

**“Consumer’s Credit Scheme-  
A Comparative Study on Prime Bank Limited with Other Private  
Sector Banks”.**

BUS-499

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**EAST WEST UNIVERSITY**

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**About:** Submission of Internship Report.

Dear Sir:

It is a pleasure submitting you this report on Prime Bank Limited in perspective with "Consumer's Credit Scheme- a comparative study on **Prime Bank Limited** with other private sector Banks." that I prepared as a part of my BBA Program. I am able to harmonize and link the theoretical knowledge acquired in the BBA program with excellent practical knowledge I gathered in the period of internship in Retail Credit (Consumer Credit Scheme) Division. It was a delightful experience for me and also was it educational.

I sincerely hope the work will meet your expectation. I will be available at a call if any query about this report is needed.

Sincerely yours,

 17-12-05

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Shamama Hussain  
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## **ACKNOWLEDGEMENT**

"Consumer's Credit Scheme- a comparative study on **Prime Bank Limited** with other private sector Banks". I take this opportunity to express my gratitude to all those people who have been instrumental in making my internship program successful.

I want to convey a special thanks to our honorable teacher Mr. Tanbir Ahmed Chowdhury, Associate Professor, Department of Business Administration, East West University, Dhaka for his proper guidance to prepare this research paper.

I am indebted to some other person. This debt "Thank you" can never repay. However, I would like to thanks to Mr. M. Shahjahan Bhuiyan , Managing Director, Prime Bank Ltd for the permission of internship program in his bank. Special thanks to Mr. M. Reazul Karim, Executive Vice President & Branch Head, Foreign Exchange Branch, PBL, Mr. M. Taheruzzaman VP & Manager Operation for his time to time experienced & praiseworthy instructions. Special thanks to my direct supervisor Mr. Omar Hayat Chowdhury, Senior Executive Officer & Mr. Forhad M. Masum, Executive Officer & Credit in charge for their useful guidelines & co-operation in this research work. I also like to make thanks to entire the Office Staff for their cordial cooperation & the lovely working environment as well as their sharing of experiences.

## **EXECUTIVE SUMMERY**

Consumer Credit Scheme is one of the driving sectors in banking services. Now a day many new banks are going to emerge through this vital micro credit sector. Mainly the private sector Banks are involved with these permanent issues. All the personal loan provider banks are trying their best to serve their utmost facilities to the customers as well as the societies. Several banks are going to start & rest have already started their most recent & lucrative service the SME banking services. Although the consumer or personal loans conveys the extra sources of funds but if calculates a higher interest rate. Though it bears the extra charges it helps the consumer to meet up their necessary benefits as well as their current demand. Recently most of the banks are very much eager to penetrate to this emerging sector.

This report is mainly based on the comparative study of Consumer Credit Scheme of Prime Bank Limited with other Private Banks. From the study of the report, it will help the people to see the picture of Prime Bank Limited on this particular sector Consumer Credit Scheme among the other private banks. For this study I have chose four private banks- Dhaka Bank, Mercantile Bank, Arab Bangladesh Bank and Standard Chartered Bank. The performance of Standard Chartered Bank is best among them. The performance of Prime Bank Limited is coming just after that. The other three banks are also doing fine.

So considering the ultimate demand of this sector this report would convey the great significance to the banking business. In this report the focus was there to find out the present scenario of the consumer credit scheme of Prime Bank Limited as well as to mention the comparative study with other private sector bank.

# TABLE OF CONTENT

<u>Topic</u>	<u>Page</u>
<b>Chapter One</b>	
<b>Introduction</b>	
1.1 Introduction.....	1
1.2 Background of the Report.....	2
1.3 An Overview of Prime Bank Limited .....	3-11
1.4 Objectives of the Study .....	12
1.5 Scope and Methodology .....	13
1.6 Limitations.....	14
<b>Chapter Two</b>	
<b>An Overview of Consumer Credit Schemes of Prime Bank Limited</b>	
2.1 Consumer Credit Scheme (CCS) .....	15
2.2 Objectives of Consumer Credit Scheme .....	15-16
2.3 History of Banks in Consumer Credit Scheme .....	16
2.4 An Overview of CCS of Prime Bank Limited .....	17-49
<b>Chapter Three</b>	
<b>An Overview of Consumer Credit Schemes of Selected Private Banks</b>	
3.1 Consumer Credit Scheme of Dhaka Bank Limited .....	50-56
3.2 Consumer Credit Scheme of Mercantile Bank .....	56-58
3.3 Consumer Credit Scheme of Arab Bangladesh Bank Limited .....	59-62
3.4 Consumer Credit Scheme of Standard Chartered Bank .....	63-66
<b>Chapter Four</b>	
<b>Comparative Analysis of Consumer Credit Scheme</b>	
4.1 Disbursement Amount & Recovery Percentage of Five Banks at 2000.....	67-68
4.2 Disbursement Amount & Recovery Percentage of Five Banks at 2001.....	68-69

4.3 Disbursement Amount & Recovery Percentage of Five Banks at 2002.....	70-71
4.4 Disbursement Amount & Recovery Percentage of Five Banks at 2003.....	71-72
4.5. Disbursement Amount & Recovery Percentage of Five Banks at 2004.....	72-73
4.6 Combined Comparative Analysis of Five Banks from Year 2000-2004.....	74-76

## **Chapter Five**

### **Conclusion**

5.1 Conclusion.....	77
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## LIST OF ILLUSTRATIONS

<b>Figure:</b>	<b>Page</b>
1. Brief Profile of Prime Bank Limited (PBL).....	5
2. Performance of Prime Bank Limited.....	6
3. Investment of Prime Bank Limited.....	7
4. Total Assets of Prime Bank Limited .....	7
5. Earning Per Share of Prime Bank Limited .....	8
6. The Organizational Structure of Prime Bank Limited .....	10
7. Management Hierarchy of Prime Bank Limited .....	11
8. History of Banks in Consumer Credit Scheme .....	16
9. Interest Rate of Different Personal Loans of Prime Bank Limited.....	40
10. Highest Loan Limit of Different Personal Loans of Prime Bank Limited .....	41
11. Scheme Wise Disbursement Amount of Different Personal Loan of PBL.....	42-44
12. Year Wise Disbursement Amount of Different Personal Loan of PBL.....	45-47
13. Disbursement Amount & Recovery Percentage of PBL from Year 2000-2004.....	47-48
14. Yearly Growth Rate of Disbursement Amount of PBL .....	49
15. Disbursement Amount & Recovery Percentage of DBL from Year 2000-2004.....	54-55
16. Disbursement Amount & Recovery Percentage of MBL from Year 2000-2004.....	57-58
17. Disbursement Amount & Recovery Percentage of ABBL from Year 2000-2004.....	61-62
18. Disbursement Amount & Recovery Percentage of SCB from Year 2000-2004.....	66
19. Disbursement Amount & Recovery Percentage of Five Banks from Year 2000-2004.....	67-73
20. Combined Comparative Analysis of Five Private Banks from Year 2000-2004.....	74-75

# CHAPTER-1

## INTRODUCTION



## 1.1 Introduction

Banks are among the most important financial institutions in the economy. They play vital role in the economy by providing means of payment and in mobilizing resources. The economic development of a country depends on the development of banking sector to a great extent. The role/intermediation/ participation of banking sector in the economic activities of a country are increasing day by day which ultimately contributes to run the wheel development in a more dynamic way. Besides traditional banking, banks are expanding the menu of financial services they offer to their customers. This proliferation of new services has accelerated in recent years under the pressure of increasing competition from other financial firms, more knowledgeable and demanding customs and shifting technology. The changing and expanding role of banking sector has made the banking business, more complex and competitive which require creativity, specialization of knowledge and adoption of new technology for survival and growth of this business. The Banking Sector of Bangladesh is not an exception of this. To keep pace with this changing world the Banks are required to equip themselves not only with current technologies but also with a bunch of skilled and smart human resources. This course has been designed with a combination of practical and theoretical aspects of the activities that are conducted by business organizations with special emphasize on Financial (Banking and allied) Institutions.

## 1.2 Background of the Report

On the completion of 4-year BBA (Bachelor of Business Administration) course – major in, Finance, under East West University; the internship is a dynamic approach for practical knowledge gathered at this study. This course provides the opportunity to have a practical exposure on the functions undertaken by a bank branch in their day to day operations- On completion of the orientation program in banks; students are required to submit a written report based on the observations received from this program. The outcome of this comprehensive report has come by adequate supportive effort with a large group of personnel of the bank as well as trainers, banking experts, and my university's Professors of the department.

As a student of BBA I had the opportunity of working at Prime Bank Limited, Foreign Exchange Branch from September 27 to December 27 for practical orientation with the activities of that branch for the fulfillment of my course requirement. This report has been prepared based on my observations those are received in my practical orientation during the tenor 1 was with them.

The focus of this paper was on the comparative study of Consumer Credit Scheme (CCS) of Prime Bank Limited with the other private banks.

## 1.3 An overview of Prime Bank Limited

Prime Bank Ltd was incorporated under the Company Act, 1994 on February 12, 1995. On this day filed a duly verified declaration in the prescribed form that the condition of section 150(1) (a) to (d) of the said Act, have been complied with is entitled to commence business as public limited company.

Prime bank Ltd being a banking company has been registered under the Companies Act 1913 with its registered office at 5, Rajuk Avenue, Motijheel C/A, Dhaka-1000. Later it was shifted to Adamjee Court Annex Building, 119-120, Motijheel C/A, Dhaka-1000.

The Bank operates as a schedule bank under banking license issued by Bangladesh Bank, the central bank of the country on April 17, 1995 through opening its Motijheel branch at Adamjee Court Annex Building, 119-120, Motijheel C/A, Dhaka-1000. A group of renowned industrialist, business house and professionals of the country is sponsored from the incorporation of the bank. The bank is having authorized capital of Tk.1000 million and paid up capital Tk.100 million sponsored by 22 members of board of directors.

The founder chairman of the bank Dr. R A Ghani is a doctorate in science. He was a member of the board of directors of Bangladesh Bank and a former minister of Bangladesh. The former Governor of Bangladesh Bank Mr. Lutfar Rahman Sarkar was the first managing director of the bank. Highly professional people having wide experience in domestic and international banking are managing the bank. The bank has made significant progress within a very short time due to its very competent board of directors, dynamic management and introduction of various customer-friendly deposit and loan products.

The bank presently has 36 branches in the country and licensees for few more branches are in hand which will be inaugurated soon. The bank is providing commercial and investment banking services to all type of customers ranging from small enterprise to big business loans. Besides investment in trade and commerce the bank actively participates in socio-economic development of

the priority sectors like agriculture, industry, housing and self-employment. Prime bank Ltd. is pioneer in providing consumer loans as well as financing the industries and transport sectors through attractive leasing and hire purchase scheme.

Prime Bank is the only bank in Bangladesh, which is catering both conventional interest based banking and banking under Islamic Sharia Principles. The Islamic banking operations are completely separated from the conventional banking.

### **Vision**

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

### **Mission**

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

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

## Brief Profile of Prime Bank Limited

1. Date of incorporation	:	12 <sup>th</sup> February, 1995
2. Date of Inauguration of Operation	:	17 <sup>th</sup> April, 1995
3. Capital Funds		
Authorized	:	Tk. 1000 million
Paid-up Capital	:	Tk. 1000 million
Reserve Fund	:	Tk.986.51 million
4. Deposit	:	Tk.28069.24 million
5. Loan & Advances	:	Tk.23219.67 million
6. Net Profit before tax	:	Tk.1064.24 million
7. Loan as % of total Deposit	:	75%
8. Global Reach	:	501 correspondences worldwide
9. Number of employees	:	894
10. Capital adequacy ratio	:	10.74%
11. Ratio of classified loan to total loans	:	1.52%
12. Return on assets	:	2.16%
13. Return on Capital	:	92%
14. Name of the Chairman of the board	:	Azam J. Chowdhury
15. Name of the Managing director	:	M Shahjahan Bhuiyan
16. Number of Branches	:	36 (thirty six)
17. Publicly traded Company	:	Share quoted daily in DSE & CSE
18. Credit Card	:	Member of Master Card
19. Banking Operation System	:	Both conventional and Islamic banking system.
20. Technology Used	:	Member of SWIFT On line Banking UNIX based Computer System
21. Head Office	:	Adamjee Court Annex II, 119-120 Motijheel C/A, Dhaka-1000, Bangladesh Phone: 9567265 (PABX) Telex: 642459 PRIME BJ 671543 PBL MJ BJ Fax: 88-02-9567230; 88-02- 9560977 E-mail: <a href="mailto:primebank@banqla.net">primebank@banqla.net</a> Web Site: <a href="http://www.prime-bank.com">www.prime-bank.com</a> SWIFT: PRBLBDDH

## Performance of the Bank at A Glance

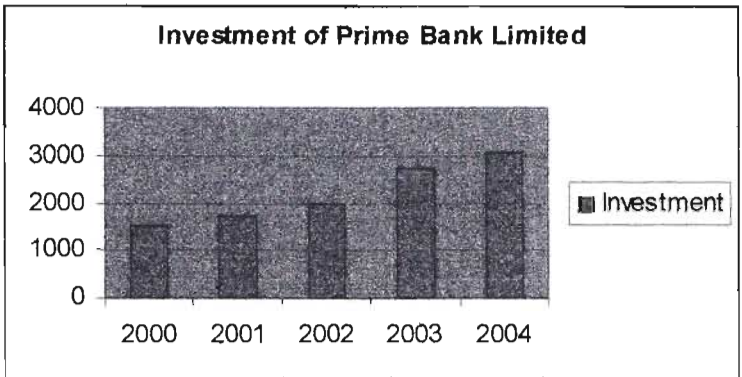
Amount in '000

Particulars	1999	2000	2001	2002	2003	2004
Paid Up Capital	400	400	500	600.00	700	1000
Operating Profit	361.02	593.2	756.09	747.84	1001.41	1146.14
Deposit	7660.02	11168.72	13259.87	16902.29	20483.23	28069.24
Loans & Advances	5121.03	7667.73	9074.94	12686385	16492.22	23219.67
Investment	964.81	1524.54	1730.74	1996.23	2749.71	3083.81
Export	6731	12319.9	14186.6	12189.70	16490.10	19501.80
Import	8774.5	11709.6	13427.6	19564.00	25440.70	36747.00
Earning per Share	51.47	90.11	96.6	69.69	37.55	61.19
Book Value per share	179.8	243.43	271.63	234.81	233.12	223.98
Branch network	20	21	26	27	30	36
No. Employees	452	518	613	730	777	894
Total Assets	8616.17	12845.86	15736.94	20047.70	24249.13	32361.62
Foreign Correspondences	240	350	398	422	441	501
Capital Adequacy Ratio	15.14%	15.18%	17.50%	12.43%	11.90%	10.74%
Foreign Exchange Business	17855.4	24029.5	27614.20	31753.70	41931.10	56249.11
Reserve Fund	319.23	573.73	761.43	807.92	828.57	986.51

### **Investment of Prime Bank Limited:**

The investment trend of Prime Bank Limited has increased each year. If we look at the trend we will see that the investment of 2000 is 1524.54 million, investment of 2001 is 1703.74 million, investment of 2002 is 1996.23 million, investment of 2003 is 2749.71 million and investment of 2004 is 3083.81 million.

Year	2000	2001	2002	2003	2004
Investment	1524.54	1730.74	1996.23	2749.71	3083.81

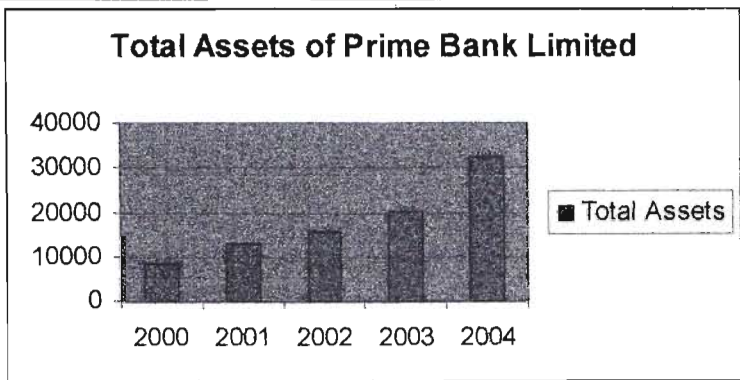


This graph will help us to observe the increasing rate of Investment of Prime Bank Limited. It is a positive indication for Prime Bank Limited. It illustrates the wealthy position of Prime Bank Limited.

**Total Assets of Prime Bank Limited:**

Total Assets of Prime Bank Limited has increased each year. If we look at the trend we will see that the Total Assets of 2000 is 8616.17 million, Total Assets of 2001 is 12845.86 million, Total Assets of 2002 is 15736.94 million, Total Assets of 2003 is 20047.70 million and Total Assets of 2004 is 32361.62 million.

Year	2000	2001	2002	2003	2004
Total Assets	8616.17	12845.86	15736.94	20047.70	32361.62

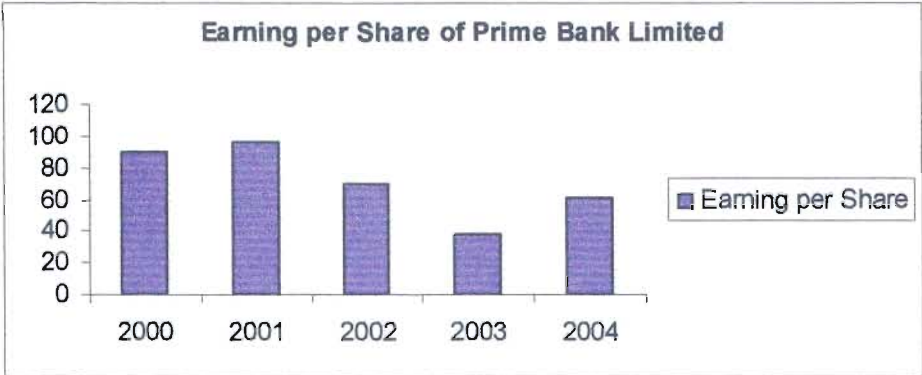


This graph will help us to observe that the total assets of Prime Bank Limited have increased each year. It is a positive indication for Prime Bank Limited. It illustrates the wealthy position of Prime Bank Limited.

**Earning Per Share (EPS) of Prime Bank Limited:**

The Earning per Share of Prime Bank Limited has a fluctuated trend. If we look at the trend we will see that the EPS of 2000 is 90.11 million, EPS of 2001 is 96.6 million, EPS of 2002 is 69.69 million, EPS of 2003 is 37.55 million and EPS of 2004 is 61.19 million.

Year	2000	2001	2002	2003	2004
Earning per Share	90.11	96.6	69.69	37.55	61.19



This graph will help us to observe the Earning per Share trend of Prime Bank Limited. From the graph we will see that up to 2001 the trend was rising. But from 2002-2003 the trend was declining. Then again in 2004 it was increased from 37.55 million to 61.19. So as a whole the trend is irregular.



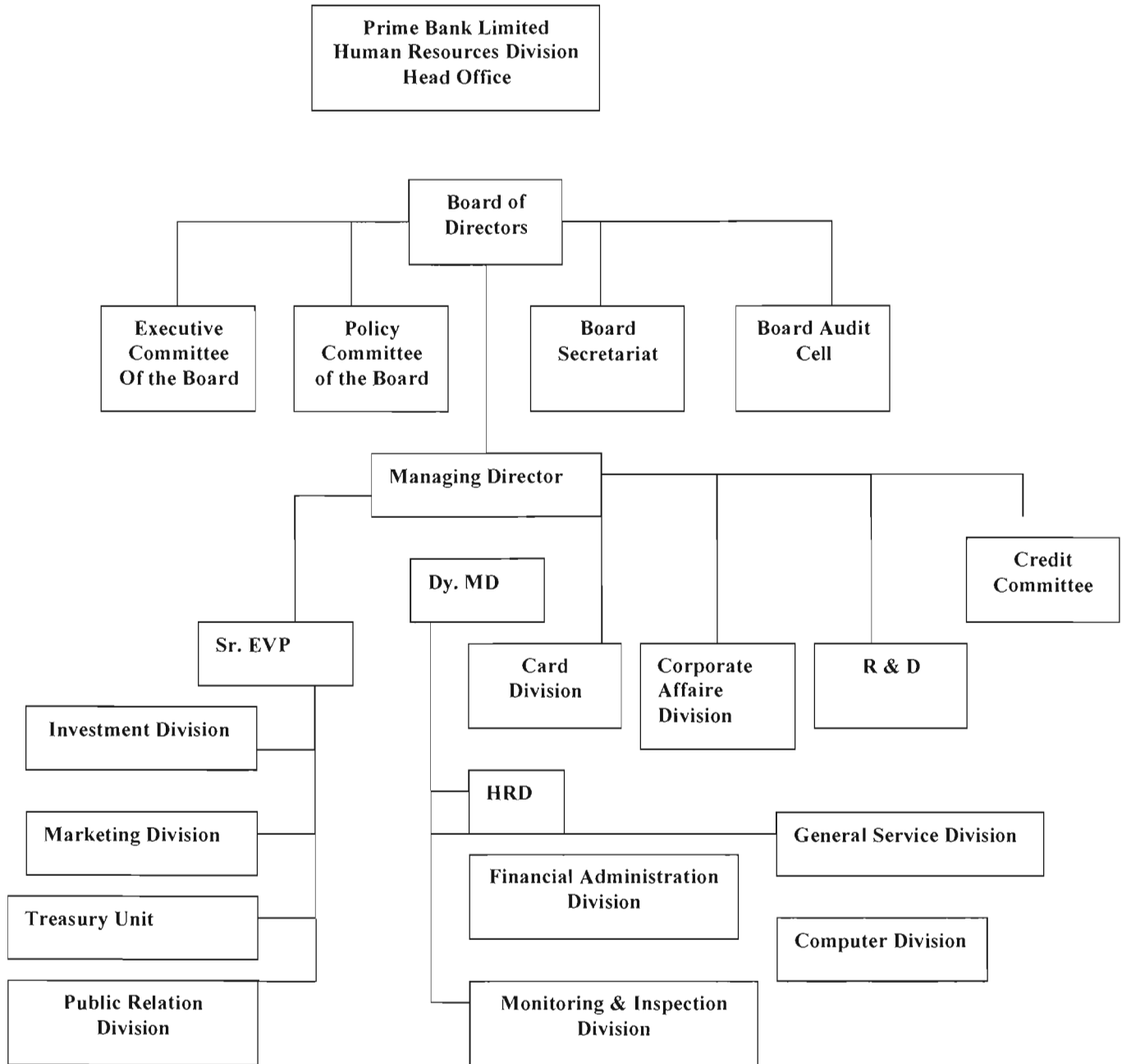
## **Features of the Prime Bank Limited**

The Bank is the process of launching on line Banking service that will enable the customers of a branch to do Banking with other branches of the Bank. Recently Prime Bank Limited offers the Master card facilities as well as the credit card facilities that encompasses the new era of Prime Bank Limited.

### **Special Features of the Bank**

- 1) It has been performing conventional commercial banking activities side by Islamic Banking functions.
- 2) It is the pioneer to launch lease financing within the fold of commercial banking activities.
- 3) It is the pioneer in introducing and launching different customer friendly deposit scheme to tap the savings of the people for channeling the same to the productive sectors of the economy.
- 4) For uplifting socio-economic condition of the limited income group of the population the bank has introduced consumer credit schemes by providing financial assistance in the form of loan to the consumers for procuring household, which have had encouraging responses.
- 5) The Bank is committed to continuous research and development so as to ensure quick and prompt services to the customers.
- 6) The operations of the Bank are fully computerized so as to ensure quick and prompt services to the customers.
- 7) The Bank has introduced customer relations management system to assess the need of the different types of the customers and resolved any problem on the spot.

The Organizational Structure of the Prime Bank Limited

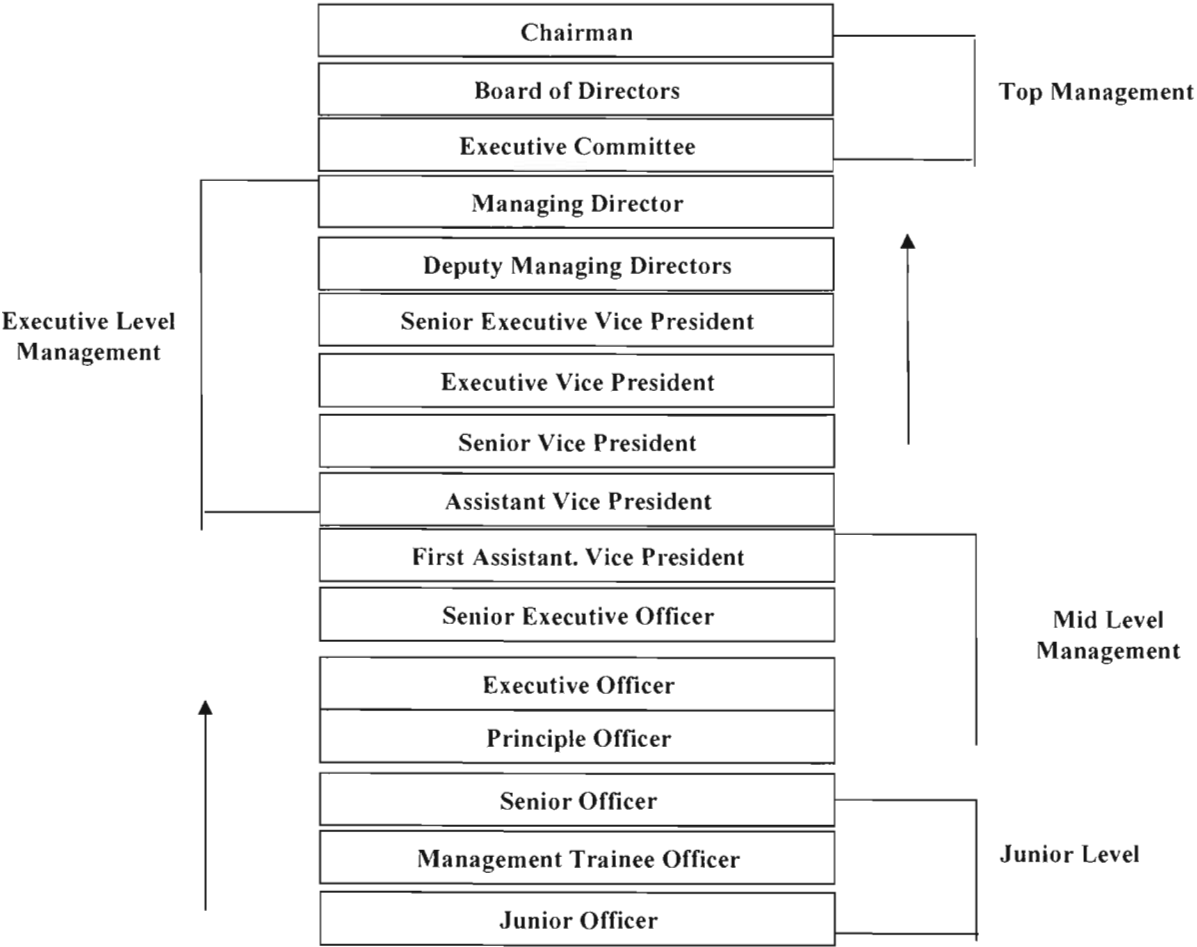


Source: HRD Prime Bank Limited. Head Office.

**Management Hierarchy of the Prime Bank Limited**

From the top to the bottom management body of Prime Bank Limited can be divided into four levels:

- Top Level Management
- Executive Level Management
- Mid Level Management
- Junior Level



Source: HRD, Head Office PBL

## 1.4 Objectives of the Study

This report is aimed providing me with valuable practical knowledge on a particular topic. I have assign on a topic to gain practical knowledge on overall banking system of a reputed organization. The primary objective of the paper is to fulfill the partial requirement of the BBA program. The other objectives are:

- ▶ To present the overview of Prime Bank Limited.
- ▶ To present the overview of Consumer Credit Scheme of Prime Bank Limited.
- ▶ To present the overview of Consumer Credit Scheme of selected Commercial Banks.
- ▶ To compare Consumer Credit Scheme of different commercial banks.

## 1.5 Scope and Methodology

### Scope:

The report intends to assess the position of CCS finance and CCS promotional facilities, its procedure, types, problems etc. This study covers the period since incorporation of the Bank.

The report is prepared with a view to provide a brief but complete idea about' consumer Credit Scheme. The readers will also understand the CCS procedures and performance of Prime Bank Limited. Problems and prospects of CCS have been identified from the view of the bankers. Some finding and recommendation have been mentioned in the report.

### Methodology:

**Data Collection:** The organization part of the report is mainly based on Secondary data. These data were gathered from Annual reports, Prospectus, Newspapers, Publications, CIB reports and the Bank's internal records.

The project part is prepared on the basis of both Primary data and Secondary data. Primary data was collected from all commercial banks by means of having talked with the bankers personally.

### **Data Analysis:**

PBL performance has been compared with other Banks in terms of Disbursement Amount, Recovery Percentage positions. Simple graphical representation is used to show the comparative position of different Banks.

## 1.6 Limitations of the Study

I have obtained enthusiastic co-operation of the employees of Prime Bank Limited. Several limitations have taken in my project. Among them the following worth mentioning:

- ▶ **Time constrains:** The time frame for the preparation of the report was not sufficient.
  
- ▶ **Inexperience:** During the internship, in many part of my inquiry, my performance was stuck by some lacking in experience.
  
- ▶ **Lack of information due to confidential reason:** The survey on CCS was conducted in commercial banks. But the response was not inspiring, on the pretext of confidentially. For having inadequate data, extensive statistical analysis e.g. hypothesis testing, inferences, time series analysis etc. was not possible.

**CHAPTER-2**  
**AN OVERVIEW OF CONSUMER**  
**CREDIT SCHEMES OF PRIME BANK**  
**LIMITED**

## 2.1. Consumer Credit Scheme (CCS)

Consumer Credit is the combination of two words- Consumer and Credit. Consumer means one who consumes or it also means one who uses article produced. Credit comes from the Latin word Credo meaning I believe. When one borrows money, the loan is based upon confidence in the future solvency of the person and in his repaying the loan as per agreement. Consumer Credit Scheme is a new concept in Bangladesh and it proves the consumers equity participation. First Islami Bank Bangladesh Ltd. and then Prime Bank Ltd. introduced this scheme for developing the standard of living of fixed income group and middle class people. Under consumer Credit Scheme the credit is provided for household durables and utility products goods like Car, Pick-up, Motor Cycle, Personal Computer, Televisions, and Refrigerator water Cooler, Furniture and Fixture, Crockery and Cutlery, Sewing Machine, Air Conditioner etc.

## 2.2 Objectives of Consumer Credit Scheme

Every scheme is covered through some objectives, which is prepared in line with the corporate goal, mission and vision. The objectives of introducing consumer credit scheme by banks are considered to be as follows-

- To bring our credit services to a wide range of customers.
- To provide financial assistance to the limited income group towards buying utility products.
- To help the professionals in rising their standard of living. To participate in the socioeconomic development of the country. To fulfill the dream whatever they want to buy, can afford.
- To sell our services to a wide range of customers and increase our Consumer Credit Scheme portfolio.
- To provide financial assistance to the limited income group for buying household durables and utility products.



- To provide investment facility to the depositors of the bank. To develop small capitalist or industrialist.
- To build up strong communication to a wider range of customer through provide loan.
- To enhance job opportunities through credit facilities.

### 2.3 History of Banks in Consumer Credit Scheme

Name of the Bank	Name of the Scheme	Starting Date
1. Islamic Bank Bangladesh Ltd.	Households Durables Investments Scheme	1993
3. Prime Bank Ltd.	Consumer Credit Scheme	1995
4. Uttara Bank Ltd.	Uttaran Consumer Credit Scheme	1996
5. Arab Bangladesh Bank Ltd.	Consumer Loan Scheme	1997
6. Standard Chartered Bank	Personal Finance	1996
7. Mercantile Bank Ltd.	Consumer Loan Scheme	1999
8. One Bank Ltd.	Consumer Loan Scheme	1999
9. Premier Bank Ltd.	Consumer Loan Scheme	1999
10. Dhaka Bank Ltd.	Consumer Loan Scheme	2003
11. IFIC Bank Ltd.	IFIC Consumer Credit Scheme	1999
12. The City Bank Ltd.	Consumer Loan Scheme	1999

[ Source: HR Department of Prime Bank Limited]

## 2.4 An Overview of Consumer Credit Scheme (CCS) of Prime Bank Ltd.

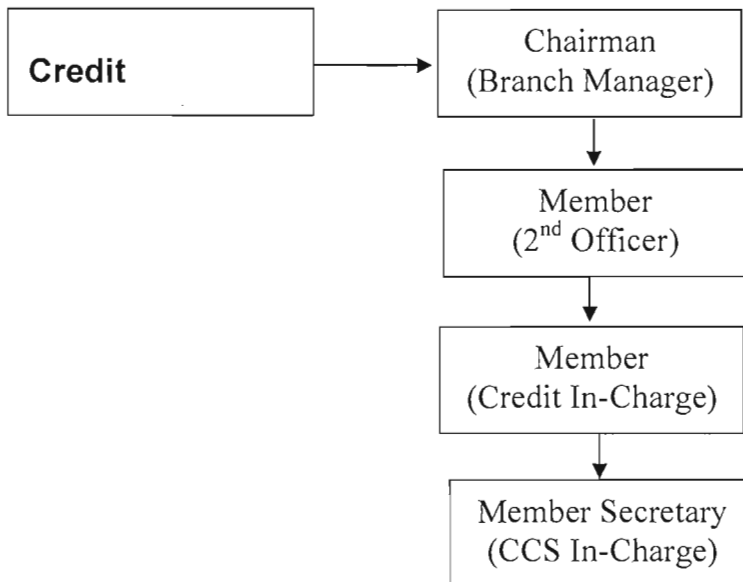
A Bank has different sources of investment. Commercial banks provide consumer credits to its customers to finance their household durables. A sizable portion of their investment is in this sector. This area has attracted wide spread attention due to high demand from the customers, low risk of default and an easy source of investment. Consumer credit has received important attention from the banking sector in different parts of the world whether they from the banking sector in different parts of the world, whether they are developed or developing. Bangladesh is one of the very poorest countries of the world. Per capita income of our country is very poor. So, the majority of our populations face to a sub-standard life. The middle classes and the professionals cannot effort to buy essential utility products, which require a substantial amount at a time. As such they cannot raise their standard of living to an expected level. To make life of the people easier, to fulfill their dream whatever they want to buy, to establish the living standard of the people, our commercial banks have introduced the consumer credit scheme to serve the needs of the limited income group who cannot afford this and also improve their quality of life for achieving the objective of the Bank.

Consumer Credit Scheme is designed to finance the fixed income group for buying essential commodities to be repaid by monthly installment over a period in accordance with a contractual agreement. In Bangladesh, there is a great demand of consumer credit because most of the people of our country are living a sub-standard life. Consumer Credit Scheme is gradually becoming very popular in our country. That's why a good number of institutions in our country are successfully operating similar programs.

## Administration of Consumer Credit Scheme with reference Prime Bank Ltd.

The Success of any credit largely depends on its efficient administration. A bank has to undertake different policy prescription to manage the credit in line of the set objectives. Banks always monitor the performance of the loan so that the rate of default is less. This chapter concentrates on the various aspects of consumer credit provided by Bank. Consumer credit scheme is small and medium term loan. This credit is sanctioned for one to five year's period. For the small size and three years period of loan, every branch of the Bank has the authority to sanction the loan. But the branches have some loan limited to provide the scheme in different goods. The Bank maintains some policies and guidelines to sanction the credit.

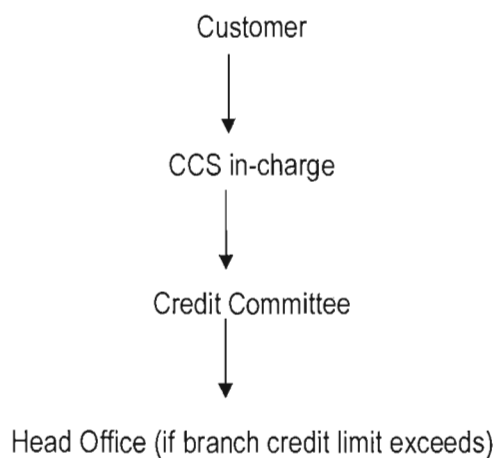
Every branch of the Bank has a credit committee in order to facilitate quick sanction of loan under the scheme. The credit committee is constituted of in each of the designated branches with the following Executive/Officer:



At first, the sanctioning of loan, the customer will approach to Consumer Credit In-Charge for getting the loan Under Consumer Credit Scheme. If the Consumer Credit Scheme in-charge thinks that he or she is eligible for the credit then they get the opportunity for application of loan. After that, the Consumer Credit Scheme in-charge presents the application to Credit Committee of the

respective branch. If the committee approves that the customer is eligible for the loan then the customer will submit the necessary documents to that Committee. After submission of the documents the credit committee will examine the documents and consumer credit scheme in change will go for physical inspection, as to whether the information is wrong or right that he or she is written on the application form. If all the information is correct then the credit committee sanctions the loan under this scheme. But if the loan amount exceeds the loan then the credit committee sends the necessary documents and information to the Consumer Credit Division, at the Head Office of the bank. Then the credit division decides that the will be sanctioned or not.

The sanctioning mechanism is shown in the following diagram:



## The Consumer Loan Products of Prime Bank Limited:

The Consumer Loan Products are as follows:

- ↳ Personal Loan (Secured)
- ↳ Personal Loan (Unsecured)

### 1. Personal Loan (Secured):

- a) **Eligible:** Any person having a CD/SB/STD Account.
- b) **Margin:** Best effort basis. Accrued interest to be serviced quarterly.
- c) **Limit:** As per delegation of power circulated from time to time.
- d) **Security:** Lien on FDR and any other savings instruments duly discharged with letter of authority to encash in case of default.
- e) **Rate of Interest:** In case of FDR: 2-3% above FDR interest rate.  
In case of other deposit- 14% p.a with quarterly interest.
- f) **Period:** Maximum 12(twelve) months (renewable as applicable)

### 2. Personal Loan (Unsecured):

- a) Household Durable Loan
- b) Car Loan
- c) Doctors Loan
- d) Advance Against Salary
- e) Any Purpose Loan
- f) Education Loan
- g) Travel Loan
- h) Marriage Loan
- i) CNG Conversion Loan
- j) Hospitalization Loan (Newly introduced on April, 02 2005)

## ↓ Household Durable Loan:

Under This head, Loans will be sanctioned against guarantee of third parties acceptable to the bank or pledge of FDR. Saving instrument of Banks and assignment of salary where applicable.

### ***Eligibility of customers:***

- Employees of Government
- Non-Government organizations/ Institutes
- Semi-Government
- Autonomous
- Sector Corporations
- Professionals
- Business Executives
- Business man and Self Employed Persons who have regular and monthly fixed income with repayment capacity.
- Non-Officers are also included where the monthly installment size will not exceed one third of their take home salary.

### ***Purpose:***

For purchasing the following items:

- Motor Cycle
- Personal Computer
- Photocopier/Fax Machine
- Small PABX system
- Television
- Mobile phone set

- Refrigerator
- Audio-video Equipment
- Other home electric appliance
- Furniture
- Any other household durables

**The loan limit, down payment, risk fund, service charge and period of loans are given below:**

**Interest Rate- 15%**

						Sanctioning Authority	
Name of the Item	Loan Limit	Down Payment	Risk Fund	Service Charge	Period of Loan	Retail Banking HO/Branch	Head Office Credit Committee
Motor Cycle	Tk. 1 Lac	10%	1%	1%	2-yrs	Full Limit	
PC/Laptop	Tk. 1 Lac	10%	1%	1%	2-yrs	Full Limit	
Photocopier/Fax	Tk. 1 Lac	10%	1%	1%	2-yrs	Full Limit	
Other Item/Furniture	Tk. 5 Lac	10%	1%	1%	3-yrs	Tk. 3 Lac	Full Limit

**Required Documents:**

- Employer Certificate for Service Holder
- Photocopy of Trade License for Businessmen
- TIN Certificate (if any)
- Bank Account Statement of last six months
- Photocopy of Passport, Telephone (T&T) Bill if any

**Security:**

- Two Personal gaurantee
- Undated cheques

**↓ Car Loan:**

Car Loan will be sanctioned against Registration of the Vehicle in the name of the bank. Instead of down payment, the Customer shall have option to avail loan against their FDR or any other savings instruments upto 90% of the loan amount.

***Eligibility of customers:***

- Employees of Government
- Non-Government organizations/ Institutes
- Semi-Government
- Autonomous
- Sector Corporations
- Professionals
- Business Executives
- Business man and Self Employed Persons who have regular and monthly fixed income with repayment capacity.

***Purpose:***

For purchasing the following items:

- Car
- Jeep
- Station Wagon



- Pick up Van
- Cover Van
- Any other vehicles for own use
- Bus/Truck for Corporate Bodies (own use)
- Ambulance for Corporate bodies/ Medical Professionals

**The loan limit, down payment, risk fund, service charge and period of loans are given below:**

**Interest Rate- 14%**

						Sanctioning Authority	
Name of the Item	Loan Limit	Down Payment	Risk Fund	Service Charge	Period of Loan	Retail Banking HO/Branch	Head Office Credit Committee
New Vehicle	Tk. 40 Lac	10%	Nil	1%	5-yrs	Tk. 10 Lac	Tk. 15 Lac
Recondition Vehicle	Tk. 15 Lac	10%	Nil	1%	4-yrs	Tk. 8 Lac	Tk. 15 Lac
Bus/Truck for corporate bodies for own use only	Tk. 40 Lac	10%	Nil	1%	5-yrs	Any limits would be approved by EC/Board	

**Required Documents:**

- Employer Certificate for Service Holder
- Photocopy of Trade License for Businessmen
- Photocopy of TIN Certificate (if any)
- Bank Account Statement of last six months
- Photocopy of Passport, Telephone (T&T) Bill if any

**Security:**

- Two Personal gaurantee
- Undated cheques
- Registration of the Vehicle in the name of the bank.

**↓ Doctors Loan:**

Any Bangladeshi citizen who is a graduate in Medical science/ Dentist/ Eye/ Allopathic/ General Practitioners desiring to setup chamber, medical store with necessary medical equipments and to become self- employed have the opportunity to take this loan.

***The loan limit, down payment, risk fund, service charge and period of loans are given below:***

**Interest Rate- 15%**

						Sanctioning Authority	
Name of the Item	Loan Limit	Down Payment	Risk Fund	Service Charge	Period of Loan	Retail Banking HO/Branch	Head Office Credit Committee
General Practitioner MBBS/ BDS	Tk. 5 Lac	10%	Nil	1%	4-yrs	Tk. 3 Lac	Full Limit
Specialized Doctor	Tk. 10 Lac	10%	Nil	1%	5-yrs	Tk. 5 Lac	Full Limit

***Required Documents:***

- Employer Certificate for Service Holder
- Attested Photocopy of the Certificate of the last degree and BMA membership certificate.
- TIN Certificate (if any)

- Bank Account Statement of last six months
- Photocopy of Passport, Telephone (T&T) Bill if any

**Security:**

- Two Personal guarantee
- Undated cheques
- The ownership of Medical equipments to be purchased must be hypothecated to the bank under hire purchase mood.

**↓ Advance Against Salary:**

**Eligibility of customers:**

- This scheme is for salaried person in Government/ Semi-Government/ Autonomous bodies/ Multinational Company/ Banks/ Insurance/ Financial Institutes/ Educational Institutes with confined 3-years service ahead.
- A letter of introducing including name, fathers name, designation, date of birth, date of joining, place of posting, date of last promotion, date of retirement, basic salary, total emolument, total PF, take home salary etc will be required.
- Loan limit is 8 times of gross salary who have Salary account with us and 6 times of gross salary who have not salary account with us subject to highest Tk. 3.00 Lac.

***The loan limit, down payment, risk fund, service charge and period of loans are given below:***

**Interest Rate- 15%**

						Sanctioning Authority	
Name of the Item	Loan Limit	Down Payment	Risk Fund	Service Charge	Period of Loan	Retail Banking HO/Branch	Head Office Credit Committee
Salaried Person	Tk. 3 Lac	Nil	1%	1%	2-yrs	Tk. 1.50 Lac	Full Limit

**[Note: Risk fund is Nil who have salary account with us].**

**Required Documents:**

- Employer Certificate for Service Holder
- TIN Certificate (if any)
- Bank Account Statement of last six months
- Photocopy of Passport, Telephone (T&T) Bill if any

**Security:**

- Two Personal guarantee
- Undated cheques
- Lien on Service benefit of the concerned employee from the employer

↓ **Any purpose Loan:**

**Eligibility of customers:**

- This scheme is for salaried person in Government/ Semi-Government/ Autonomous bodies/ Multinational Company/ Banks/ Insurance/ Financial Institutes/ Educational Institutes with confined 3-years service ahead.
- A letter of introducing including name, fathers name, designation, date of birth, date of joining, place of posting, date of last promotion, date of retirement, basic salary, total emolument, total PF, take home salary etc will be required.
- This scheme is only for service holder

**The loan limit, down payment, risk fund, service charge and period of loans are given below:**

**Interest Rate- 15%**

						Sanctioning Authority	
Name of the Item	Loan Limit	Down Payment	Risk Fund	Service Charge	Period of Loan	Retail Banking HO/Branch	Head Office Credit Committee
Salaried Person	Tk. 1.50 Lac	Nil	1%	1%	2-yrs	Full Limit	

**[Note: Risk fund is Nil who have salary account with us].**

**Required Documents:**

- Employer Certificate for Service Holder
- TIN Certificate (if any)
- Bank Account Statement of last six months
- Photocopy of Passport, Telephone (T&T) Bill if any

**Security:**

- Two Personal gaurantee
- Undated cheques
- Lien on Service benefit of the concerned employee from the employer

**↓ Education Loan:**

**Eligibility of customers:**

- This scheme is for meeting the fund requirement for higher education of children of salaried person in Government/ Semi-Government/ Autonomous bodies/ Multinational

Company/ Banks/ Insurance/ Financial Institutes/ Educational Institutes with confined 3-years service ahead and businessman having adequate cash flow.

**The loan limit, down payment, risk fund, service charge and period of loans are given below:**

**Interest Rate- 15%**

						Sanctioning Authority	
Name of the Item	Loan Limit	Down Payment	Risk Fund	Service Charge	Period of Loan	Retail Banking HO/Branch	Head Office Credit Committee
Salaried Person/ Businessman	Tk. 3 Lac	10%	1%	1%	2-yrs	Tk. 1.50 Lac	Full Limit

**Required Documents:**

- Employer Certificate for Service Holder
- TIN Certificate (if any)
- Bank Account Statement of last six months
- Photocopy of Passport, Telephone (T&T) Bill if any
- Photocopy of Trade License for Businessmen

**Security:**

- Two Personal gaurantee
- Undated cheques

## ↓ Travel Loan:

### **Eligibility of customers:**

- This scheme is for meeting the fund for traveled purpose of salaried person in Government/ Semi-Government/ Autonomous bodies/ Multinational Company/ Banks/ Insurance/ Financial Institutes/ Educational Institutes with confined 3-years service ahead and businessman having adequate cash flow.

**The loan limit, down payment, risk fund, service charge and period of loans are given below:**

**Interest Rate- 15%**

						Sanctioning Authority	
Name of the Item	Loan Limit	Down Payment	Risk Fund	Service Charge	Period of Loan	Retail Banking HO/Branch	Head Office Credit Committee
Salaried Person/ Businessman	Tk. 2 Lac	10%	1%	1%	3-yrs	Tk. 1.50 Lac	Full Limit

### **Required Documents:**

- Employer Certificate for Service Holder
- TIN Certificate (if any)
- Bank Account Statement of last six months
- Photocopy of Passport, Telephone (T&T) Bill if any
- Photocopy of Trade License for Businessmen

**Security:**

- Two Personal gaurantee
- Undated cheques

**↓ Marriage Loan:****Eligibility of customers:**

- This scheme is for meeting the fund requirement for marriage purpose of salaried person in Government/ Semi-Government/ Autonomous bodies/ Multinational Company/ Banks/ Insurance/ Financial Institutes/ Educational Institutes with confined 3-years service ahead and businessman having adequate cash flow.

**The loan limit, down payment, risk fund, service charge and period of loans are given below:**

**Interest Rate- 15%**

						Sanctioning Authority	
Name of the Item	Loan Limit	Down Payment	Risk Fund	Service Charge	Period of Loan	Retail Banking HO/Branch	Head Office Credit Committee
Salaried Person/ Businessman	Tk. 3 Lac	10%	1%	1%	3-yrs	Tk. 1.50 Lac	Full Limit

**Required Documents:**

- Employer Certificate for Service Holder
- TIN Certificate (if any)
- Bank Account Statement of last six months
- Photocopy of Passport, Telephone (T&T) Bill if any



- Photocopy of Trade License for Businessmen
- Evidence there of

**Security:**

- Two Personal gaurantee
- Undated cheques

↓ **CNG Conversion Loan:**

**Eligibility of customers:**

- This scheme is for meeting the fund requirement for CNG conversion of vehicles for those who are salaried person in Government/ Semi-Government/ Autonomous bodies/ Multinational Company/ Banks/ Insurance/ Financial Institutes/ Educational Institutes with confined 3-years service ahead and businessman having adequate cash flow and corporate bodies.

**The loan limit, down payment, risk fund (nil), service charge and period of loans are given below:**

**Interest Rate- 15%**

						Sanctioning Authority	
Name of the Item	Loan Limit	Down Payment	Comm	Service Charge	Period of Loan	Retail Banking HO/Branch	Head Office Credit Committee
Owner/ Valid user of the vehicles	Tk. 60 thousands	10%	5% loan amount	Tk.1000 or 1%	1.5-yrs	Full limit	
Corporate bodies	Tk. 1 Lac	10%	5% loan amount	Tk.1000 or 1%	1.5-yrs	Full Llimit	

**Required Documents:**

- Employer Certificate for Service Holder
- TIN Certificate (if any)
- Bank Account Statement of last six months
- Photocopy of Passport, Telephone (T&T) Bill if any
- Photocopy of Trade License for Businessmen
- Photocopy of the blue book
- Photocopy of the registration of the vehicle.

**Security:**

- One or Two Personal guarantee
- Undated cheques

**↓ Hospitalization Loan****The terms & conditions of the above loan are as follows:****Eligible Criteria:**

- The age limit should be in between 25-60 years
- Bangladeshi Citizen
- This loan shall be available for the salaried person i.e. employee of the Govt./Semi govt./Autonomous bodies/MultinationalCo./Banks/Insurance/Financial Inst./Educational Inst with confirmed 3 years service ahead and businessman having adequate cash flow.
- Before allowing loan the prescription, medical Report of Doctors thereof be recorded.
- Letter of introduction to be obtained from employer with a salary certificate for service holder and trade License for businessman.

- Persons having own house in municipal area, T&T telephone connection and insurance policy shall be given preferences.
- Initially Dhaka and Chittagong metropolitan City will be covered under this scheme.
- This loan would be provided for treatment in the following hospitals or clinics of Dhaka and Chittagong:

I. BIRDEM	XVI. National Health Foundation
II. Holy family Hospital	XVII. CMH, Dhaka
III. Central Hospital	XVIII. Appolo Hospital
IV. Monwara Hospital	XIX. Medical Center, Chittagong
V. Samrita Hospital	XX. Metropoliton Hospital Chittagong
VI. Medinova	XXI. Royal Hospital Chittagong
VII. Comfort Diagnostic Center & Hospital	XXII. Holy Crescent, Chittagong
VIII. Metropoliton Hospital	XXIII. Health Home, Chittagong
IX. Bangladesh Medical	XXIV. Health Care, Chittagong
X. Sikder Medical	XXV. Poly Clinic, Chittagong
XI. Inbe Sina Hospital	XXVI. Nebedita Hospital, Chittagong
XII. Dhaka Renal Center	XXVII. Miramoy Clinic, Chittagong
XIII. Gastro lever Clinic	XXVIII. Holy Health, Chittagong
XIV. Islami Bank Hospital	XXIX. Sergiskip Clinic, Chittagong
XV. Lab Aid Cardiac Hospital	XXX. CMH, Chittagong

**Loan Ceiling:**

90% of the estimated cost up to a maximum of loan amount Tk. 5.00 lac. However the monthly repayment of the customer should not exceed 30% of his/her take home salary.

**Mode of repayment:**

By monthly installment within 24 months.

**Interest rate & other charges:**

The rate of interest is 14% P.A with monthly rest. In addition, the customer will have to pay Risk fund @ 1% and service charge 1% on the loan amount.

**Security:**

- Personal guarantee from an individual having means, standing and social status acceptable to the bank and another from his/her family
- 24 (twenty four) post dated cheques
- Letter of Assurance from the Employer / Authority.

**Sanctioning Authority:**

The delegation of Business Power for Sanction.

Name of the Loan	Loan Limit	Branch	Head Office
Hospitalization Loan	Tk.5 Lacs	Tk. 3 Lacs	Full Limit

## Rules for Application

Intending Customers will have to apply for the credit in banks printed application form, which will be available in respective branch or any other authorized agent. Customers will submit the application form dully filled in with 2 photographs and signed along with relevant documents.

The Customer's name / other name(s) including nick name, if any, should be mentioned in every loan application.

### ***Processing of applications:***

On proper security of the application, branch/retail banking Division will inform the initial decision (Acceptable for processing/Decline) to the application within 3 working days from the date of receiving application.

Applicants will submit the above forms dully filled – in with the following additional papers:

- Salary Certificate
- Letter of assurance from the Employer
- Prescription/Medical report of Doctors
- Bank Statement for last 6 months
- Attested Photocopies of current tax Receipt, utility bill, Insurance policy& lease agreement (if any)

Branch/retail Banking division will inspect the given information in respect of eligibility, feasibility and security. After completion of all necessary formalities Branch/Retail Banking Division shall disburse the loan or decline the proposal within 7 working days from receiving the additional papers.

### ***Documents to be obtained:***

The customer will execute the following documents:

- D.P note
- Letter of Authority
- Letter of Guarantee
- Loan Agreement under Consumer Loan Retail Banking

- A declaration to be obtained from the customer to the effect that no director/sponsor of Prime Bank Ltd. Or any of their family members/dependent has got any direct or indirect business in his business.
- Letter of Arrangement
- Letter of Undertaking
- Letter of Installment

***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 the bank which will have to be presented for collection on the due dates. Installments will be paid within 7th day of each month. However prepayment is allowed.

***Other Conditions:***

- a) Customer will intimate the bank of any change of his address immediately after the change.
- b) If the customer fails to repay the monthly installment within due date, penal interest will be charged at the rate of 2% on the outstanding amount, which will be realized along with the overdue installments.
- c) The Customer is at liberty to repay the entire outstanding amount in lump sum before expiry of validity period of the loan.

## Loan sanctioning procedure:

Following are the way to loan sanctioning procedure of Consumer Credit Scheme of Prime Bank Limited.

This Loan Sanctioning procedure encompasses the following stages:

1. Application of the customers through the printed Loan Application form.
2. Matrix for assessing credit score
3. Office Note
4. Sanction Advice
5. Top Sheet (Loan Account opening form)
6. Disbursement of loan

At first the customers will have to apply for the loan according to their required criteria through the printed loan application form. Then the concerned credit department will evaluate the Matrix score through the following printed chart. Afterwards the office note would be submitted to the credit committee for the approval of the loan amount.

### ***This credit committee encompasses***

1. A Senior Executive Officer-Consumer Credit Dept in charge
2. Executive Officer –Credit Dept. in charge
3. A Senior Executive Officer –other than Credit dept.
4. VP/Manager Operation
5. Finally the Branch Manager –Executive Vice President

After the free consent of mentioned above officer the loan amount is approved for sanction. Then the sanction advice is passed signed by the VP (Manager Operation) Or by the Branch Manager EVP.

Then the top sheet & disbursement procedure is done to provide the loan facility to the customers.

### Follow up, Monitoring and Supervision

The credit under the scheme is fully supervised and the success of the scheme will depend on the porter and persistent supervision, follow up persuasion and monitoring of the credits by the branches. CCS unit shall monitor and supervise the CCS loan portfolio of all the branches. Branches shall maintain proper records of the applicants received, loans sanctioned, disbursed and recovery made thereon. Branches shall send the statements of CCS loan and the overdue list to the CCS Unit within the first week of every month. The CCS unit shall properly utilize the MIS (Management Information System) available in the existing computer program for consumer Credit Scheme of the bank to closely monitor and supervise the scheme.

### Steps Taken in case of Default Installment

Before disbursement of loan, the customer will deposit crossed cheque covering the total number of monthly installments in favor of the bank which will have to be presented for collection of the due dates. Installments will be paid then within 7<sup>th</sup> day of each month. If one installment is not paid then it has become overdue. Actions are taken on the basis of default installment.

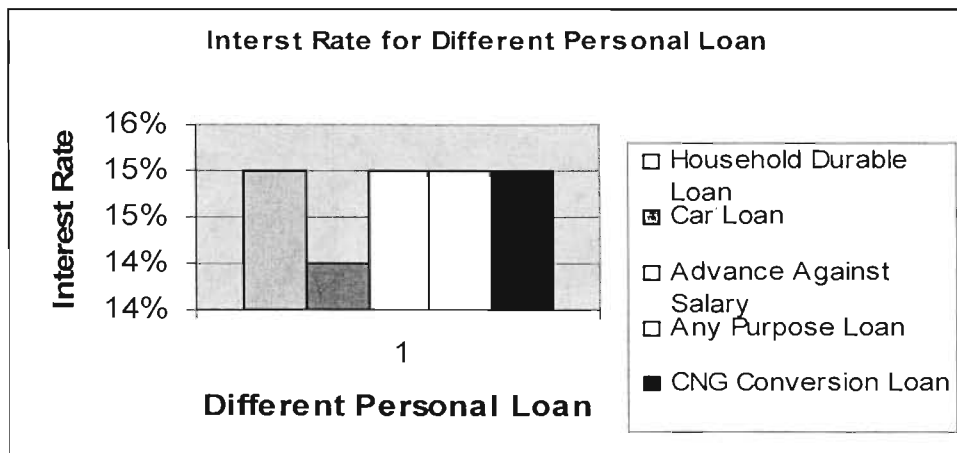
#### ***Steps taken are described below:***

- If one month installment is due then concerned officer will call a phone to the client:
- In case of installment due for two months letter is given to the client and phone is also called;
- In case of three months phone and letter to client as well as visit is done;
- If installment is not given within four months then letter is given to the guarantor;
- If installment is not given within five months then legal notice is send to the client;
- In spite of all these steps if installment is not given then case is sued against the client.
- In case of installment due for six months the loan is treated as classified loan.



Interest Rate of Prime Bank Limited of Different Personal Loan under CCS:

Name of the different personal loan	Interest Rate
Household Durable Loan	15%
Car Loan	14%
Advance Against Salary	15%
Any Purpose Loan	15%
CNG Conversion Loan	15%

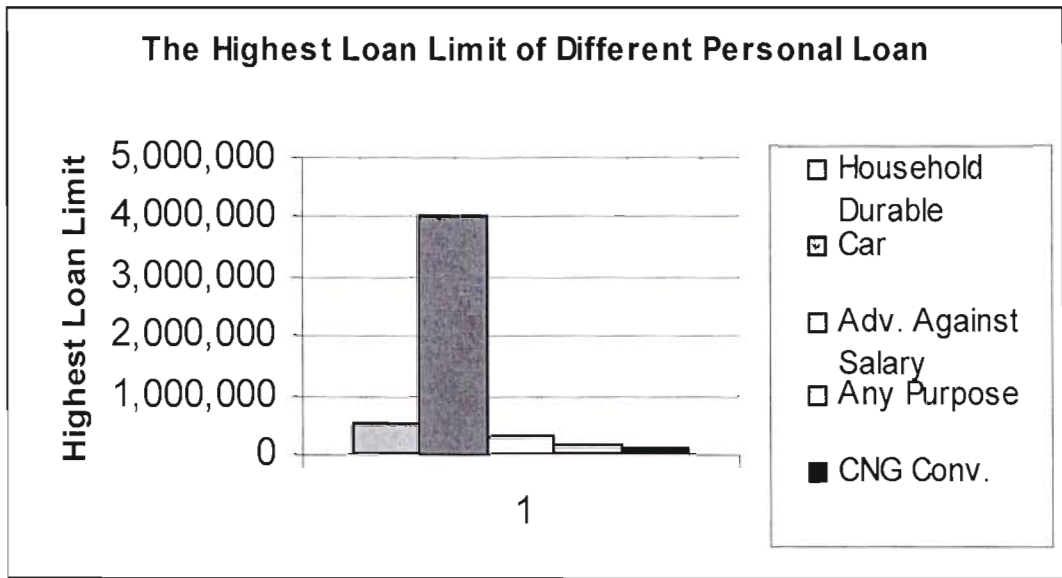


From the graph above we can see that all the scheme have same interest rate (15%) except Car Loan. The interest rate of car loan is 14% which is less than the other.

The Highest Loan Limit Prime Bank Limited of Different Personal Loan under

CCS:

Name of the different personal loan	Highest Loan Limit
Household Durable Loan	500,000
Car Loan	4,000,000
Advance Against Salary	300,000
Any Purpose Loan	150,000
CNG Conversion Loan	100,000



From the graph above we can see that Car loan has the highest loan limit and CNG Conversion has the lowest loan limit.

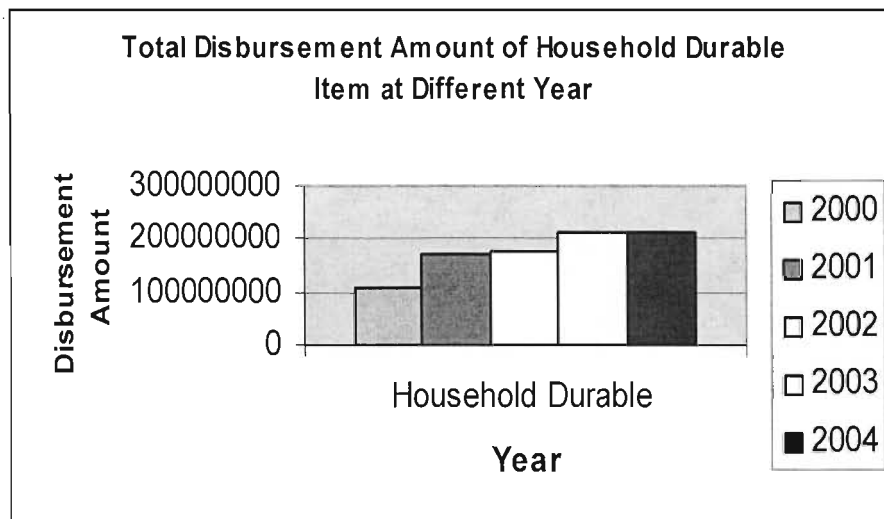
The total Disbursement Amount of Different Personal Loan under CCS Loan

from year 2000-2004:

Name of the different personal loan	2000	2001	2002	2003	2004
Household Durable	109,262,450	172,948,540	173,624,910	211,465,920	211,725,000
Car	15,892,720	29,368,620	37,448,510	57,272,020	70,575,000
Advance Against Salary	19,865,900	32,631,800	23,830,870	35,244,320	37,640,000
Any Purpose	49,664,750	84,842,680	91,919,070	118,949,580	131,740,000
CNG Conversion	3,973,180	6,526,360	13,617,640	17,622,160	18,820,000

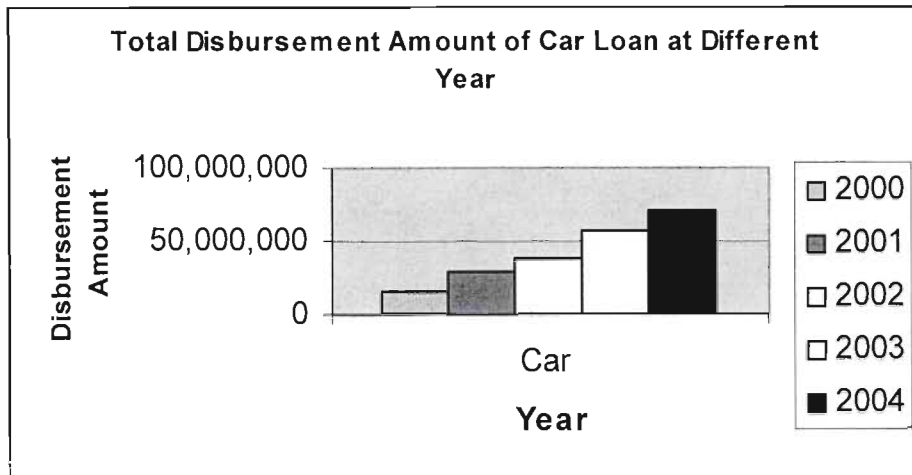
↓ Scheme wise total disbursement amount of different year (2000-2004) by the help of Graph:

The Total Disbursement Amount of Household Durable Item from Year 2000-2004:



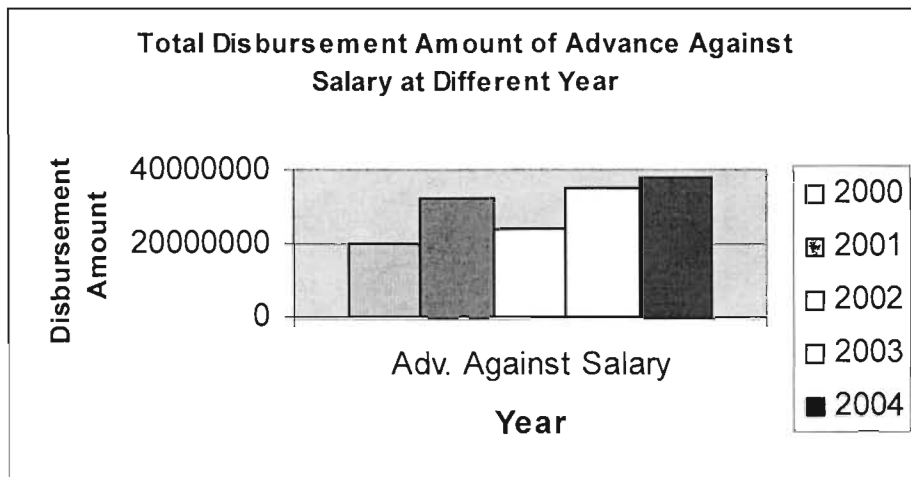
From the graph above we can see that the disbursement amount of household durable loan is increasing each year (2000-2004).

The Total Disbursement Amount of Car Loan from Year 2000-2004:



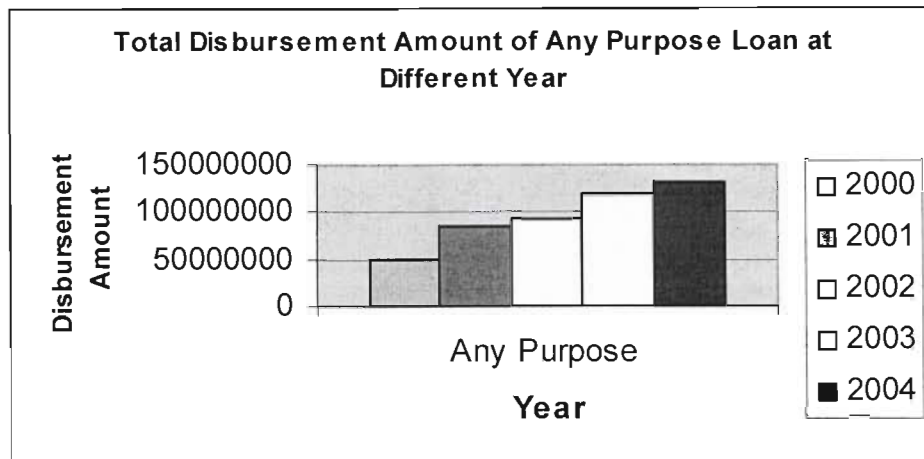
From the graph above we can see that the trend of disbursement amount of Car Loan is increasing each year.

The Total Disbursement Amount of Advance Against Salary Loan from Year 2000-2004:



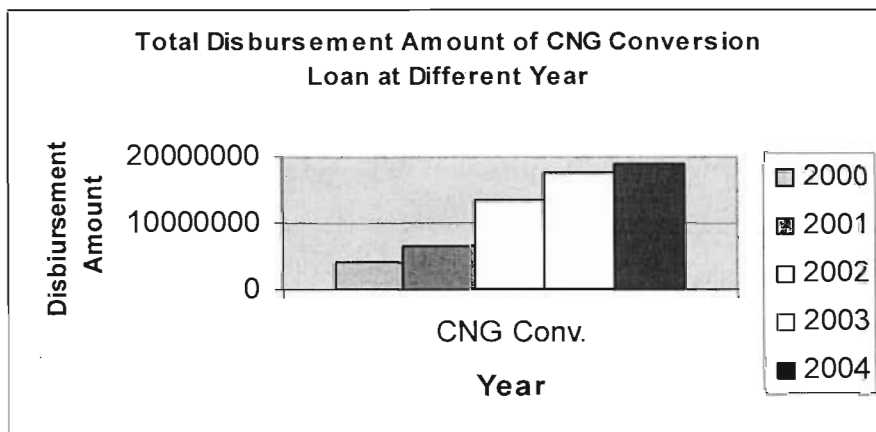
From the graph above we can see that the disbursement amount of Advance Against Salary loan was increasing from year 2000 to 2001. But in 2002 it had dropped. Again from 2003 to 2004 it had increased. So, now the trend is increasing.

The Total Disbursement Amount of Any Purpose Loan from Year 2000-2004:



From the graph above we can see that the trend of disbursement amount of Any Purpose Loan is increasing each year.

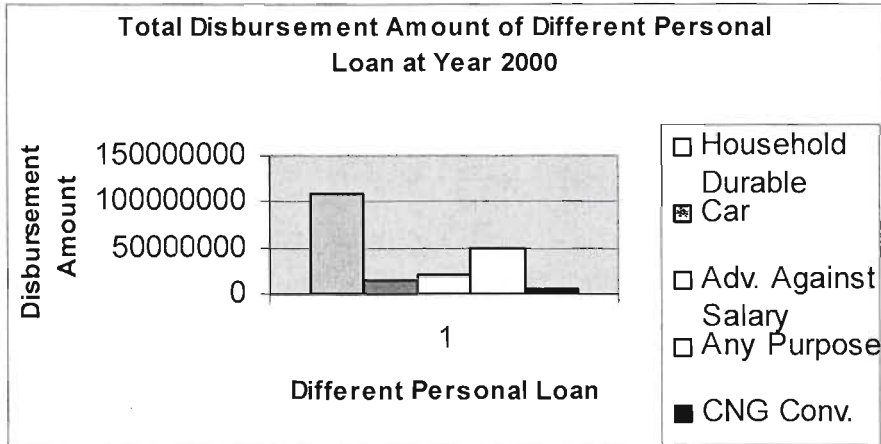
The Total Disbursement Amount of CNG Conversion Loan from Year 2000-2004:



From the graph above we can see that the trend of disbursement amount of CNG Conversion Loan is increasing each year.

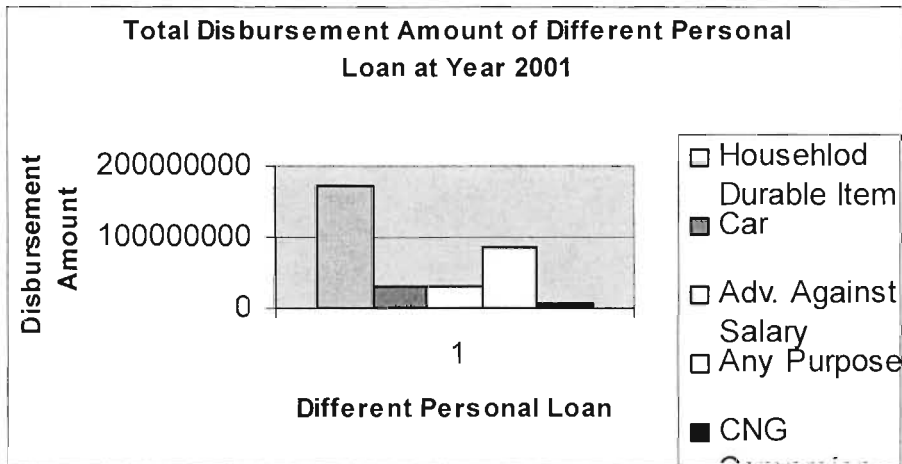
↓ Year wise total disbursement amount of different Consumer Credit Scheme of Prime Bank Limited

The total Disbursement Amount of Different Personal Loan at year 2000:



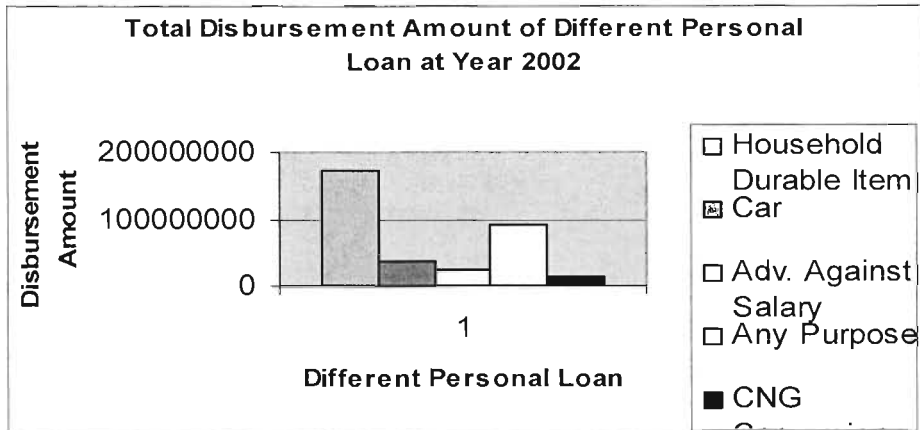
From the Graph above we can see that, at the year end of 2000 Household durable item has the highest disbursement amount and CNG Conversion has the lowest.

The total Disbursement Amount of Different Personal Loan at year 2001:



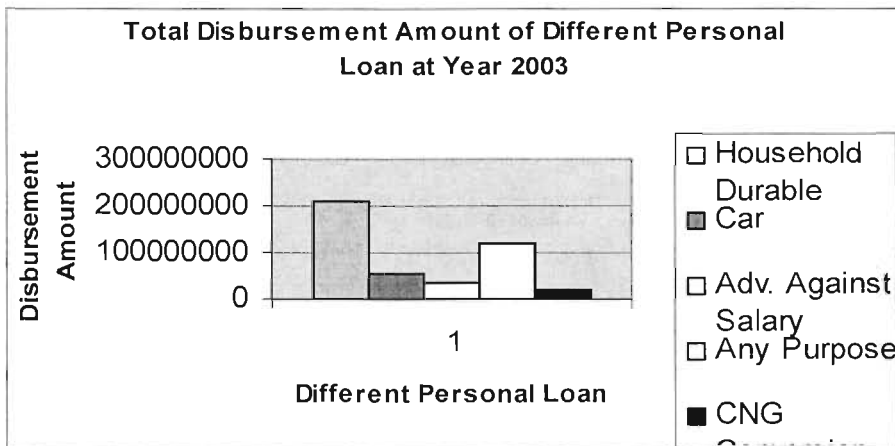
From the Graph above we can see that, at the year end of 2001 Household durable item has the highest disbursement amount and CNG Conversion has the lowest and the disbursement amount of Car loan has increased (from 15,892,720 to 29,368,620) from year 2000- 2001.

The total Disbursement Amount of Different Personal Loan at year 2002:



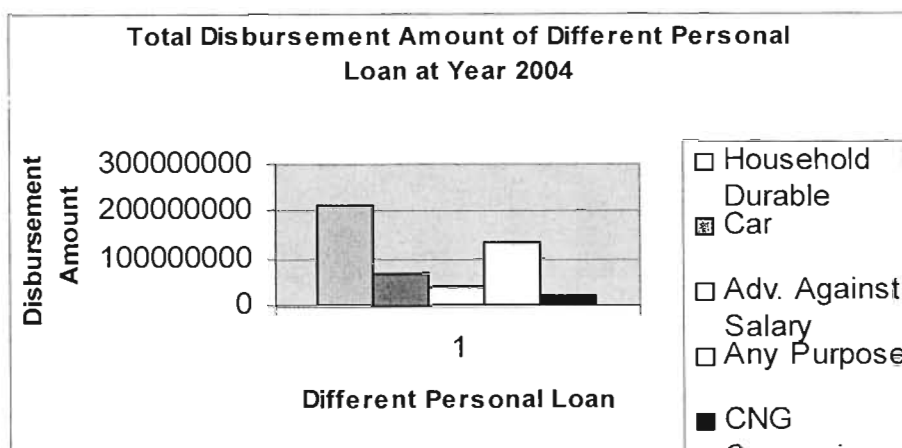
From the Graph above we can see that, at the year end of 2002 Household durable item has the highest disbursement amount and CNG Conversion has the lowest. The trend of Car loan is increasing each year. But the disbursement amount of Advance against Salary has decreased (from 32,631,800 to 23,830,870) from year 2001-2002.

The total Disbursement Amount of Different Personal Loan at year 2003:



From the Graph above we can see that, at the year end of 2003 Household durable item has the highest disbursement amount and CNG Conversion has the lowest. The trend of Car loan is increasing each year.

The total Disbursement Amount of Different Personal Loan at year 2004:



From the Graph above we can see that, at the year end of 2003 Household durable item has the highest disbursement amount and CNG Conversion has the lowest. The trend of Car loan and Any purpose loan are increasing each year. But the trend of household durable loan is decreasing each year.

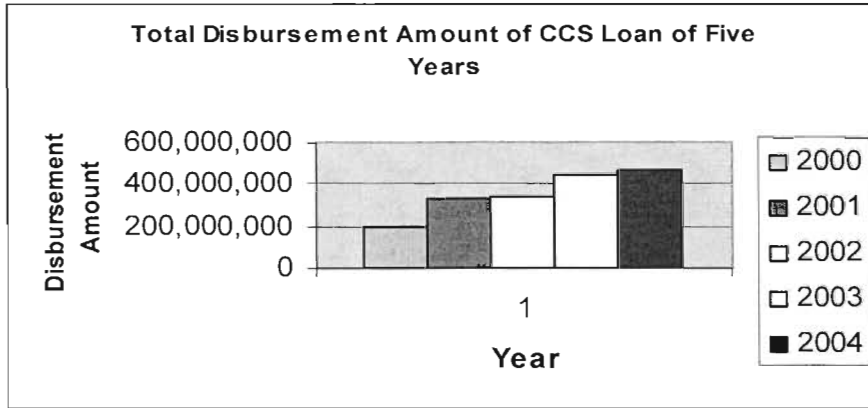
↓ Year Wise Disbursement Amount and Recovery Percentage of CCS

Loans of Prime Bank Limited: (5- years)

Year	Total Disbursement Amount	Recovery %
2000	198,659,000	95.45%
2001	326,318,000	95.49%
2002	340,441,000	94.51%
2003	440,554,000	94.23%
2004	470,500,000	93.02%

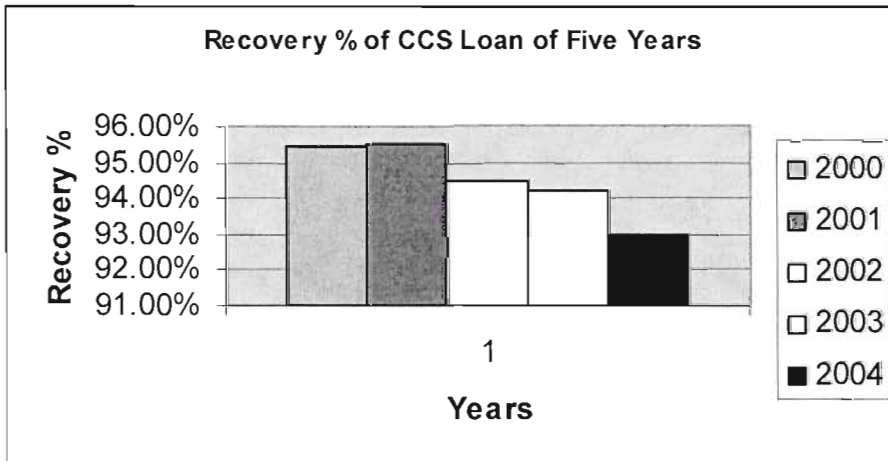


Total Disbursement Amount of CCS Loans of Prime Bank Limited: (5- years)



From the graph above we can see that the trend of the disbursement amount of CCS Loan is increasing each year. Which indicate the healthier position of the Bank in the commercial market.

Total Recovery Percentage of CCS Loans of Prime Bank Limited: (5- years)

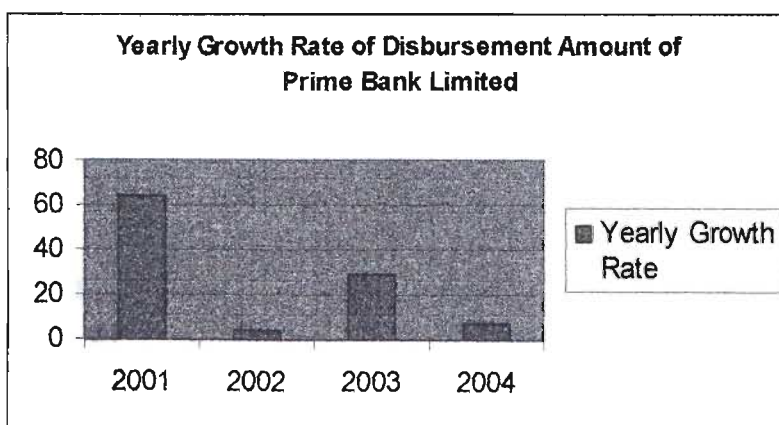


From the graph above we can see that the trend of the recovery% of CCS Loan is decreasing each year. This at a first glance may indicate the bad position of the Bank in the commercial market. But if we think the whole scenario, we will understand that though the recovery% has decreased each year but at the same time the disbursement amount of the CCS loan has increased each year. So, if we calculate the ratio of the both, it will indicate the enhance position of the Bank.

### Yearly Growth Rate of Total Disbursement Amount of Prime Bank Limited:

If we look at the total amount of loan disbursed from year 2000-2004, we will see that the trend was rising each year. Moreover the yearly growth rate of Prime Bank Limited, we will help us to understand by how much percentage the disbursement was increased each year. From 2000-2001 the yearly growth rate was, from 2001-2002 it was, from 2002-2003 it was and from 2003-2004 it was

Year	From 2000-2001	From 2001-2002	From 2002-2003	From 2003-2004
Yearly Growth Rate	64.26%	4.33%	29.41%	6.8%



From the graph we can understand that though the trend of total disbursement amount of Prime Bank Limited is rising each year, but the yearly growth rate is not rising in a constant way. The trend is variable. Like in 2001 the growth rate was 64.26%, but in 2002 it was fall to 4.33%. Then again in 2003 it raised to 29.41% and in 2004 it again decline to 6.8%. So overall the trend was not steady.

**CHAPTER-3**  
**AN OVERVIEW OF CONSUMER**  
**CREDIT SCHEMES OF SELECTED**  
**COMMERCIAL BANKS**

For the comparative study of Consumer Credit Scheme of Prime Bank Limited I have chose some other Commercial Banks. They are:

- 1) Dhaka Bank
- 2) Mercantile Bank
- 3) Arab Bangladesh Bank Lirnited
- 4) Standard Chartered Bank Limited

### **3.1 Consumer Credit Scheme of Dhaka Bank (Personal Loan)**

#### **Company Vision**

At Dhaka Bank, we draw our inspiration from the distant stars. Our team is committed to assure a standard that makes every banking transaction a pleasurable experience. Our endeavor is to offer you razor sharp sparkle through accuracy, reliability, timely delivery, cutting edge technology, and tailored solution for business needs, global reach in trade and commerce and high yield on your investments.

Our people, products and processes are aligned to meet the demand of our discerning customers. Our goal is to achieve a distinction like the luminaries in the sky. Our prime objective is to deliver a quality that demonstrates a true reflection of our vision – Excellence in Banking.

#### **Company Mission:**

To be the premier financial institution in the country providing high quality products and services baked by latest technology and a team of highly motivated personnel to deliver Excellence in Banking,

#### **Company philosophy:**

Despite stiff competition among banks operation in Bangladesh, both local and international, Dhaka Bank has made a remarkable progress practically in every sphere of its activities. The

activities of Dhaka Bank are very implicit and vast comparing to that of other bank in the country today. The slogan of the bank is "EXCELLENCE IN BANKING"; the word implies the meaning of its operation and commitment. The main objective of the bank is to persuade the clients to open an account in the bank through their wit and intelligence as well as is to maintain the reputation through their customer service oriented facilities. To achieve this desire goal it has intention to pursuit of excellence in the climate of continuous improvement. Because it believes the line of excellence is never ending, it also believes that its strategic plans and business will its strength in competitive environment. Its motto is to provide every single customer service available in today's banking procedure for their clients. Thus the slogan of Dhaka Bank "EXCELLENCE IN BANKING" is completely adjusted with its operation, and it has been successfully achieving its objectives.

### **Consumer Credit Scheme of Dhaka Bank Limited (Personal Banking)**

Amongst Private Sector bank's, Dhaka Bank has already made its mark in the personal banking segment. The promotions like "Baishakhi Offer", a strategic tie up with Electra International Limited, distributor of Samsung brand products, and "Freeze the Summer Campaign" a strategic tie-up with Esquire Electronics Limited, distributor of Sharp/General Brand electrical appliances saw Dhaka Bank to experience more than a reasonable growth on the personal banking business in 2004.

They have started the CCS from 2003. They Are Mainly offering two scheme under Consumer Credit Scheme:

- 1) Personal Loan
- 2) Car Loan

#### **1) Personal Loan:**

As part of establishing a personal banking franchise of Dhaka Bank Limited, the bank has successfully launched Personal Loan. The product is a term financing facility to individuals to aid them in their purchases of consumer durables or services. The facility becomes affordable to the clients as the repayment is done through fixed installments commonly known as EMI (equated monthly installment) across the facility period. Depending on the size and purpose of the loan, the number of installments varies from 12 to 48 months.

***The target market for personal loan will mainly comprise of following category –***

- Salaried employees of institutions in the Dhaka, Chittagong and Sylhet markets.
- Professionals who are self employed and have at-least 3 years of independent practice in the area of profession.
- Businessmen who are permanent residents of Dhaka, Chittagong and Sylhet metropolis with at least 3 years of continued operation in the line of business.

***Restrictions and client eligibility***

1. Loans are restricted to Bangladeshi nationals falling in the categories mentioned below The minimum age for any borrower will be 25 years and the maximum age 52 years with a minimum verified Gross Family Monthly Income of BDT 10,000.

- Salaried employees
  - Permanent salaried employees with at-least 12 months of confirmed service with the present employer.
  - Work station in Dhaka, Chittagong, Sylhet and where Dhaka Bank operates
  - University graduates
- Professionals
  - Doctors, Dentists, Engineers, Chartered Accountants, Architects who are members of their professional institutes.
  - Practice and location in Dhaka, Chittagong, Sylhet and where Dhaka Bank operates.
  - At-least 3 years of continued practice in the respective profession in Dhaka or Chittagong.
- Businessmen
  - Continued operation of the enterprise of at-least 3 years in the present line of business.
  - Membership of the trade association.

- A resident of Dhaka, Chittagong, Sylhet and where Dhaka Bank operates for at least 5 continuous years.

## 2) Car Loan:

As part of establishing a personal banking franchise of Dhaka Bank Limited, the bank has successfully launched Car Loan. The product is a term financing facility to individuals to aid them in their pursuit of has a car of their dream. The facility becomes affordable to the clients as the repayment is done through fixed installments commonly known as EMI (equated monthly installment) across the facility period. Depending on the size and purpose of the loan, the number of installments varies from 12 to 48 months.

### ***The target market for personal loan will mainly comprise of following category –***

- Salaried employees of institutions in the Dhaka, Chittagong and Sylhet markets.
- Professionals who are self employed and have at-least 3 years of independent practice in the area of profession.
- Businessmen who are permanent residents of Dhaka, Chittagong and Sylhet metropolis with at least 3 years of continued operation in the line of business.

### ***Restrictions and client eligibility***

1. Loans are restricted to Bangladeshi nationals falling in the categories mentioned below  
The minimum age for any borrower will be 25 years and the maximum age 52 years with a minimum verified Gross Family Monthly Income of BDT 45,000.
  - Salaried employees
    - Permanent salaried employees with at-least 12 months of confirmed service with the present employer.
    - Work station in Dhaka, Chittagong, Sylhet and where Dhaka Bank operates
    - University graduates
  - Professionals

- Doctors, Dentists, Engineers, Chartered Accountants, Architects who are members of their professional institutes.
  - Practice and location in Dhaka, Chittagong, Sylhet and where Dhaka Bank operates.
  - At-least 3 years of continued practice in the respective profession in Dhaka or Chittagong.
- Businessmen
- Continued operation of the enterprise of at-least 3 years in the present line of business.
  - Membership of the trade association.
  - A resident of Dhaka, Chittagong, Sylhet and where Dhaka Bank operates for at least 5 continuous years.

**Loan Fee:**

- 1% of loan amount for processing fee.
- Tk. 500/- (Non refundable) for application fee.

They don't charge any supervision cost or risk fund cost.

**Interest Rate:**

Interest Rate for Personal Loan 16%  
Interest Rate for Car Loan 14%

**Year Wise Information of CCS Loans of Dhaka Bank Limited: ( 5- years)**

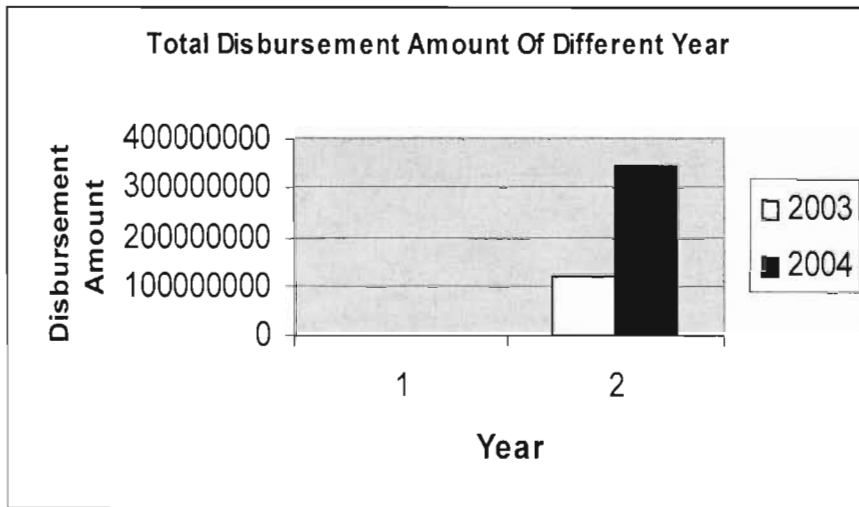
Year	Total Disbursement Amount	Recovery %
2000		
2001		
2002		
2003	121,459,489	87%



<b>2004</b>	342,605,950	85%
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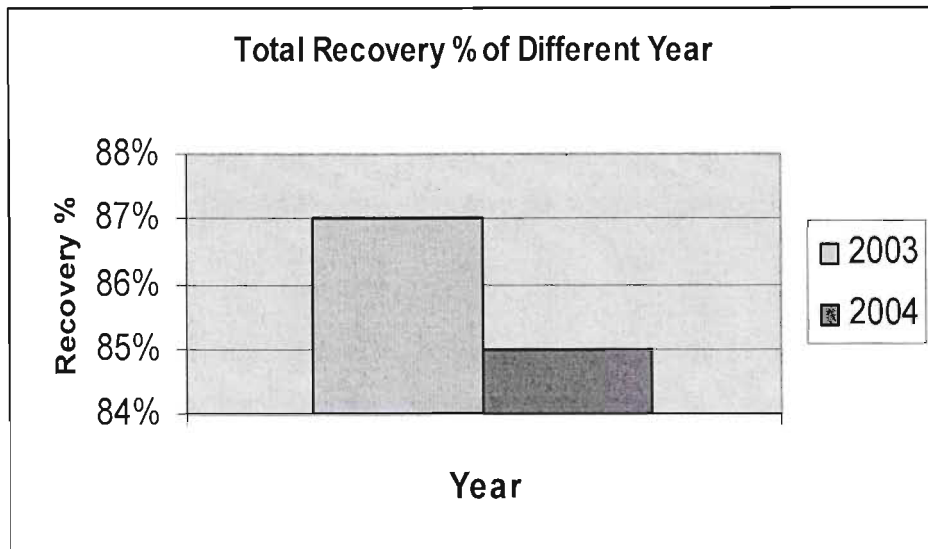
[Note: As they have started the scheme from 2003, there are no figures available from 2000-2002]

**Total Disbursement Amount of Dhaka Bank of Different Year:**



From the graph above we can see that the disbursement amount of year 2000, 2001, 2002 is Nil. Because the bank had started the Consumer Credit Scheme from year 2003. The disbursement amount of 2003 is not good because they had just introduced the scheme. But we can see that the disbursement amount of 2004 has significantly increased in year 2004. And now the trend is increasing.

**Recovery Percentage of Dhaka Bank of Different Year:**



From the graph above we can see that the recovery Percentage of year 2000, 2001,2002 is Nil. Because the bank had started the Consumer Credit Scheme from year 2003. The trend of the recovery% of CCS Loan is decreasing each year. This at a first glance may indicate the bad position of the Bank in the commercial market. But if we think the whole scenario, we will understand that though the recovery% has decreased each year but at the same time the disbursement amount of the CCS loan has increased each year. So, if we calculate the ratio of the both, it will indicate the enhance position of the Bank.

### 3.2 Consumer Credit Scheme of Mercantile Bank

#### Company History

Mercantile Bank Limited emerged as a new commercial bank to provide efficient banking services and to contribute socio-economic development of the country. The Bank commenced its operation on June 2, 1999.

The Authorized Capital of the Bank is Tk. 1200 million and the Paid -up Capital is Tk. 799.41 million.

The Bank provides a broad range of financial services to its customers and corporate clients. The Board of Directors consists of eminent personalities from the realm of commerce and industries of the country.

The Bank is manned and managed by qualified and efficient professionals. Mr. Shah Md. Nurul Alam is holding charge of Managing Director upon expiry of term of Mr. M. Taheruddin as Managing Director on 14.04.2004. Mr. Lutfar Rahman Sarkar, the former Governor of the Central Bank of Bangladesh was the Chief Advisor of the Bank. He brings with him a wealth of experience of managing both public and private sector banks.

#### **Company Vision:**

The vision Of Mercantile bank limited is that it would make finest corporate citizen.

#### **Company Mission:**

Mercantile Bank Limited will become most caring, focused for equitable growth based on diversified deployment of resources, and nevertheless would remain healthy and gainfully profitable Bank.

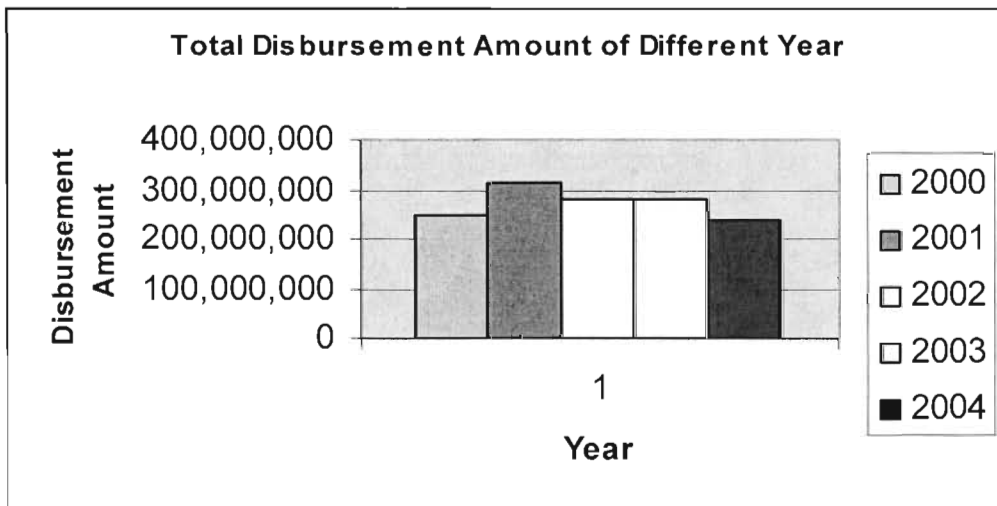
#### **The Consumer Credit Schemes of Mercantile Bank Limited:**

- Furniture
- Any Purpose
- Advance Against Salary
- Fridge, TV, Washing machine
- Motor Cycle
- Telephone
- Electric Appliance
- Some Types of Car Loan

#### **Year Wise Information of CCS Loans of Mercantile Bank Limited: ( 5- years)**

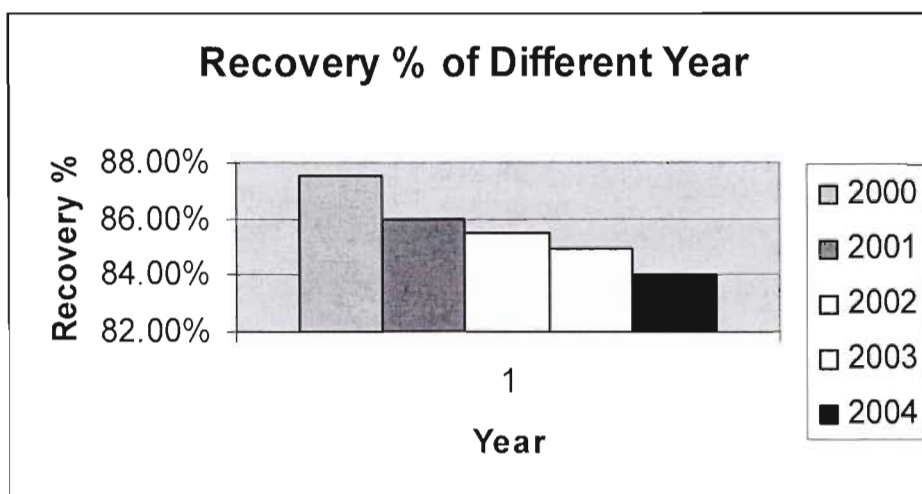
Year	Total Disbursement Amount	Recovery %
2000	247,100,000	87.5%
2001	315,500,000	86%
2002	283,600,000	85.5%
2003	279,500,000	85%
2004	238,500,000	84%

Total Disbursement Amount of Mercantile Bank of Different Year:



From the graph above we can see that the disbursement amount was increased in year 2001 than year 2000. But from 2002 to 2004 the trend is decreasing. This is not a good sign for the Bank in the Commercial Market.

Recovery Percentage of Mercantile Bank of Different Year:



From the graph above we can see that the trend of the recovery% of CCS Loan is decreasing each year. This at a first glance may indicate the bad position of the Bank in the commercial market. But if we think the whole scenario, we will understand that though the recovery% has decreased each year but at the same time the disbursement amount of the CCS loan has increased each year. So, if we calculate the ratio of the both, it will indicate the enhance position of the Bank.

### 3.3 Consumer Credit Scheme of Arab Bangladesh Bank Limited:

**Get the money you need, fast.** Personal Loan helps us take care of an unexpected expense, make that big purchase or have credit available in case of emergencies.

Amount:

\$2,500 - \$20,000

Term:

1-5 Years

#### **Why choose a Personal Loan from Beneficial?**

Because Beneficial makes funds available immediately for bill consolidation, major expenses or large purchases.

#### **What are the benefits of a Personal Loan from Beneficial?**

- No collateral required to secure the loan
- Fewer documents to work through, open a personal loan with just your signature

- Flexible, reasonable payment options
- Get money within 24 hours after application
- No application fee

Getting an Beneficial Personal Loan is as easy as applying for a credit card. It's not secured, which means you don't have to borrow against your personal property, like your home or your car.

Beneficial specializes in solutions for hard-working people - even if you have less than perfect credit.

### **Personal Installment Loan**

Choose a Personal Installment Loan for the following benefits:

- Funds are available immediately. Your funds are available immediately for bill consolidation, major expenses or other large purchases.
- Stable, reasonable payments. You'll always know exactly what your payment is, a great benefit for budgeting.
- Fixed interest rate. Your interest rate stays the same for the entire term of your loan, a great benefit for budgeting.

### ***Personal Loan Programme :***

The reality of present day life is not without its challenges. The harmonious balance between working life at work and family life at home demand action to improve the quality of our lives and those of our beloved.

Personal Loan covers:

- Air Conditioner
- Color Television
- Refrigerator
- Personal Computer
- Office Equipment
- For wedding purpose

- Advance Rental Payment

**Loan Limit:**

If the Applicant is a Self Employed Entrepreneur or at an executive level in a Government institution, he/she may draw up to Tk. 5,00,000/= (Five Lac) to renovate and decorate their home and invigorate your life by purchasing the home appliances their family always dreamt it. He/ She may apply for more than one product.

**Disbursement:**

Loan Limit will be disburse through Pay orders or Demand Drafts directly to the vendors.

**Charges:**

Only a 15% quarterly interest.

**Repayment:**

The borrower has to pay the Bank in maximum 36 equal monthly installments inclusive of the principal amount and the interest.

**Security:**

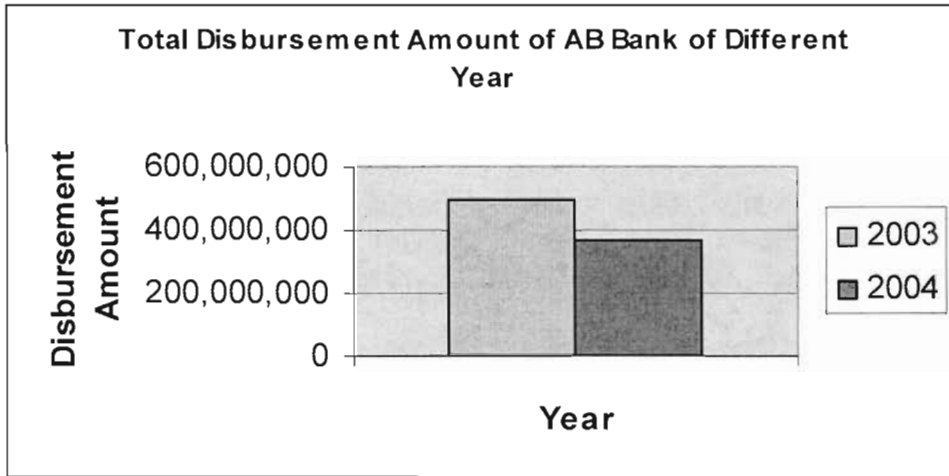
- Hypothecation of the items shall be the primary security under the program.
- All the loans must also be secured by a third party guarantee.
- The applicant/borrower need to have at least six months of satisfactory banking relationship with us or least 12 months of the same with all other banks.

**Year Wise Information of CCS Loans of Arab Bangladesh Bank Limited: ( 5-years)**

Year	Total Disbursement Amount	Recovery %
2000		
2001		
2002		

<b>2003</b>	497,000,000	98%
<b>2004</b>	365,000,000	95%

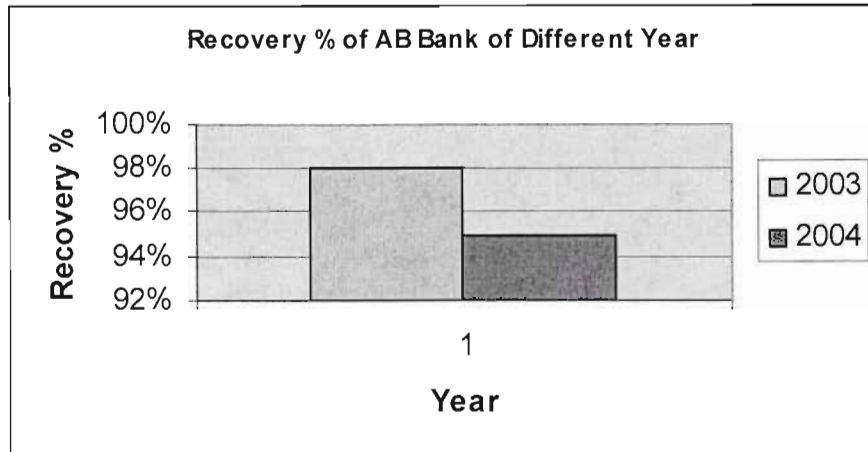
Total Disbursement Amount of AB Bank of Different Year:



From the graph above we can see that the disbursement amount of year 2000, 2001, and 2002 is Nil. Because the bank had started the Consumer Credit Scheme from year 2003. The disbursement amount of 2003 was bigger than the disbursement amount of 2004. So the trend is decreasing.

Recovery Percentage of AB Bank of Different Year:





From the graph above we can see that the recovery % of year 2000, 2001, and 2002 is Nil.

Because the bank had started the Consumer Credit Scheme from year 2003. The trend of the recovery% of CCS Loan is decreasing each year. This at a first glance may indicate the bad position of the Bank in the commercial market. But if we think the whole scenario, we will see that both the recovery% and disbursement amount has decreased each year.

### 3.4 Consumer Credit Scheme of Standard Chartered Bank (SCB)

#### Limited:

SCB offers several kinds of consumers' loan titled by following issues:

- 1) Personal Loans
- 2) Islamic Auto Finance
- 3) Cash Line

❖ **Personal Loan encompasses** the following loan facilities

1. Purchase of miscellaneous household appliances
2. Purchase of personal computers
3. Purchase of refrigerators
4. Purchase of audio –video equipment
5. Purchase of furniture
6. Hospitalization or other emergency medical needs
7. House renovation
8. Purchase of office equipment/accessories
9. Office renovation
10. Marriage in the family
11. Advance rent payment
12. Overseas trip
13. Education or professional training

**Loan Limit:**

BDT 50,000 to BDT 1,000,000

(No cash collateral is needed)

**Repayments:**

From 12 to 60 equal monthly installments (EMI)

**Security Required:**

All or any of the following security

1. Demand Promissory Note
2. Where the facility is made available for (Hypothecation on the Consumer item)

3. Letter of Continuation
4. Assignment of end of service benefit
5. Personal Guarantee by third party
6. Undated Cheque
7. Post Dated Cheque

**Interest Rate:**

12% to 18% (Subject to the Client Status)

Special incentives for the Corporate Client of SCB.

❖ **Islamic Auto Finance:**

It is operated in Musharaka Mode, widely accepted Islamic financing mode worldwide.

**Type of facility**

- For Brand new car
- Reconditioned car

**Loan Amount:** BDT 4,000,000(75% of car value)

Cash security or personal guarantee is not required.

**Requirements:**

- A Bangladeshi Citizen: 23 to 60 years of age
- A salaried or self employed person-earning minimum BDT 25,000 per month.
- Maintain a savings or current account with SCB for at least 6 months or with another bank for at least 1 year.
- A resident of Dhaka, Chittagong or Sylhet.

**Repayment:**

From 1 to 5 years depending on vehicle type.

**Security required:**

According to the MURABAHAH Agreement the securities are

1. Letter of Hypothecation
2. Post Dated cheque

**❖ Cash Line includes the following offers**

1. Ready access to cash
2. High return on long term investment

***It is a secured Credit facility against***

- Fixes Deposit
- ICB certificate
- Savings certificate

**Loan amount:**

90% of the security may be the loan amount

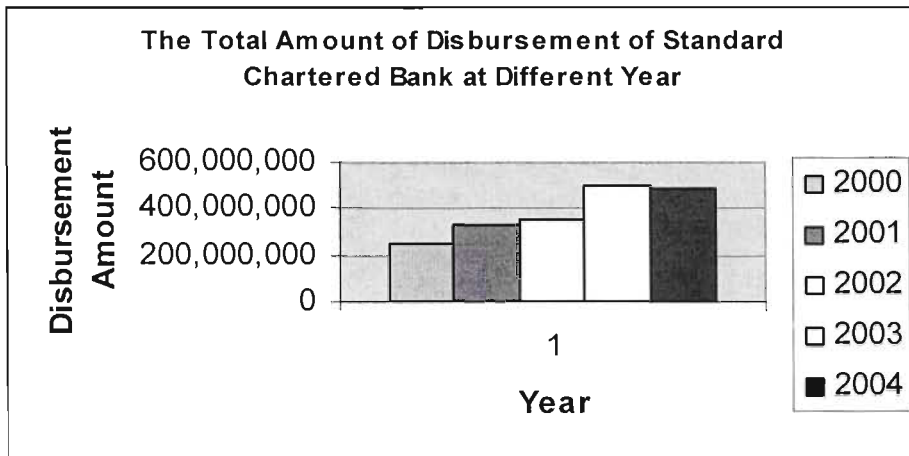
**Installments:**

12, 24, 36, 48 or 60.

**Year Wise Information of CCS Loans of Standard Chartered Bank Limited: (5- years)**

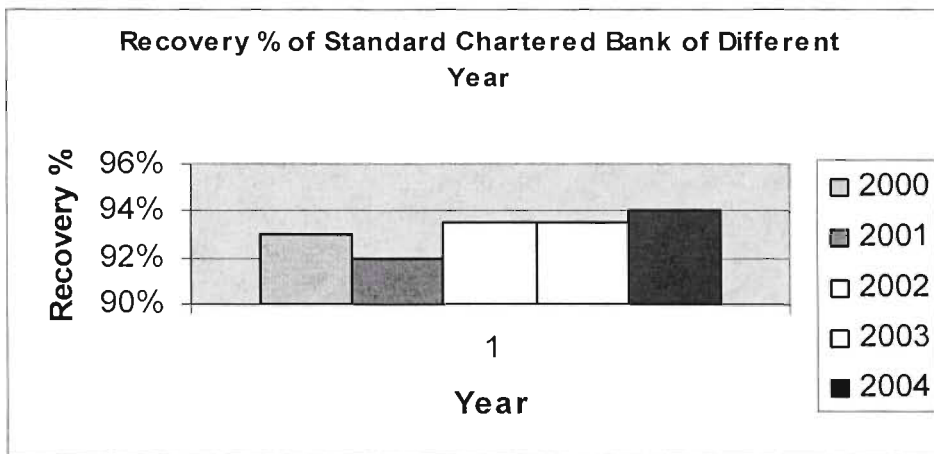
<b>Year</b>	<b>Total Disbursement Amount</b>	<b>Recovery %</b>
<b>2000</b>	250,000,000	93%
<b>2001</b>	335,000,000	92%
<b>2002</b>	351,000,000	93.50%
<b>2003</b>	495,000,000	93.50%
<b>2004</b>	490,000,000	94%

Total Disbursement Amount of Standard Chartered Bank of Different Year:



From the graph above we can see that the trend of disbursement amount is increasing each year. It indicates that the Bank is performing and improving well each year.

Recovery Percentage of Standard Chartered Bank of Different Year:



From the graph above we can see that the recovery % of year 2001 had fall. But from year 2001, the trend is again decreasing.

**CHAPTER-4**  
**COMPARATIVE ANALYSIS OF**  
**CONSUMER CREDIT SCHEME**

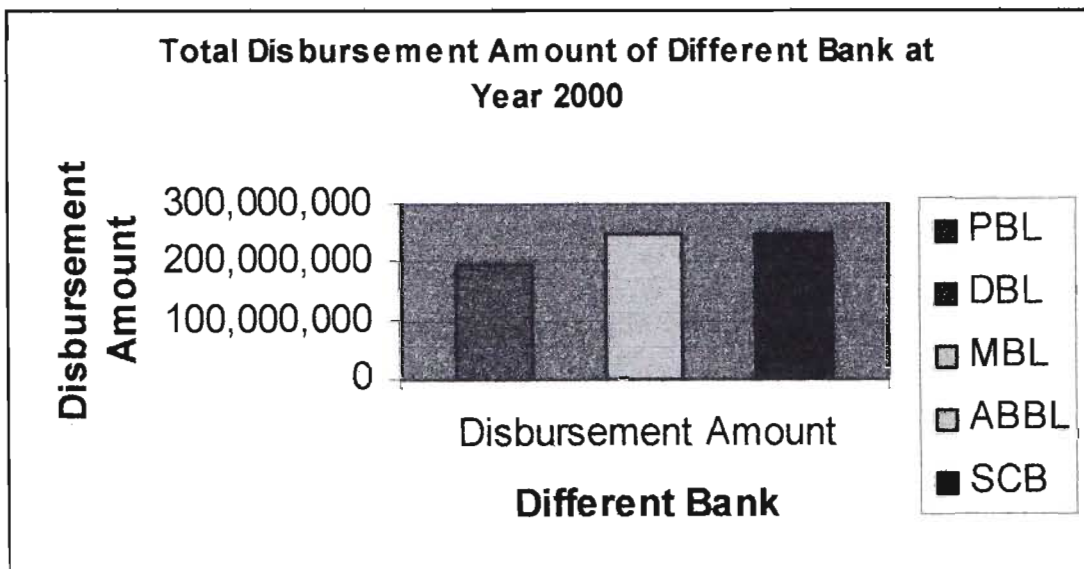
For the comparative Analysis of Prime Bank Limited with the other Commercial Bank I have chose four other Banks. They are:

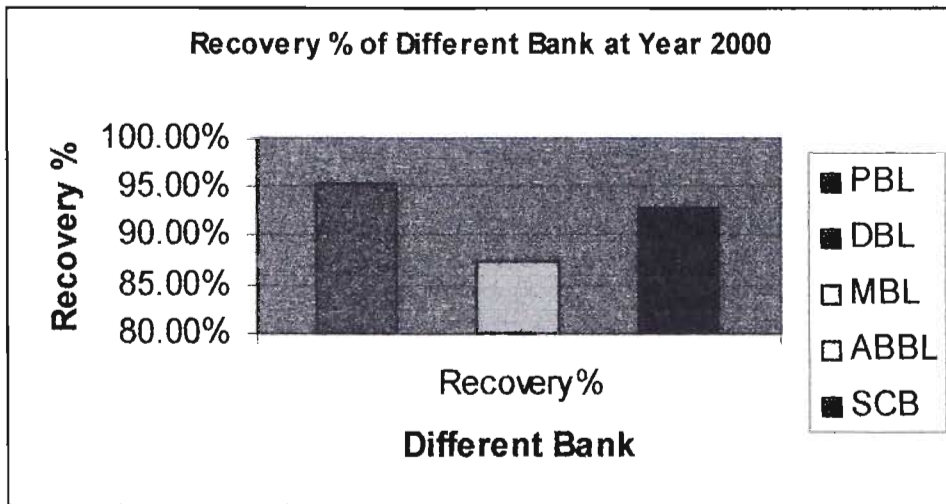
- 1) Dhaka Bank (DBL)
- 2) Mercantile Bank (MBL)
- 3) Arab Bangladesh Bank Limited (ABBL)
- 4) Standard Chartered Bank Limited (SCB)

**4.1 The Disbursement Amount and Recovery% of five Different Bank including Prime Bank Limited (PBL) at Year 2000:**

Diff. Bank	PBL	DBL	MBL	ABBL	SCB
Disbursement Amount	198,659,000		247,100,000		250,000,000
Recovery%	95.45%		87.5%		93%

**Disbursement Amount and Recovery% of five Different Bank including Prime Bank Limited (PBL) at Year 2000:**





**Findings:**

From the graph we can see that:

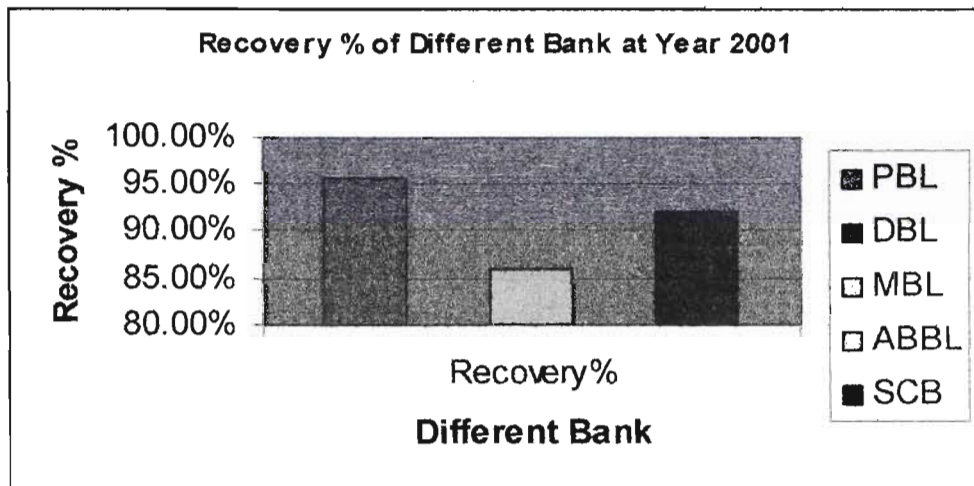
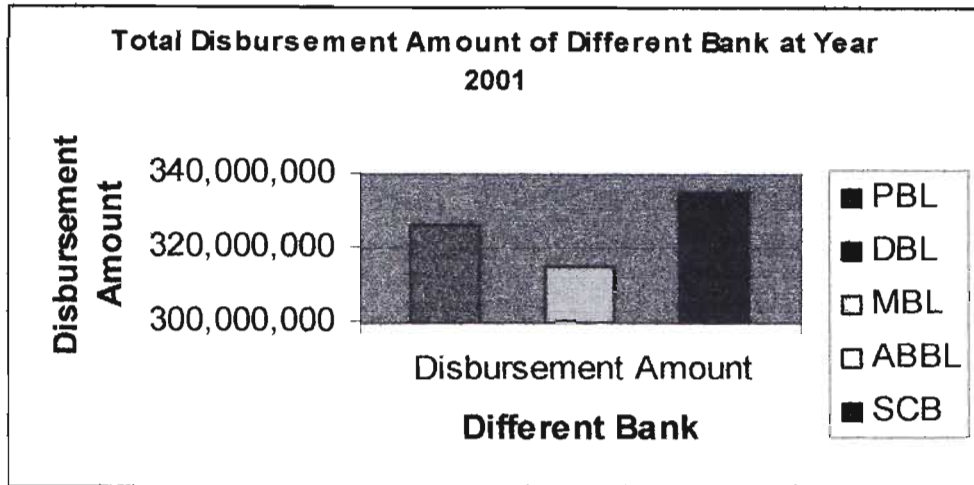
- The total disbursement amount of DBL, ABBL is Nil. Because they have started their CCS from tear 2003.
- At 2000, the highest amount of disbursement was done by SCB and lowest amount of disbursement was done by PBL. MBL is not very far from SCB.
- Recovery % of SCB and PBL is good. But comparatively MBL is not good.
- So, in 2000 the performance of PBL was not satisfactory.

**4.2 The Disbursement Amount and Recovery% of five Different Bank including Prime Bank Limited (PBL) at Year 2001:**

Diff. Bank	PBL	DBL	MBL	ABBL	SCB
Disbursement Amount	326,318,000		315,500,000		335,000,000
Recovery%	95.49%		86%		92%



**Disbursement Amount and Recovery% of five Different Bank including Prime Bank Limited (PBL) at Year 2001:**



**Findings:**

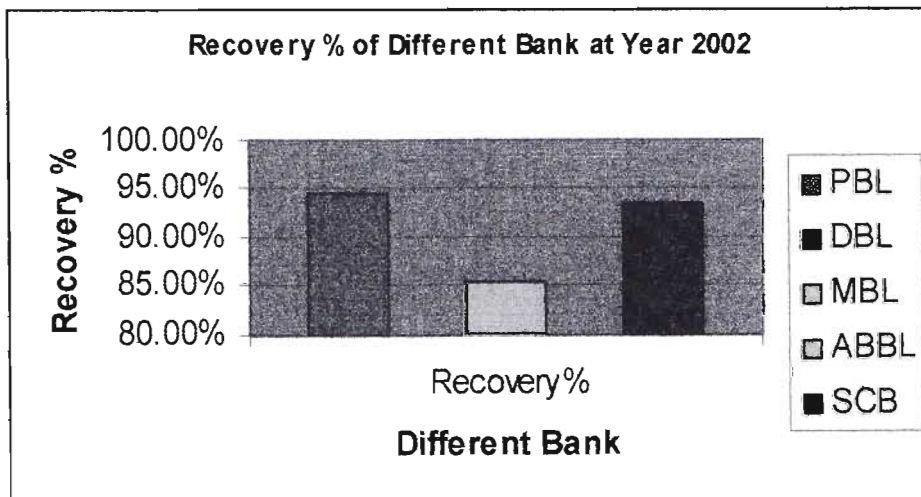
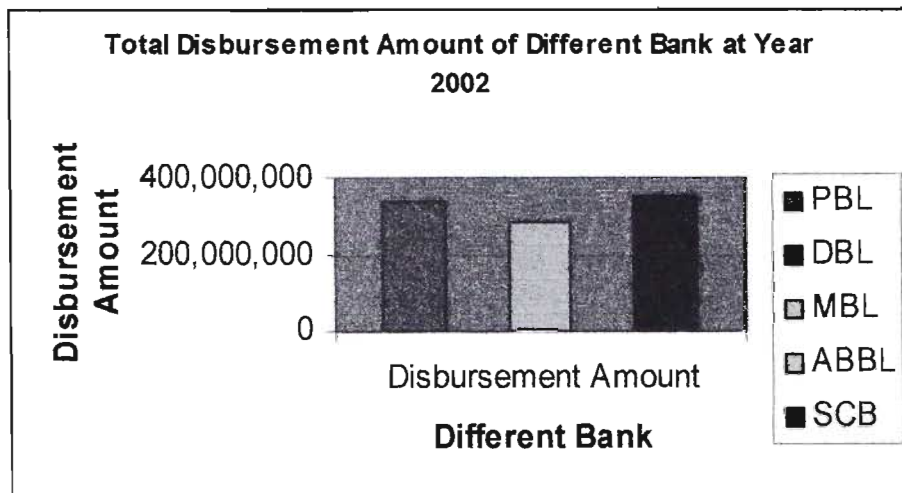
From the graph we can see that:

- The total disbursement amount of DBL, ABBL is Nil. Because they have started their CCS from tear 2003.
- At 2001, the highest amount of disbursement was done by SCB and lowest amount of disbursement was done by MBL. PBL is in the medium position,
- Recovery % of SCB and PBL is good. But comparatively MBL is not good.
- So, in 2001 the performance of PBL was satisfactory.

**4.3 The Disbursement Amount and Recovery% of five Different Bank including Prime Bank Limited (PBL) at Year 2002:**

Diff. Bank	PBL	DBL	MBL	ABBL	SCB
Disbursement Amount	340,441,000		283,600,000		351,000,000
Recovery%	94.51%		85.5%		93.5%

**Disbursement Amount and Recovery% of five Different Bank including Prime Bank Limited (PBL) at Year 2002:**



### Findings:

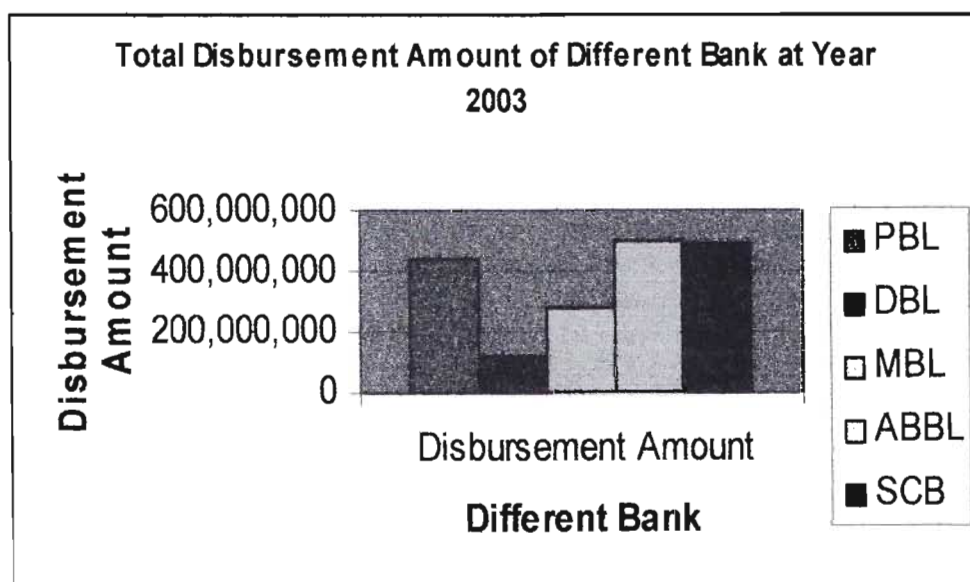
From the graph we can see that:

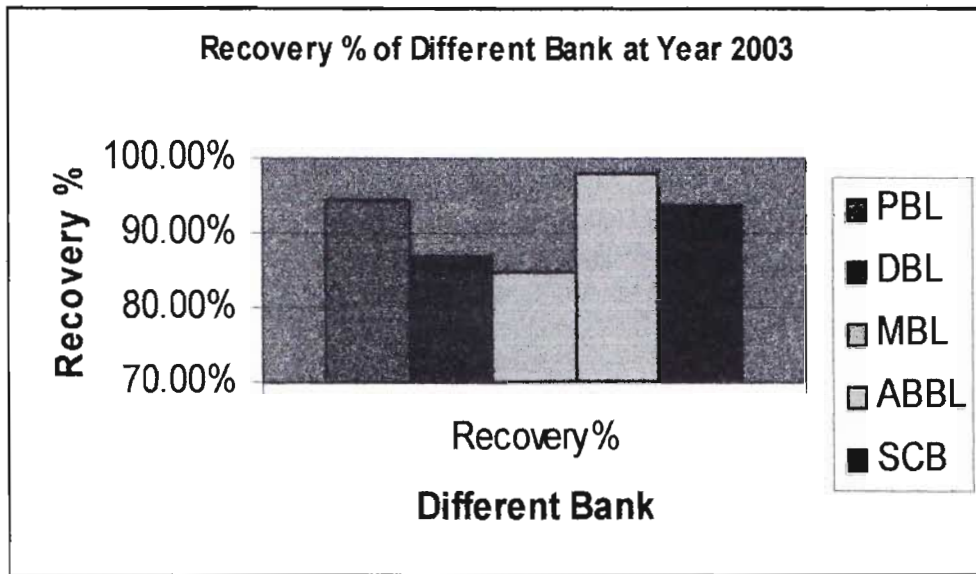
- The total disbursement amount of DBL, ABBL is Nil. Because they have started their CCS from tear 2003.
- At 2002, the highest amount of disbursement was done by PBL and lowest amount of disbursement was done by MBL. SCB is not very far from PBL.
- Recovery % of SCB and PBL is good. But comparatively MBL is not good.
- So, in 2002 the performance of PBL was very superior.

#### **4.4 The Disbursement Amount and Recovery% of five Different Bank including Prime Bank Limited (PBL) at Year 2003:**

Diff. Bank	PBL	DBL	MBL	ABBL	SCB
Disbursement Amount	440,554,000	121,459,489	279,500,000	497,000,000	495,000,000
Recovery%	94.23%	87%	85%	98%	93.5%

#### **Disbursement Amount and Recovery% of five Different Bank including Prime Bank Limited (PBL) at Year 2003:**





**Findings:**

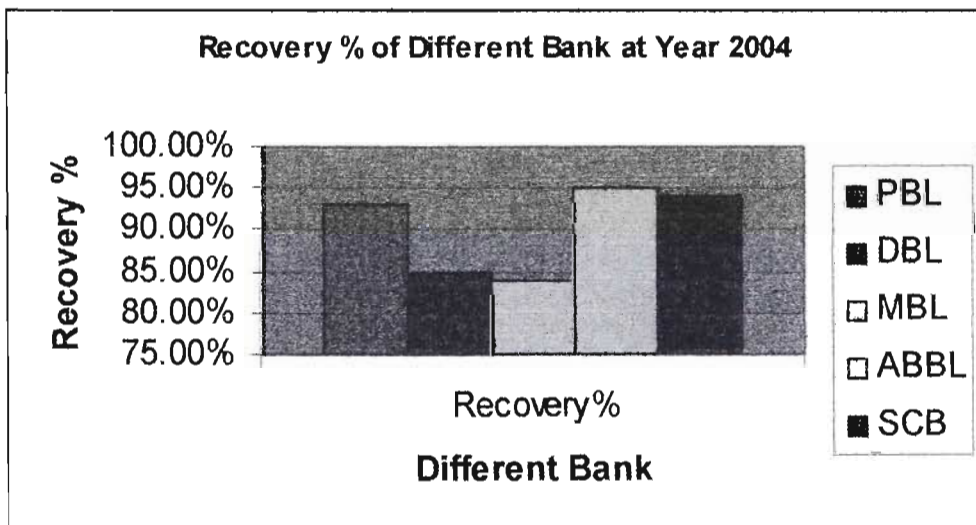
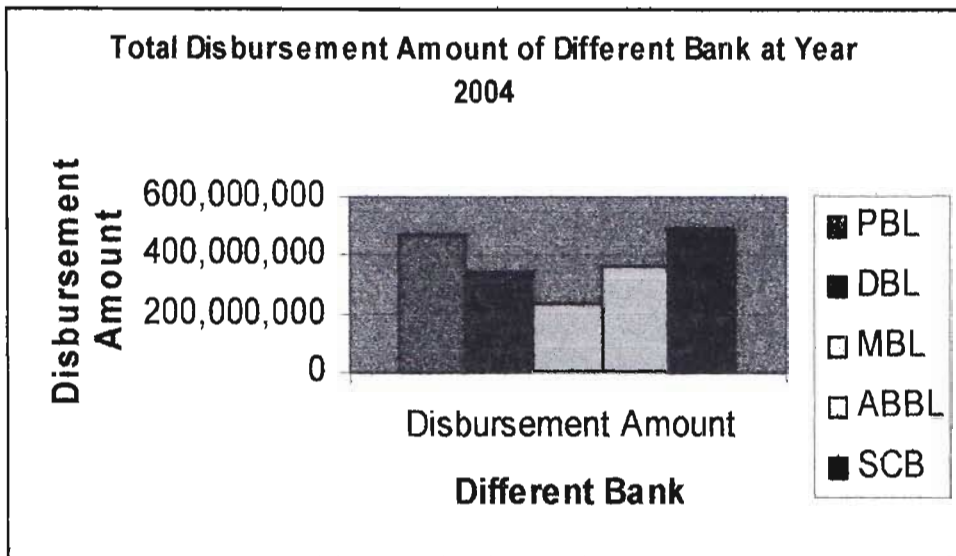
From the graph we can see that:

- At 2003, the highest amount of disbursement was done by ABBL and lowest amount of disbursement was done by MBL. SCB and PBL were almost same in respect of the amount of loan disbursed.
- Recovery % of ABBL, SCB and PBL are good. But comparatively MBL and DBL are not good.
- So, in 2003 the performance of PBL was satisfactory.

**4.5 The Disbursement Amount and Recovery% of five Different Bank including Prime Bank Limited (PBL) at Year 2004:**

Diff. Bank	PBL	DBL	MBL	ABBL	SCB
Disbursement Amount	470,500,000	342,605,950	238,500,000	365,000,000	490,000,000
Recovery%	93.02%	85%	84%	95%	94%

**Disbursement Amount and Recovery% of five Different Bank including Prime Bank Limited (PBL) at Year 2004:**



**Findings:**

From the graph we can see that:

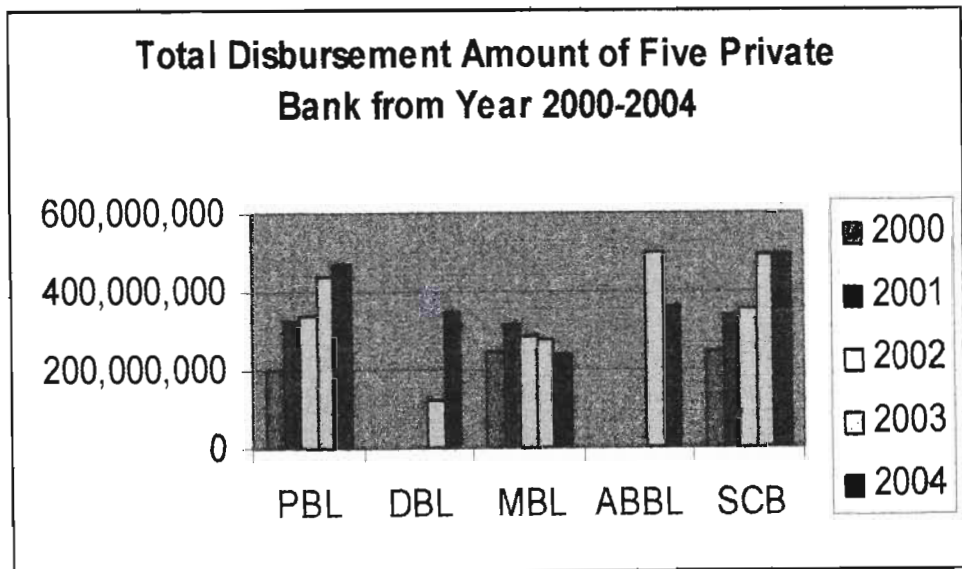
- At 2003, the highest amount of disbursement was done by SCB and lowest amount of disbursement was done by MBL. SCB and PBL were almost same in respect of the amount of loan disbursed.
- Recovery % of ABBL, SCB and PBL are good. But comparatively MBL and DBL are not good.
- So, in 2003 the performance of PBL was satisfactory.

**4.6 Combined Comparative Analysis of Four Different Banks From Year 2000-2004:**

The combined analysis of these four banks will help the reader to identify the performance of each bank compare to other bank in terms of total disbursement amount and recovery percentage. This analysis will help the reader to identify the position of Prime Bank Limited among the other four Banks. It will also help us to know which bank is doing well and which is walking behind.

**Total Disbursement Amount of Five Private Banks including Prime Bank Limited from Year 2000-2004:**

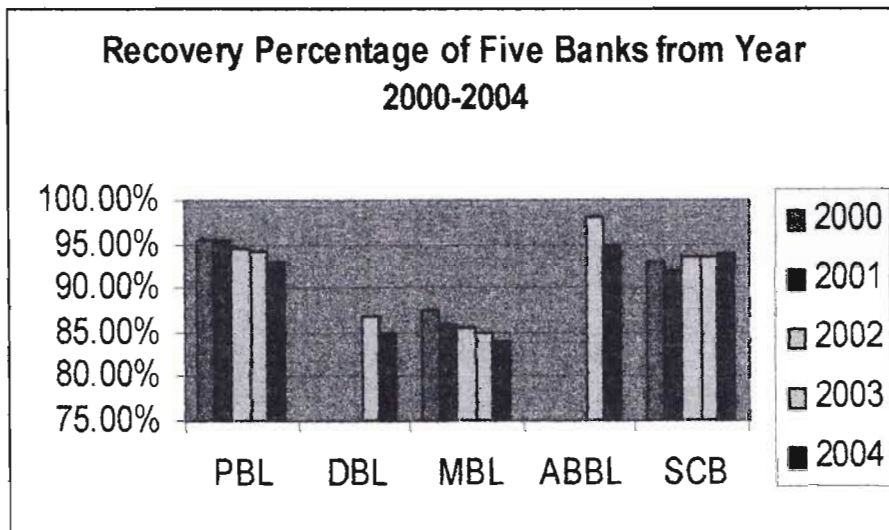
Bank	2000	2001	2002	2003	2004
PBL	198,659,000	326,318,000	340,441,000	440,554,000	470,500,000
DBL				121,459,489	342,605,950
MBL	247,100,000	315,500,000	283,600,000	279,500,000	238,500,000
ABBL				497,000,000	365,000,000
SCB	250,000,000	335,000,000	351,000,000	495,000,000	490,000,000





**Total Recovery Percentage of Five Private Banks including Prime Bank Limited from Year 2000-2004:**

Bank	2000	2001	2002	2003	2004
PBL	95.45%	95.49%	94.51%	94.23%	93.02%
DBL				87%	85%
MBL	87.5%	86%	85.5%	85%	84%
ABBL				98%	95%
SCB	93%	92%	93.5%	93.5%	94%



**Findings:**

- ✦ Among the five Private Bank DBL and MBL starts their Consumer Credit Scheme from Year 2003. That is why in the graph the reader will see that from year 2000-2002 the amount is blank.
- ✦ Except Mercantile Bank Limited (MBL) the other four banks have a rising trend. But MBL has a declining trend.

- ✦ Compare to the other private banks, it is clearly understand that Prime Bank Limited is doing very in their Consumer Credit Scheme (Retail Credit Division).
- ✦ The yearly growth rate of Prime Bank Limited (PBL) is better than the other four private banks.
- ✦ Prime Bank Limited is providing a very good service to the customer than the other private banks. Like-
  - The interest rate charged on loan by Prime Bank Limited is less or same than the other private banks.
  - Prime Bank Limited is offering more schemes like Marriage Loan, Travel Loan, newly introduced Hospitalization Loan etc for the benefit of the customer than the other private banks.
- ✦ Prime Bank Limited has very efficient individual committee for the recovery of the loan.
- ✦ The borrower who fails to repay three or above installment, their names straightly goes to an account named- SMA (Special Mention Account). Then the committee starts to remind them to repay the installment. But if any of the borrower fails to repay the installment after their reminder and exceeds five overdue installment, the Bank send them letter of warning and if that not work they file a case towards the defaulter borrower. As a result the recovery percentage of Prime Bank Limited is very good.
- ✦ Moreover by the help of the above graphs we can see that the position of Prime Bank Limited is outstanding both in terms of total amount of loan disbursed and Recovery percentage.
- ✦ Considering the above, it is clear that the prospect of Prime Bank Limited is bright. If they will run with the same force they will be able to compete successfully in the market of private banks.



CHAPTER-5  
CONCLUSION

## 5.1 Conclusion

From the aforesaid topic & my point of origin to work in Prime Bank Limited, I can say that I really enjoyed my internship period at Prime Bank Limited, CCS Department, Foreign Exchange Branch from the very first day. I am confident that this 3 (three) months internship program at PBL of Bangladesh will definitely help me to realize my further career in the job market.

“Consumers credit scheme- a comparative study in Prime Bank Limited with other private sector banks” is not so sufficient to measure and express perfectly within this short time of my internship period. But it is a great opportunity for me to get use to with the operational environment of micro credit of Prime Bank Limited. I have tried my soul to incorporate the research report with necessary relevant information in my report. Though there are some lacking in the operational activities of CCS loan facilities but overall performance of consumer credit scheme are formidable to fight with other private sector banks.

It seems to me that day-by-day CCS demand is growing. Ultimately the consumer credit scheme would take part in vital position of the micro credit. The ultimate comparison among the several banks of personal loans is drawn through the entire report.

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