cards are issued by a financial institution. Non-bank credit cards include:

- ▶ Private Labeled Retail Cards
- ▶ Oil Company Cards
- ▶ Travel & Entertainment Cards

4.2 HISTORY OF THE CREDIT CARD

The payment system in today's economy has come a long way since the days of barter. The most form of this system is the use of credit card. But the history of credit card routed through the need of individual retail merchants who wanted to extend credit facility to their customers, allowing them to charge purchases to an account held by the merchants. This provided an opportunity for financial institutions to become involved. Western Union introduced the concept of cards or plastic money in the United States in 1914. The basic objective of this initiative was to use an alternative of notes and coins while traveling from one place to another. The system was appreciated by everyone and began to spread in other context also. In 1926, General Petroleum Corporation of California introduced its own fuel card to be used by the customers for buying gas from any of its oil stations all over the country instead of cash.

The earliest form of the bank credit card was *Charge-it*, a system of credit developed by John Biggins in 1946; which allowed customers to charge local retail purchases. The merchants deposited the charge slips at the Biggins' bank; the bank then reimbursed the merchant for the sale and collected payment from the customers. The system paved the way for the first bank credit card circulated by The Franklin National Bank of New York, presently known as European American Bank; which formalized the practice by introducing the first modern credit card in 1951. At the same period of time, Dinners Club introduced the first Traveling & Entertainment (T&E) card. The incident that triggered the constitution of this organization is quite fascinating. Mr. Robert McNamara, the founder of Dinners Club, once experienced a very common embarrassment of forgetting to carry his wallet while entertaining his guests at a restaurant in New York.



Over the next few years, more and more financial institutions initiated credit card programs. In 1958, American Express Bank introduced its corporate cards. By the following year, many card issuers were offering an added service of revolving credit. With this new service, the cardholder could maintain a balance on the account. The customer's monthly payment included a finance charge on the unpaid balance. At this stage, California-based Bank of America extended the idea through out the United States by introducing the BankAmericard (now VISA Card) in 1960 and franchising a single bank in each major city as its local affiliates. These affiliates were responsible for signing contracts with merchants to accept cards as payment, as well as enrolling cardholders in their respective areas.

In the meantime, a group of enterprising US bankers who were not the *franchisees* of BankAmericard created their own network by accepting one another's local credit cards. On August 16, 1966, the group of fourteen banks formed the Interbank Card Association (ICA), which later became MasterCharge International. The following year, in 1967, four California based banks changed their name from the California Bankcard Association to the Western States Bankcard Association (WSBA). Its bankcard product was known as MasterCharge. In 1960s, numerous financial institutions became MasterCharge members to compete with the BankAmericard. Afterwards, the two associations – Interbank (MasterCharge) and Bank of America (BankAmericard) created international processing system to handle the exchange of money and information and establish an arbitrary procedure to settle disputes between members. As a result Interbank and Bank of America emerges as the leading bankcard system. In 1977, BankAmericard becomes *Visa USA/Visa International*. In 1979, MasterCharge changed its name to *MasterCard* to reflect its expanding service.



4.3 A BRIEF OVERVIEW OF GLOBAL CARD ISSUERS

The strategic players' activities vary from region to region, but four of them remain constant worldwide. They are Both Master card and Visa card, Visa, American Express, and Diners Club.

4.3.1 Master card

Since its beginning in 1996 as the Interbank Card Association, Both Master card and Visa card has evolved into a global payments franchise. Through the Both Master card and Visa card global family of brands, they offer a full range of payment products, including credit card, online debit cards, ATM cash access, and travelers' cheques.

4.3.2 VISA Card

As Prime Bank Ltd. is the issuer of VISA Card the details of VISA Card has been mentioned below:

VISA is the largest payment system in the world owned by its member financial institutions. It is managed by Board of Directors elected by and from members.

In mid 40's different merchants issued cards to their own customers. Those cards were only used from where they were issued (merchant location). So if someone takes a card from a particular merchant he has to go to that merchant to use the card.

In 1966 BankAmericard Service Corp. (A clearing and settlement association of card) was formed. The members of this origination were issuing BankAmericard. In 1970 BankAmericard transferred control to the banks in the US National BankAmericard Incorporated (NBI).

In 1976 the name VISA came and NBI became VISA USA and IBANCO became VISA International. The mission of VISA Intl. Is to enhance member profitability and customer relationship by providing a global, secured and efficient payment service so that buyers and sellers can conduct commerce with ease and confidence in both the physical and virtual world.



4.3.3 American Express

American Express (AMEX), which introduced its Green card in 1958, is the world's largest issuer of T&E cards.

4.3.4 Diners Club

The Diners Club Card, the first T&E card, was introduced in 1950. In 1960, it was the first card issued in Japan. JCB, the Japanese Credit Bureau, is also a global force on the acceptance side, although its card issuance is primarily relegated to Japan. Discovery is strengthening its merchant network in the United States and the Caribbean but is not a worldwide player. It targeted at the traveling and the entertainment market competes directly with the American Express Card.

4.4 PLAYERS OF THE CREDIT CARD TRANSACTION SYSTEM

Credit card business grew from a direct relationship between the customers, merchant and financial institution to a system where financial institutions joined the Both Master card and Visa card and Visa Association. Membership enables financial institution to:

- ❖ Issue Credit Cards with world wide utility.
- ❖ Hold contractual relationship with merchants.
- ❖ Participate in the interchange and settlement systems of Both Master card and Visa card and Visa.

The players in Credit Card transactions are:

- A. Cardholder
- B. Issuer
- C. Agent Banks
- D. Acquirer and
- E. Merchant

4.4.1 Cardholder

The cardholder is solicited, screened and approved by the issuer that establishes a line of credit for the customer and issues the credit card. The cardholder uses the credit card either to purchase goods and pay for services from a merchant or to obtain cash advance from a member for which the cardholder receives a monthly bill from the issuer.



4.4.2 Issuer

The Cardholder's financial institution (usually called the issuing member, or issuer) is a licensed member of Both Master card and Visa card and/or Visa. The issuer.

- ❖ Issues the card to the approved cardholder.
- ❖ Receives and pays for transactions from Both Master card and Visa card and /or Visa.
- ❖ Bills and collects from the cardholder.

The issuer may also benefit from the services of a third party and /or association in processing information and payments.

4.4.3 Agent banks

Managing a credit card program is expensive and some small financial institutions prefer to offer credit cards to their customers without taking on the complications and responsibilities of becoming an issuing member. These small financial institutions can contract to become an issuing agent of an issuing member. The issuing agent solicits cardholders' applications for the issuer. The issuer, in turn, issues the card in its name, has the cardholder relationship, make all formalities of the Credit Divisions, and completes the management of the card program. If the agent bank's name appears on the card, then the agent bank must be an affiliate/associate member of the franchiser.

The issuer usually keeps most of the income from the cardholder account; the agent member may or may not receive a small commission for providing the application. While the issuing agent's income from this arrangement is small, it does retain its customers who might shift their business elsewhere if a Credit Card Program were not available at their local financial institution. When the issuing agent's name appears on the card, it tends to preserve the financial institution-cardholder relationship.

4.4.4 Acquirer

The acquire member or acquirer solicits, screens, and accepts merchants into its Credit Card Program. The acquirer is a member of Both Master card and Visa card and/or Visa, and holds a written agreement with the merchant to:

- ❖ Accept the merchant's sales slips.
- Provide the merchant card authorization terminals, instructions and contracted service.
- ❖ Handle and process the credit card transactions.



The acquirer usually charges the merchant a discount for handling the transaction. The acquirer is licensed by Both Master card and Visa card and/or Visa and agrees to follow the operating rules and regulations of the two associations. Both Master card and Visa card and Visa provide various services to the acquirer, including authorization and settlement processing, interchange and resolution of member disputes.

4.5 A GENERAL OVERVIEW OF CARD ISSUING PROCESS & OPERATIONS

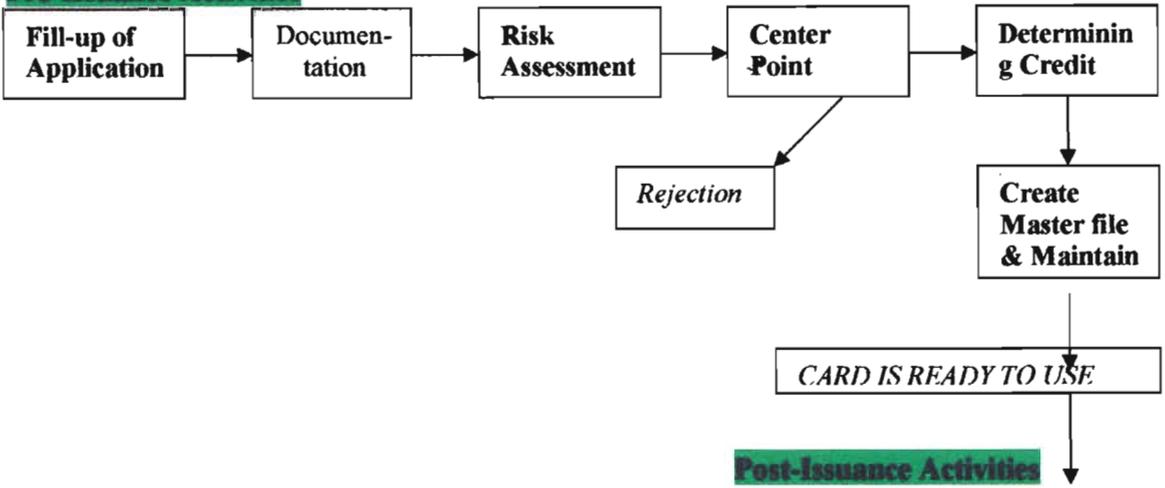
It is essential for us to get a general understanding of the card issuing process and how the credit card operations are maintained and settled between the parties involved. The Card issuance activities can be divided into two major parts – Pre Issuance Activity & Post Issuance Activity that are shown below in a flow chart.

4.5.1 Pre Issuance Activity

The process begins with compiling the credit card applications. With proper documentation, the bank gathers necessary information regarding the applicants. Then the risk assessment division checks the application and sends it to the Center Point Verification (CPV) for further testing of the authenticity of the documents. They also approve or refuse the application afterward and determine the credit limit for the client. These jobs can be done either by the organization itself or through outsourcing. Then the bank prepares a master file and issues the cards and then delivers them to the customers. On receiving the card the applicant calls for their card activation and thus the card is ready to use.



Pre-Issuance Activities



Post-Issuance Activities

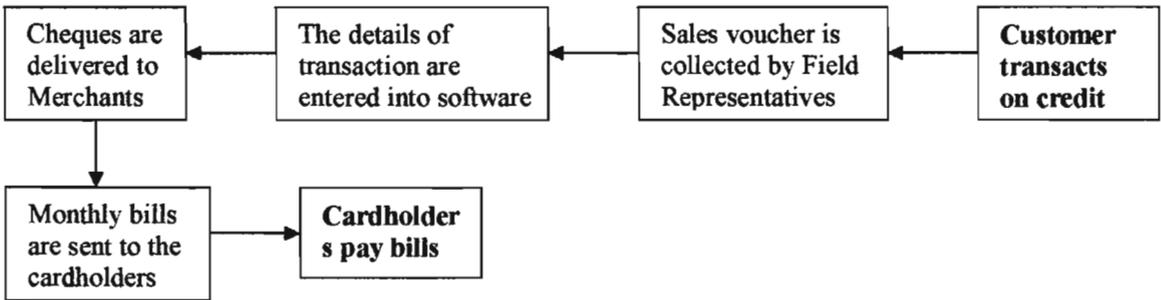


Figure 3.1: Flow chart of card issuing process

4.5.2 Post Issuance Activity

The credit card operations that we normally refer are actually the post-issuance activities. A cardholder may charge his/her Credit Card at an outlet either on-line or off-line. On-line information flies to the issuer through the POS (Point on Sale) machine and in case of off-line transaction the sales vouchers are collected by field representatives from those outlets. And issuer enters the detailed information into their software. Afterwards, cheques are delivered to the merchants as their fund disbursement. While receiving the transaction, the issuer prints monthly bills for cardholders and delivers them. Finally the cardholders pay the bill to the issuer.

4.6 DIFFERENT FORMS OF CREDIT CARD

4.6.1 Principal/Primary Card

When people refer to a credit card holder, they usually mean a holder of the principal/primary card, obtained by him/her by subscribing a fee to the issuer for a specific period of time (usually one year). These cards can be renewed after the expiry of that period.

4.6.2 Supplementary Card

This card is issued for free of cost to the person nominated by the basic cardholder. That person might be someone close to the cardholder like husband/wife, brother/sister, daughter/son father/mother or anyone. But, if the basic cardholder wishes to have an additional card (called as Add-on Cards) for someone else, he is required to pay fees for that.



3

Part Three

RESEARCH PART

Chapter Five

ANALYSIS AND FINDINGS OF THE STUDY



5.1 ANALYSIS AND FINDINGS OF THE STUDY

The Prime Bank Ltd. is the first local bank to introduce Both Master card and Visa card-credit card in Bangladesh. So it has the comparative advantage to grab a good market share of card users. The interview has been taken of card holders and merchants as well as the employees and customer service department of the card division of the Prime Bank Ltd.

There are two major parts of the analysis, these are

- ❖ Issuers
- ❖ Cardholders

5.1.1 ISSUERS

This section includes comparative analysis of merchant coverage, service offerings and charges & fees of different cards of different issuers.

5.1.2 Reasons for Using Credit Card

As stated earlier, the credit card industry in Bangladesh involves eight players, namely Standard Chartered Bank (SCB), The City Bank Ltd., Lanka Bangla Finance Ltd. (LBFL), Prime Bank Limited (PBL), Premier Bank Ltd., National Bank Limited (NBL), Dhaka Bank Limited (DBL) and NCC Bank Ltd. The following graph shows the percentage of the reasons why people uses credit card. If this can be identified then the reason can be given more value for customer satisfaction.

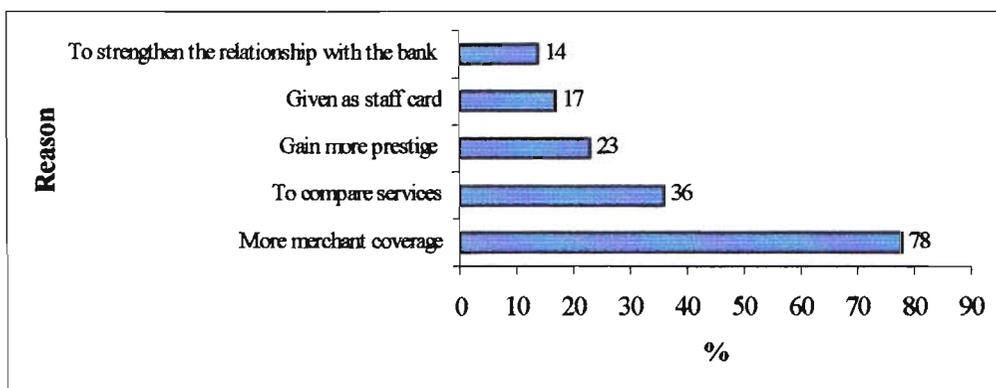


Figure 5.1: Reasons for using credit card



5.1.3 Service Offerings

All the service offerings of different issuers are listed at the following page in Table 2.1. The following are the highlights of them.

Facility	SCB	NBL	PBL	DBL
Avg. Card Processing & Delivery Time	10 Days	7 Days	3 Days	7 Days
Avg. Fund Disbursement Time	1 Day	3 Days	3 Days	2 Days
Grace Period	45 Days	50 Days	45 Days	45 Days
Payment Due Date From Statement Date	15 days	20 Days	20 days	15 Days
Cash Withdrawal/ Advance Facility	Available (50% of credit limit)	Available (50%)	Available (50%)	Available (50%)
ATM Facility	Available	Available	Available	Available
Utility Bill Payment	Available (Mobile & ISP bill)	Unavailable	Available (GP Bill)	Available (GP bill)
Merchant Price	1.5-3 %	3 %	3 %	2-3 %

Table 5.1: Service offerings/facilities of different issuers' cards

Grace Period/Interest Free Period

PBL is enjoying a competitive edge by providing the maximum grace period of 50 days, comparing to 45 days provided by the other issuers.

Payment Due Date from Statement Date

PBL is also the provider of the maximum time in the market for payment due date from statement date with 20 days comparing to the same of 15 days provided by the other issuers.

Cash Withdrawal/Advance and ATM Facility

All the issuers provide cash advance facility of 50% of the credit limit, except DBL, which provides only 10% of the same. Cash advance facility has a close relation with ATM (Automated Teller Machine) facility for credit card, which is very convenient for the cardholders to draw cash from ATM rather than going to the bank. The ATM facility



is provided by SCB and DBL. SCB and DBL provides the facility through ATM provided by Master and Visa Card and NBL provides the facility though shared ATM network of eight Banks (described earlier). Although NBL is a member of that ATM network, it is not availing the facility presently.

Fund Disbursement Time

The average time for the disbursement of fund (through cheque or pay order) to the merchants is 1 day of SCB, 1-2 day(s) of DBL, and 3 days of PBL and NBL. DBL has been the leader in this area of operation for a long time and for so has been able to win the hearts of many merchants. Being aware of the importance of this matter, SCB is now providing the fastest service in the market.

Utility Bill Payment

SCB is providing a wider range of this facility in the form of mobile bills of AKTEL, Grameen Phone (GP), Banglalink and City Cell and also the Internet Service Providers' (ISP) bills.

Merchant Price

Usually this rate is 3% that is prevalent in the market. But it can be lowered through negotiation. SCB takes as less as 1.5% from some merchants and DBL takes 2% from some merchants.

5.1.4 Charges & Fees

The schedule of different charges and fees of various cards of different issuers are given in the next page in Table 2.2 (local). The focus of this study is primarily on the local cardholders; so, the best offers in cases of all the local charges are listed below:

- ▶ The lowest subscription fee for principal card local silver is Tk. 1000 (offered by PBL) and local gold is Tk 2000 (PBL & NBL).
- ▶ The lowest renewal fee for local silver principal card is Tk. 1000 (PBL & DBL) and local gold is Tk 2000 (PBL, NBL & DBL).



- ▶ The lowest subscription fee for add on supplementary card local silver is Tk. 600 (PBL) and local gold is Tk 1000 (PBL & NBL).
- ▶ The lowest renewal fee for add on supplementary card local silver is Tk. 600 (PBL) and local gold is Tk 1000 (PBL & NBL).
- ▶ The lowest late payment fee for silver card is Tk 300 (all except NBL) and for gold card Tk 300 (PBL).
- ▶ Card replacement fee of SCB cards (Tk 200 for silver and Tk 500 for gold) is low comparing to other issuers.
- ▶ The lowest return cheque fee is fully free for card holders.
- ▶ The sales voucher retrieval fee is highest of PBL with Tk. 200 (for silver)/250 (gold) and the PBL offers in free.

5.1.5 Attractive Features of Different Issuers

Standard Chartered Bank

Bonus Points: the cardholder (gold or silver) accumulating 1200 SCB Bonus Points (Tk 50 transaction = 1 Bonus point) are notified that s/he is eligible to get a *non-sticky fry pan*. The cardholder, however, can refuse to receive that and accumulate more points. The most attractive prize is a Dhaka-Singapore-Dhaka air ticket, eligible after acquiring 1.50 lac bonus points.

Air Insurance: If any cardholder dies while flying on an aero plane, his/her nominated beneficiary will get Tk 5 lac, in case of gold card, or Tk. 1 lac, in case of silver card.

The Prime Bank Ltd.

Waiver of Annual Fee for International Card: If the cardholder accumulates 20000 Prime Bank Bonus Points (\$1 Transaction = 1 Bonus Point) for his/her Gold Card or 10000 bonus Points for Silver Card in a year, then s/he will enjoy the Card without fee.



5.1.5 Schedule of charges and facilities of different issuers' local cards

Scope	SCB		PBL		NBL		DBL	
	Silver	Gold	Silver	Gold	Silver	Gold	Silver	Gold
Principal/Primary Card								
Annual Fee	1500	3000	1000	2000	1000	2000	1200	2000
Renewal Fee	1500	3000	1000	2000	1000	2000	1200	2000
Add on Supplementary Card								
Annual Fee	1000	2000	600	1000	600	1000	800	1000
Renewal Fee	1000	2000	600	1000	600	1000	800	1000
Minimum required payment in a month	5% of current balance or 500 whichever is higher		8% of current balance or 500 whichever is higher		8% of current balance or 500 whichever is higher		5% of current balance or 500 whichever is higher	
Late Payment Fee	200	500	300		300		300	2% or 350 whichever is higher
Excess Limit Fee	200	500	Free		500		500	5% of the credit limit plus amount in excess of limit
Card Replacement Fee	200	500	500		1000		300	500
Statement Retrieval Fee	50		Free		50		50	
Returned Cheque Fee	500		Free		250		350	100
Outstation Cheque Collection Fee	100		Free		100		100	
Sales Voucher Retrieval Fee	100		Free		200		250	100
Cash Advance Com	405		2.5 % of advance		150 or 3% of advance		100 or 2% of advance	
Fuel Facility Fee	Not available		3% of consumed amt.		Not available		Not available	
Monthly Interest Rate	2.5 %		2.5 %		2.5 %		2 %	

Table 5.2: Schedule of charges and facilities of different issuers' local cards (in BDT)



Waiver of Annual Fee for Local Card: If the cardholder can accumulate 10000 Prime Bank Bonus Points (Tk 50 Transaction = 1 Bonus Point) for his/her Gold Card or 8000 bonus Points for Silver Card in a year, then s/he will enjoy the Card without fee.

Dhaka Bank Ltd.

Fuel Facility: the cardholders can charge their card to some specific gas stations in Dhaka for the payment of fuel for their cars, only for a fee of 3% on consumed amount.



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5.2 CARDHOLDERS' RESPONSES

This section focuses on analyzing cardholders' responses regarding their credit limit, card usage pattern, credit card transaction habit, purposes of card transaction and satisfaction level of the services of a particular bank/FI etc.

5.2.1 CREDIT LIMIT

The largest portion (35.25% of the total) of the respondents has the limit of Tk10000 to Tk 24000 (Table 2.3). The second highest portion has the limit of Tk 25000 to Tk 39000 comprising 25.41%. And, as many as 80% cardholders have the limit of Tk 54000 or less. So, it is clear that the respondents are mostly of middle income-level category.

Range (Tk)	Frequency (f)	Percentage (%)	Cumulative %
10000 – 24000	33	35.25	35.25
25000 – 39000	20	25.41	60.66
40000 – 54000	12	19.67	80.33
55000 – 69000	5	9.84	90.16
70000 – 84000	3	4.92	95.08
85000 – 100000	2	4.92	100.00
Total	75	100.00	

Table 5.3: Credit limit of the cardholders

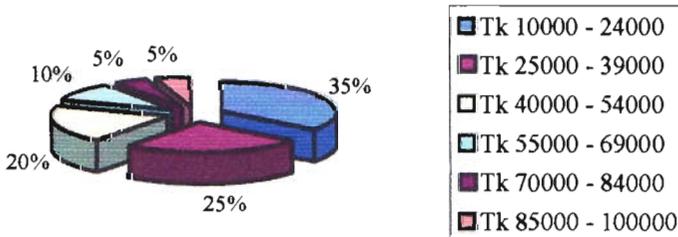


Figure 5.2: Credit limit of the cardholders



Satisfaction Level Regarding Credit Limit

Regarding the satisfaction level about the credit limit of the cardholders, 65% clients of the credit limit group 10000-24000 responded that they are satisfied with the limit (Figure 2.4). 73% of the credit limit group 25000-39000 responded that they are satisfied with that. 80% of the credit limit group 40000-54000 cardholders responded that they are satisfied with the limit. 60% clients of the credit limit group 55000-69000 cardholders responded that they are satisfied. 70% clients of the credit limit group 70000-84000 cardholders responded that they are satisfied with the limit. 90% clients of the credit limit group 85000-100000 cardholders responded that they are satisfied with the limit served to them.

(in '000)

Response	10-24	25-39	40-54	55-69	70-84	85-100
	%	%	%	%	%	%
Satisfied	65.00	73.00	80.00	60.00	70.00	90
Not satisfied	35.00	27.00	20.00	40.00	30.00	10
Total	100.00	100.00	100.00	100.00	100.00	100.00

Table 5.4: Satisfaction level of the cardholders regarding their credit limit

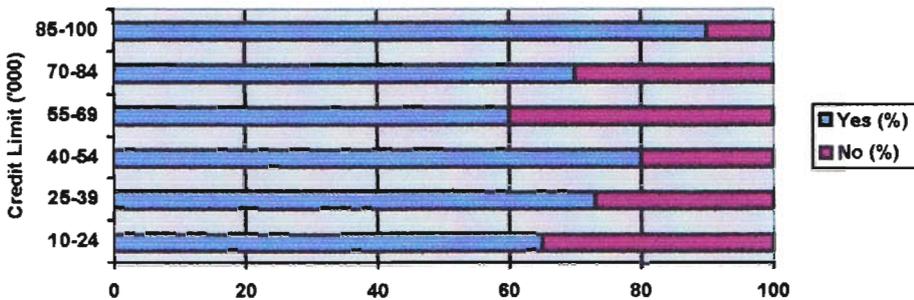


Figure 5.3: Satisfaction level of the cardholders regarding their credit limit

5.2.2 Usage Pattern

Transaction habit

The highest number of respondents, 41 – comprising 33.6% of them, said that they use their cards once a week (Table 2.5). The second highest 28.7% use their cards once in every 15 days.



And, it was found that almost 70% of the respondents use their credit cards once in every 15 days or more frequently.

Response	F	%	Cumulative %
More than once a week	4	7.4	7.4
Once a week	31	33.6	41.0
Once in every 15 days	18	28.7	69.7
Once a month	12	18.9	88.5
Once in every 2 months	10	11.5	100.0
Total	75	100.0	

Table 5.5: Frequency of credit card transaction by the cardholders

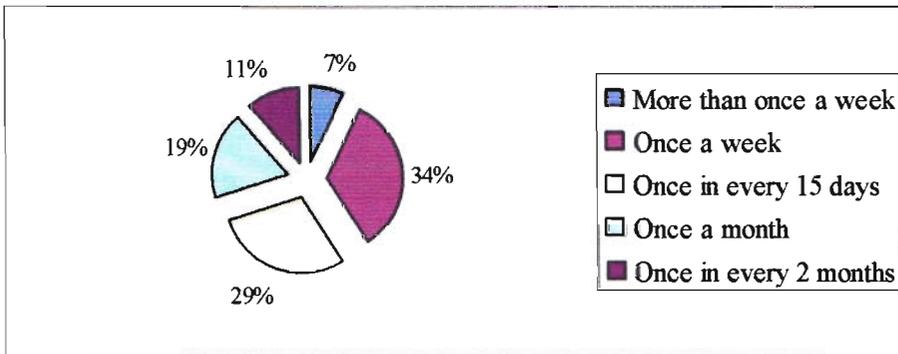


Figure 5.4: Frequency of credit card transaction by the cardholders

Purpose of using credit card

The main purpose that people use credit card is *Food and meal* as it is ranked first in the Means Score Relative Importance or MSRI scale with 10.66 points as shown in Table 2.6 & 2.7 (for calculation, see Appendix C, Table 3.2). The second important purpose is *Cloths/Garments* with 9.76 points, followed by *chain shop* with 9.71 points.

The numbers of fast food shops, convenient stores and chain shops are increasing day by day in our country for the convenience of shopping and people like to shop those places using credit card. Many respondents opined that it will be convenient for them if more and more outlets are brought into the coverage of the credit card network. So it would be wise to prioritize these places while selecting the merchant locations by the Bank. The other important purposes that people use credit cards are household, electronics, jewelry and fueling

Purpose	1 st Priority (wt=5)		2 nd Priority (wt=4)		3 rd Priority (wt=3)		4 th Priority (wt=2)		5 th Priority (wt=1)		MSRI
	f	W	f	W	F	W	f	W	f	W	
Chain shop	35	195	12	76	10	48	6	14	5	5	9.71
Cloths/Garments	20	130	14	108	15	72	12	30	4	4	9.76
Food & meal	10	140	28	180	29	99	8	16	12	19	10.66
Household	8	95	13	60	8	51	20	76	18	26	9.47
Jewelry			6	24	5	27	11	32	11	18	7.77
Electronics					4	33	15	46	17	25	7.80
Others					2	6	5	10	5	8	7.14
No response	2		2		2		2		3		
Total	75		75		75		75		75		

N.B: Others include fueling, hospital, airlines, and sports goods.

Table 5.6 The purpose of use of credit cards by the cardholders

Rank	Factor	MSRI
1	Food & meal	10.66
2	Cloths/Garments	9.76
3	Chain shop	9.71
4	Household	9.47
5	Electronics	7.80
6	Jewelry	7.77
7	Others	7.14

Table 5.7: The ranking of the purposes of use of credit cards by the cardholders

5.2.3 Satisfaction Level

Reasons For Using Credit Card

The top most important reason, as mentioned by the respondents, for using credit card is *easy to carry*, which is ranked as one in the MSRI scale with 10.97 points (Table 2.8 & 2.9). The second ranked reason is *security* with 10.69 points, followed by *deferred payment for purchase* with 10.15 points and *cash withdrawal facility* with 10.02 points.



	1 st Priority (wt=5)		2 nd Priority (wt=4)		3 rd Priority (wt=3)		4 th Priority (wt=2)		5 th Priority (wt=1)		MSRI
	F	W	f	W	f	W	f	W	f	W	
	1.Easy to carry	30	230	11	96	7	39	-	-	5	
2.Security	18	175	16	84	13	54	5	16	7	7	10.69
3.A source of financial support	12	115	10	68	5	27	10	38	-	-	9.97
4.Deferred payment	5	25	15	88	15	69	20	72	16	16	10.15
5.Cash withdrawal facility	-	-	11	76	20	87	15	54	25	37	10.02
6.Status	7	35	7	48	7	48	13	36	3	11	9.39
7.Utility facility	-	-	3	12	-	-	7	14	13	15	8.27
8.Discount facility	-	-	-	-	3	15	-	-	4	6	8.11
Others	1	10	-	-	3	15	3	6	8	17	-
No response	2	-	2	-	2	-	2	-	4	-	-
Total	75	-	-								

N.B: Since Others option is not identified; it is excluded in the MSRI calculation as a factor/attribute.

Table 5.8: Reasons behind the use of credit cards given by the cardholders

Rank	Factor	MSRI
1	Easy to carry	10.97
2	Security	10.69
3	Deferred payment	10.15
4	Cash withdrawal facility	10.02
5	A source of financial support	9.97
6	Status	9.39
7	Utility facility	8.27
8	Discount facility	8.11

Table 5.9: Ranking for the reasons behind the use of credit cards by the cardholders

Average, see Appendix C) as shown in Table 2.10 and Figure 2.6. The second in this category is PBL with CPA of 4.08. The satisfaction level of the cardholders of DBL is below *Satisfied* level (4), with 3.80 CPA and that of NBL is very low at 3.2 CPA.



Issuer	Very Satisfied (5)		Satisfied (4)		Indifferent (3)		Dissatisfied (2)		Very Dissatisfied (1)		Total Points	# Of Res.	CPA
	F	w	F	w	f	w	F	W	f	W			
SCB	17	85	61	244	6	18	-	-	---	---	347	84	4.13
PBL	2	10	11	44	1	3	1	2	---	---	57	15	3.80
DBL	2	10	9	36	1	3			---	---	49	12	4.08
NBL	-	-	6	24	2	6	2	4	---	---	32	10	3.2

Table 5.10: Overall satisfaction level of the cardholders of different issuers

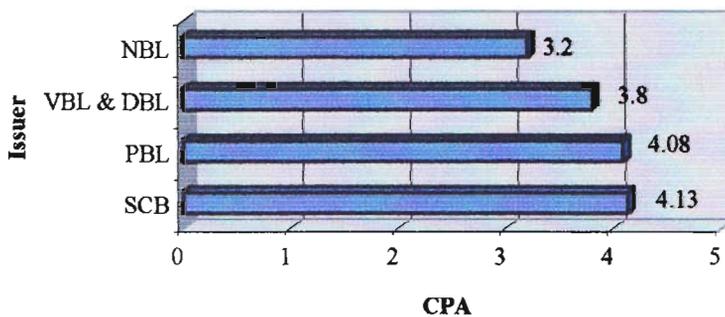


Figure 5.5: Overall satisfaction level (CPA) of the cardholders of different issuers

Specific Satisfaction Level

This section seeks to rank different issuers according to CPA on specific issues like cash withdrawal, discount, customer service, merchant coverage, grace period and fees etc.

A. Cash Withdrawal Facility

The cash withdrawal facility of DBL is 10% of available credit limit, so their cardholders are not much satisfied with that as it is obvious from Table 2.11.

Issuer	Very Satisfied (5)		Satisfied (4)		Indifferent (3)		Dissatisfied (2)		Very Dissatisfied (1)		Total Points	# Of Res.	CPA
	f	W	F	w	F	w	F	w	f	W			
SCB	29	145	47	188	8	24	-	-	-	-	357	84	4.25
PBL	2	10	7	28	3	9	-	-	-	-	47	12	3.92
NBL	-	-	7	28	3	9	-	-	-	-	37	10	3.70
DBL	1	5	5	20	5	15	3	6	1	1	47	15	3.13

Table 5.11: Satisfaction level regarding cash withdrawal facility



B. Discount Facility

Regarding discount facility, none of the issuers is at a very comfortable position. So it is an area where PBL can exploit in the credit card business by convincing merchants to offer attractive discount facility to the cardholders. And to do so merchants should be compensated or well backed up by the Bank.

Issuer	Very Satisfied (5)		Satisfied (4)		Indifferent (3)		Dissatisfied (2)		Very Dissatisfied (1)		Total Points	# Of Res.	CPA
	f	W	F	W	f	w	f	w	f	w			
SCB	9	45	46	184	21	63	8	16	-	-	308	84	3.67
DBL	2	10	7	28	4	12	2	4	-	-	54	15	3.60
PBL	1	5	5	20	4	12	2	4	-	-	41	12	3.42
NBL	-	-	5	20	3	9	2	4	-	-	33	10	3.30

Table 5.12: Satisfaction level regarding discount facility

C. Utility Bill Payment Facility

The situation is not very convincing for any of the four issuers. The reason is that the govt. utility departments are not so technologically advanced. The good news is that, PBL already accept bill for the mobile telecommunication companies.

Issuer	Very Satisfied (5)		Satisfied (4)		Indifferent (3)		Dissatisfied (2)		Very Dissatisfied (1)		Total Points	# Of Res.	CPA
	f	W	F	W	f	w	F	w	f	w			
SCB	5	25	28	112	39	117	7	14	5	4	272	84	3.24
PBL	1	5	3	12	5	15	2	4	1	1	37	12	3.08
DBL			3	12	8	24	3	6	1	1	43	15	2.87
NBL			3	12	4	12	2	4	1	1	29	10	2.90

Table 5.13: Satisfaction level regarding utility bill payment facility



D. Interest Charges & Fees

As it is very clear from the following table (Table 2.14) that none of the issuers' position in this regard is very good at all. So, PBL should focus its plan on this aspect. If the Bank would be able to offer the same service with lesser than the present issuers, it will be able to convince a lot of existing cardholders as well as prospective new cardholders.

Issuer	Very Satisfied (5)		Satisfied (4)		Indifferent (3)		Dissatisfied (2)		Very Dissatisfied (1)		Total Points	# Of Res.	CPA
	f	W	F	w	f	w	F	W	f				
PBL	-	-	3	12	3	9	5	10	1	1	32	12	2.67
DBL	-	-	2	8	4	12	7	14	2	2	36	15	2.40
NBL	-	-	1	4	3	9	5	10	1	1	24	10	2.40
SCB	-	-	11	44	25	75	29	58	19	19	196	84	2.33

Table 5.14: Satisfaction level regarding interest charges & fees

E. Grace Period

The grace period or interest free period for repayment that PBL is 50 days as compared to 45 days of other issuers. The outcome of that difference becomes truly vivid in the following table (Table 2.15), as only PBL has a CPA above 4.0 and the same is around 3.0 of other issuers.

Issuer	Very Satisfied (5)		Satisfied (4)		Indifferent (3)		Dissatisfied (2)		Very Dissatisfied (1)		Total Points	# Of Res.	CPA
	f	W	F	w	F	w	F	W	f				
PBL	4	20	6	24	2	6	-	-	-	-	50	12	4.17
SCB	-	-	33	132	28	84	14	28	9	9	253	84	3.01
NBL	-	-	5	20	2	6	1	2	1	1	29	10	2.90
DBL	-	-	3	12	5	15	6	12	1	1	40	15	2.67

Table 5.15: Satisfaction level regarding grace period



F. Customer Service

Although NBL is one of the earliest of issuers of credit card, the customer service of NBL is not very good as it is depicted in the following table (Table 2.16). It could be a determining factor for the slow growth rate in credit card business of that bank. So, PBL should be concerned in this regard.

Issuer	Very Satisfied (5)		Satisfied (4)		Indifferent (3)		Dissatisfied (2)		Very Dissatisfied (1)		Total Points	# Of Res.	CPA
	f	W	F	w	f	w	f	W	F				
SCB	18	90	36	180	30	90	-	-	-	-	360	84	4.29
DBL	2	10	6	24	7	21	-	-	-	-	55	15	3.67
PBL	-	-	5	20	6	18	1	3	-	-	41	12	3.42
NBL	-	-	1	4	2	6	4	8	3	3	21	10	2.10

Table 5.16: Satisfaction level regarding customer service



Chapter Six

CONCLUSION AND RECOMMENDATIONS



6.1 CONCLUSION

From the analyses and findings of the study, it is obvious that The Prime Bank Ltd. is in a better position among the local banks after the Standard Chartered Bank, NBL & SCB has started credit card business back to 1997 and PBL entered in this business in 2004. But PBL has quickly grabbed a good market share with its better offer and service. This indicates that the level of satisfaction of the clients of the PBL is higher compared to other local banks.

The government of Bangladesh is taking initiative to invite foreign investors into the country and offering various incentives to encourage foreign investment. It is expected that Bangladesh will experience a heavy inflow of foreign companies investing in various sectors especially in IT and Gas and Oil Exploration and processing. This will give birth to various ancillary industries and services, which will ultimately increase the purchasing power of people. This factor enhances the chance of an upcoming growing population of the community who wants convenience of not carrying cash and the use of credit card is the easiest way of doing so. So the prospect of the credit card business of PBL is very bright.

The Prime Bank Ltd. is not the acquirer of VISA credit card. It has to pay charges to SCB for using their swipe machine and network. Whenever the network of SCB goes down then the clients of PBL has to suffer. This is frequent for the transaction between cities.

But the overall satisfaction level of the clients is higher than other local banks though it incepted its credit card business in 2004. As the future transaction is going toward plastic money the future is bight of PBL in this sector. This credit card business is totally a service oriented business and competition is very high, the management should keep a close eye so that the customer service and satisfaction is not hampered.



6.2 RECOMMENDATIONS

⊖ Service Delivery

Accurate Assessment of Credit Limit

Accurate assessment of the creditworthiness of the prospective cardholders should be ensured. There should not be any over assessment or underassessment of the applicant. If under assessment is done then the applicant will be dissatisfied at the very first place and may refuse to be a cardholder at all. The applicants can be asked to propose his/her own credit limit and then to call for verification by the bank.

Card Delivery Time

The card delivery time should not be more than a week. But it should not be less than 5 days. Although NBL is claiming itself for providing the fastest service for card delivery, it is not a good strategy to follow. The possibility of incorrect assessment of the creditworthiness of the applicants would be very high then. This particular case of NBL is justified by the fact that 30% of its cardholders are dissatisfied with their credit limit.

Grace Period

Grace period of 50 days availed by PBL should be continued. Cash advance facility should not be less than 50% of credit limit.

⊖ Charges and Fees

In case of determining the charges and fees the bank should keep a close eye to the competitor though the charges and fees of PBL is competitive. The charges may be gradually increased while staying competitive in the market.

Subsidiary charges should be reduced. Since the cardholders of any of the issuers, except those of NBL, are not at all satisfied with the interest charges, it should be fixed at 2% or less. The bank, thus, could enjoy an added advantage relative to others. Finally, by conducting a differential cost benefit analysis, an ultimate cost-mix should be developed.



⊖ **Broad Recommendations**

- ▶ The bonus point system should be started. People today are short-term oriented. Waiver on interest charges and/or renewal charges will struck into the minds of the cardholders and they will be more satisfied and encouraged to do more and more card transaction.
- ▶ Finally, heavy marketing and promotional campaign should be conducted to popularize the product and make people aware of the service.



4

Part Four

Appendices



APPENDIX A: Questionnaires

I. ISSUER

Dear respondent,

I am a student of BBA of American International University-Bangladesh, conducting a comparative survey of the credit card users and related parties as a requirement of my three months internship program in The Prime Bank Ltd. Kindly note that this is an academic study and the findings will remain confined within academic interests. No part of this study will be printed nor be disclosed. Your kind cooperation and guidance is important for the success of this study and will be very much appreciated.

Please read the questions carefully and just put a tick (✓) in the respective box (□) and kindly give your judgments where necessary.

1. When did you first commence your credit card business? _____
2. What types of credit cards do you offer?
3. Do you offer free supplementary/spouse card?
 Yes No
4. What is the average processing & delivery time of your cards?Days

5. What is the number of your cardholders at the end of the following times?

<u>YEAR</u>	<u># of Cardholders</u>
2001.....
2002.....
2003.....
2004.....
2005.....
2006.....
2007.....



6. What is your merchant coverage at different times?

<u>YEAR</u>	<u># of Merchants</u>
2000.....
2001.....
2002.....
2003.....
2004.....
2005.....
2006.....
2007.....

7. Do you provide cash withdrawal facilities to the cardholders?

- Yes No

8. Do you provide ATM facility to the cardholders?

- Yes No

9. Do you provide payment of utility facilities to the cardholders?

- Yes No

10. Do you provide interest free period/grace period facilities to the cardholders?

- Yes No

11. If yes, then..... (Days)

12. Within how many days the client's account is settled from the billing statement date?

For A/C HoldersDays For Non-A/C Holders.....Days

13. What other facilities do you provide to your clients?

Cardholders.....

..... Merchants.....

.....

14. What is the average fund disbursement (to the merchants) time of your bank?

.....Days



Pricing

Factors	Master card Gold		Master card Silver		VISA Card Gold		VISA Card Silver	
	Local	Intl.	Local	Intl.	Local	Intl.	Local	Intl.
Annual Fee								
Renewal Fee								
Annual Fee for addtl. supp. Card								
Min ^m Pmt Reqd. for a month								
Excess Limit Fee								
Late Payment Fee								
Card replacement fee								
Statement Retrieval Fee								
Duplicate statement								
Return Cheque								
Outstation cheque								
Sales voucher retrieval Fee								
Interest rate								

THANK YOU



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II. CARDHOLDER

Dear respondent, I am a student of BBA of American International University-bangladesh, conducting a comparative survey of the credit card users and related parties as a requirement of my three months internship program in The Prime Bank Ltd. Kindly note that this is an academic study and the findings will remain confined within academic interests. No part of this study will be printed nor be disclosed. Your kind cooperation and guidance is important for the success of this study and will be very much appreciated.

Please read the questions carefully and just put a tick (✓) in the respective box (□) and kindly give your judgments where necessary.

Credit Limit

1. What is your credit limit? BDT/USD
2. Are you satisfied with your credit limit?
 Yes No

Usage Pattern

3. How frequently do you use your Credit Card?
 More than once a week Once a week
 Once in every 15 days Once a month
 Once in every 2 months Other, please specify.....
4. What is the average amount of your Credit Card transaction per month/year?
 Monthly..... Or, Yearly.....
5. For what purpose you use your card most? [Use 1,2...5 in the () on priority basis]

a. Chain shop ()	b. Food & meal ()
c. Jewelry ()	d. Cloths\Garments ()
e. House holds ()	f. Sports goods ()
g. Travel agencies ()	i. Electronics ()
j. Auto service ()	k. Fuelling ()
l. Hospitals ()	m. Others ()

6. Which type of Credit Card do you use?
 Both Master card and Visa card Gold Silver
 VISA Card Gold Silver
 Others, please specify:



7. If you use more than one card, please specify

8. Why do you prefer to maintain more than one card? (Please specify)

- To get the chance of buying from the maximum number of merchant locations
- To strengthen the relationship with the issuing bank
- To compare the services
- To gain more prestige
- Given as office staff card
- Other reasons.....

Satisfaction Level

9. Please rate the following factors (from 1 to 5) that you think as the most important reasons for using Credit Card? (e. g. if you think *security* as the most important factor then rate it as #1, and so on)

- () Security
- () Deferred payment for purchase
- () Easy to carry
- () Cash withdrawal facility
- () Status
- () Utility bills payment facility
- () A source of financial support
- () Discount facility
- () Other, please specify.....

10. How do the following attributes support your level of satisfaction?

Attribute	VERY SATISFIED	SATISFIED	INDIFFERENT	DISSATISFIED	VERY DISSATISFIED
Cash withdrawal facility					
Discount facility					
Payment of utility bills					
Interest charges & fees					
Grace period					
Customer service					
Merchant coverage					

11. What is the overall level of satisfaction regarding your Credit Card service?

- Very Satisfied
- Satisfied
- Indifferent
- Dissatisfied
- Very Dissatisfied

Problems & Demands

12a. Has any merchant ever asked whether you have the card of a particular issuer when you said that you are going to pay on cards?

- Yes No

12b. If yes, then which issuer.....

13. Did any merchant ever charge you extra 3% in case of credit card transaction?

- Yes No

14a. Are you intending to have another credit card?

- Yes No

14b. If yes, then which one will you prefer? (Please identify)

- Standard Chartered Bank National Bank Limited
 Vanik Bangladesh Limited Prime Bank Limited
 Dhaka Bank Limited Any new bank offering Credit Card
 Other, please specify.....

15. For what facilities/additional facilities do you choose this specific one, please explain?

.....
...

16. What additional facilities do you expect from a new Credit Card?

.....
..

THANK YOU



APPENDIX C: Formulas & Calculations

5-Point Scale			3-Point Scale	
Weight	Priority Scale	Satisfaction Level Scale	Weight	Priority Scale
5	1 st Priority	Very Satisfied	3	1 st Priority
4	2 nd Priority	Satisfied	2	2 nd Priority
3	3 rd Priority	Indifferent	1	3 rd Priority
2	4 th Priority	Dissatisfied		
1	5 th Priority	Very Dissatisfied		

Table 3.1: Weight assigned to various scales of 5 & 3-point scale for MSRI and CPA analysis

Attribute	Total Weight (ΣW)
1. Chain shop	338
2. Cloths/Garments	344
3. Food & meal	454
4. Household	308
5. Jewelry	101
6. Electronics	104
7. Others	24

Table 3.2: Total weight for the purpose (attribute) of use of credit cards by the cardholders

$$\begin{aligned}
 \text{MSRI Calculation} &= \frac{\sum W + (N - 1)}{N} \\
 &= \frac{454 + (122 - 1)}{122}
 \end{aligned}$$

TEXTBOOKS

- ▶ Philip Kotler, *Marketing Management-Analysis, Planning, Implementation and Control*, 9th Edition, Prentice-Hall, Inc, 1997.
- ▶ Murray R. Spiegel & Larry J. Stephens, *Theory and Problems of Statistics*, 3rd Edition, McGraw-Hill, 1999.

OTHER PUBLICATIONS

- ▶ Brochures and publications of PBL products
- ▶ Annual report of the year 2007 of PBL
- ▶ Credit Card Brochures and pricing guides of different issuers

WEBSITES (URLS)

Some websites are visited for collecting some secondary data, which are:

- <http://www.mastercard.com/>
- <http://www.visa.com/>
- <http://www.southeastbank-bangladesh.com>
- <http://www.standardchartered.com>
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