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BBA

Internship Report

On

**"RETENTION STRATEGIES OF STANDARD CHARTERED BANK
FOR CUSTOMERS (CREDIT CARD)"**

Submitted To

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Submitted By

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18th April, 2006

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East West University,
Mohakhali, Dhaka.



Dear Sir

With due respect, gratitude and appreciation, I would like to present this report on **"RETENTION STRATEGIES OF STANDARD CHARTERED BANK FOR CUSTOMERS (CREDIT CARD)"**, done under the Retention department of Standard Chartered Bank, as a partial fulfillment of Internship program for my BBA degree at East West University.

The internship program gave me the opportunity to put my socio-professional capacity to the test under several circumstances, to solve challenges associated with my academia and work. Preparing the report also gave me a comprehensive analysis and review of what I have learned throughout my BBA in EWU.

I have used both three kinds of methods to gather information to do the competitive analysis. The methods include documentation, interview and direct observation. In the analysis both primary and secondary data were used.

The best efforts were applied to match the theoretical concepts to complete this project with real life situation. The whole work was challenging and very much enjoyable. Should you need any clarification, I will be obliged to provide you with further information.

Sincerely Yours,

A handwritten signature in black ink that reads "Shuhita Enam".

Shuhita Enam

2002-2-10-069

Acknowledgement

First of all I like to express my gratitude to Almighty Allah Who has given me the opportunity to go through the total process of internship and to write a report in this regard.

I would like to express my gratitude to my honorable faculty supervisor Md. Saleh Uddin, Professor, Faculty of Business Studies of the East West University who has given me suggestions regarding the writing of this report and to go through the process, which has become an excellent way of understanding the topic of my internship. Basically in our academic life we got a lot of theoretical experiences about the business activities. I got a great pleasure whenever I saw those forms of business activities in my practical involvement. This gave me an opportunity to bridge my theoretical understanding with practical work in a meticulous way.

I would also express my gratitude to my organizational supervisor Mr. Nazmur Rahim, Manager, 'Standard Chartered Bank' for giving me all sorts of logistics supports from initiation to final preparation of my report. I would also like to thank all the officials of the Standard Chartered Bank who have given me support by giving their valuable time in my report writing process. Without their support it might not be possible to complete my report in this way.

Executive Summary

The Banking industry is one of the most attractive industries in Bangladesh. Every year, this industry is growing at a higher pace with a number of multi-nationals coming in the competition phase. Among different multinational banks those are operating in Bangladesh, *Standard Chartered Bank* is considered to be the largest banking service provider in the country.

This report endeavors to provide background information of the **"RETENTION STRATEGIES OF STANDARD CHARTERED BANK FOR CUSTOMERS (CREDIT CARD)"**. The broad project objective is to draw some strategies for Standard Chartered Bank, which helps to retain the rapidly growing customer volume. In order to reach the broad objective, some specific research objectives are identified. These are to *identify the reason behind the closing attitude of the credit card holders* and to *provide an overview of the existing product and services offered by Standard Chartered Bank*. The report also focuses on the various aspects of the banking industry in Bangladesh, evolution of private banks, current status of the banking industry its size and growth.

With the global slow down in the face of rising competition, the customers faced with an increasing array of financial products and services and expecting more from providers in terms of customize offerings, value, ease of access and personalized services. As a result, retaining customers and minimizing shake are both major concern for financial service institution.

At present, Standard Chartered Bank is operating in the country with huge number of credit cards holders. But the current trend of the credit card indicates a rising rivalry among the different competitor in the industry. Hence, a good number of SCB card holders are not continuing with the bank but switching to its competitors mainly because of better facilities such as more credit limit, less fees and charges etc. This might not cause a great deal of losing profit of the Standard Chartered Bank however it is a matter of bank reputation.

To have an insight from the practical aspect, this study is carried out to identify various reasons behind the closing attitude of credit cardholders of Standard Chartered Bank.

At the same time, emphasize on the different existing product and services offered by the bank for their valuable cardholders.

Therefore, this study tries to give some suggestion of improving the services offered by the bank based on the reason behind closing attitude of the

cardholders and comparative analysis with other banks to reinstate their valuable cardholders.

The study initially focuses on the factors related with the credit card closing from the perspective of Standard Chartered Bank. It also draws a comparative analysis with the core features offered by three other competitor banks (Prime Bank Ltd., Dhaka Bank Ltd. and HSBC Ltd). Moreover, within the study topic, issues related only with the Bank's Credit Card Division activities are discussed. The study excludes the market analysis of the credit cards. Beside, in depth analysis of the Bank's credit card process and financial analysis are not within the scope of the study.

This study contains mainly five parts. Part One is the Orientation to the Study, which includes objective of the study, significance, scope, methodology and limitation of the study. Part Two is the Organizational part that gives the idea about Standard Chartered Bank's historical background, mission, objectives, different divisions, banking services offered by SCB from both Global and Bangladesh perspective. Third part contains the project part, which mainly discussed about the project findings of the study including the brief overview of the credit card, its advantages, disadvantages, reason behind closing attitudes, existing products and services offered by Standard Chartered Bank, the effect of these products and services on closing attitude, comparative analysis and the trend of closing in the last two years. The fourth part of this study is the conclusion of the total study. The fifth part consists of some recommendation is drawn on the basis of comparative analysis and reason behind closing attitude to reduce the attrition rate of the cardholders for the sake of Bank's reputation as well as grab the profit potentiality.

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ORIENTATION TO THE STUDY

1.1 Origin of the Study

The report on **"RETENTION STRATEGIS OF STANDARD CHARTERED BANK FOR CUSTOMERS (CREDIT CARD)"** has been prepared as a part of the Internship Program, which is a prerequisite of BBA program of East West University.

Since the BBA program is an integrated, practical and theoretical method of learning, the students of this program are required to have practical exposure in any kind of business organization for 12 week after completion of twelve semesters. So this report has been prepared after completion of 12 week attachment under Unsecured and Cards division, Standard Chartered Bank, Bangladesh.

1.2 Objective

The general objective of preparing this report is to fulfill the requirement of Internship Program as well as completion the BBA Program through gaining the practical job experience and view the application of theoretical knowledge in the real life. The report focuses on two parts. They are:

1.2.1 Primary Objective

The broad project objective is to draw some strategies for Standard Chartered Bank, which helps to retain the rapidly growing customer volume.

1.2.2 Secondary Objective

In order to reach the broad objective, some specific research objectives are identified. These are as follows:

- To identify the reason behind the closing attitude of the credit card holders
- To provide an overview of the existing product and services offered by Standard Chartered Bank.



1.3 Significance of the Study

With the global slow down in the face of rising competition, the customers faced with an increasing array of financial products and services and expecting more from providers in terms of customize offerings, value, ease of access and personalized services. As a result, retaining customers and minimizing shake are both major concern for financial service institution.

At present, Standard Chartered Bank is operating in the country with huge number of credit cards holders. But the current trend of the credit card indicates a rising rivalry among the different competitor in the industry. Hence, a good number of SCB card holders are not continuing with the bank but switching to its competitors mainly because of better facilities such as more credit limit, less fees and charges etc. This might not cause a great deal of losing profit of the Standard Chartered Bank however it is a matter of bank reputation.

To have an insight from the practical aspect, this study is carried out to identify various reasons behind the closing attitude of credit cardholders of Standard Chartered Bank.

At the same time, emphasize on the different existing product and services offered by the bank for their valuable cardholders.

Therefore, this study tries to give some suggestion of improving the services offered by the bank based on the reason behind closing attitude of the cardholders and comparative analysis with other banks to reinstate their valuable cardholders.

1.4 Scope of the Study

The study initially focuses on the factors related with the credit card closing from the perspective of Standard Chartered Bank. It also draws a comparative analysis with the core features offered by three other competitor banks (Prime Bank Ltd., Dhaka Bank Ltd. and HSBC Ltd). Moreover, within the study topic, issues related only with the Bank's Credit Card Division activities are discussed. The study excludes the market analysis of the credit cards. Beside, in depth analysis of the Bank's credit card process and financial analysis are not within the scope of the study.

1.5 Methodology of the Study

- In this study, the population for the study will only be limited to the cardholders who want to close their Standard Chartered Credit Cards.

Beside this, to get an overview about the features of SCB credit cards some officials of SCB is also interviewed.

- In this research, random sampling technique is used in identifying the credit cardholders. The number of credit cardholders interviewed was 60. The cardholders were selected from the telephone call, they made in SCB's Retention unit. The sample size is small due to the fact that the information collected is identical throughout the different year's database collected by the Retention Department of Standard Chartered bank.
- In this study, both primary and secondary data is used. The secondary data about the closer list of credit cardholders in the last two years were collected from the database maintained by the Retention Unit of SCB, helps to give a clear picture of finding out the reason behind this closing attitude. The secondary data about overview of credit cards has been collected from the external sources, such as website, Journals and Newsletters. Moreover, the basic data about the existing products and services offered by SCB were collected from its Reports, Brochures, Newsletters and other available data sources.
- The following methods were used to collect the required information for the study:

Documentation: Documentary information for the study includes written reports and administrative documents such as proposals, progress reports and internal documents.

Interviews: The primary data was collected through interviews. The nature of the interviews conducted was both open-ended and close-ended. These interviews were performed in a conversational manner and the respondent can answer in his or her own words. This interview form was provided by Standard Chartered Bank and has been attached in the appendix section.

Direct Observation: Different issues related to the service processing and internal record management has been collected through direct observation.

L6 Limitation of the Study

The overall study was conducted considering a number of limitations. These are as follows:

- The major limitation of the study was confidentiality of the data. As part of the policy of Standard Chartered bank, some data could not be used to enhance the parameter of the analysis. Because of maintaining the secrecy, such data is important to the bank's interest that's not revealed to the public.
- Limitation of time was one of the most important factors that shortened the present study. Due to time constraints, many aspects could not be discussed in the present study.
- Beside all the above restraint, the lack of experience on the part of the researcher in this field may have become yet another limiting factor.

L7 Report Organization

This study contains mainly five parts. Part One is the Orientation to the Study, which includes objective of the study, significance, scope, methodology and limitation of the study. Part Two is the Organizational part that gives the idea about Standard Chartered Bank's historical background, mission, objectives, different divisions, banking services offered by SCB from both Global and Bangladesh perspective. Third part contains the project part, which mainly discussed about the project findings of the study including the brief overview of the credit card, its advantages, disadvantages, reason behind closing attitudes, existing products and services offered by Standard Chartered Bank, the effect of these products and services on closing attitude, comparative analysis and the trend of closing in the last two years. The forth part of this study is the conclusion of the total study. The fifth part consists of some recommendation is drawn on the basis of comparative analysis and reason behind closing attitude to reduce the attrition rate of the cardholders for the sake of Bank's reputation as well as grab the profit potentiality.



Orientation to the Organization...



ORIENTATION TO THE ORGANIZATION

2.1 Banking industry in Bangladesh: Overview

The gradual improvement in the overall policy environment has enabled Bangladesh to improve its economic performance in recent years. Successive governments in Bangladesh have been confronted with the problem of stimulating the economic growth rate in a country where a substantial segment of the population lives below the subsistence level. Economic policies are still guided by five year plans.

The prospect of economic growth in Bangladesh in the near future will depend on the pace of economic reforms and the quality of macroeconomic management. Accelerating the rate of economic growth will require higher levels of investment. This will primarily come from private flows of foreign direct investment. This can be established by reforming the financial system and continuing the process of financial deepening.

The banking industry in Bangladesh is one characterized by strict regulations and monitoring from the central governing body, The Bangladesh Bank. As the government is often the owner and regulator as well as the supervisor and customer of a bank, there has been ample opportunity for mismanagement over the years. The banking sector is plagued with a lack of credit discipline, archaic loan recovery law, corruption, inefficiency, overstaffing, etc. Several reform measures of the financial sector have been taken to improve the situation. Relative stability achieved by the support extended by both the central bank and the Government of Bangladesh in the past has restored public confidence in the country's banking sector. Moreover, Nationalized Commercial Banks (NCBs) and old generation Private Commercial Banks (PCBs) would have to lower the rate of NPAs in their portfolios. Failure to do so would mean re-capitalization, at least for the NCBs. This may in turn lead to a further drain on the limited resources of the Government of Bangladesh. At this time or in the immediate future this re-capitalization would not be feasible. With these conditions in place, the World Bank anticipates the likelihood of a situation where the ever-increasing burden of non-performing loans and growing rate of debt servicing would place the economy under enormous strain and result in a crisis in the banking sector in the long term.

The main concern is that currently there are far too many banks for the bank to sustain.

As a result the market will accommodate only those banks that can transpire as the most competitive and profitable ones in the future.

Currently the major financial institutions under the banking system include

- Bangladesh Bank
- Commercial Banks
- Islamic Banks
- Leasing Companies
- Finance Companies

Generally, the commercial banks and the finance companies provide myriad of banking products/services to cater to the needs of their customers. However, the Bangladeshi Banking industry is characterized by the tight Banking rules and regulations set by the Bangladesh Bank. All banks and financial institutions are highly governed and controlled under the Banking Companies Act 1993.

The range of banking products and services is also limited in scope. With the liberalization of markets competitions among the banking products seems to be growing more instances each day. In addition, the banking products offered in Bangladesh are fairly homogeneous in nature due to the tight regulations imposed by the central bank. Competing through differentiation is increasingly difficult and other banks quickly duplicate any innovative banking service.

2.2 The Evolution of Private Banks

Before independence of Bangladesh, all the commercial banks operating in Pakistan were privately owned except National Bank of Pakistan (Sonal Bank) and Eastern Mercantile Bank (Pubali Bank). After independence, all the banks operating in Bangladesh except foreign banks were nationalized and restructured into 6 banks. Later on, Uttara Bank Ltd. and Pubali Bank Ltd. have subsequently been transferred to the private sector in September 1983 and 1984 respectively. The Bangladesh Bank (BB) Order created in 1972, authorized Bangladesh Bank (BB) as the central bank of the country. Bangladesh Bank Order 1972 and the Banking / Companies Act 1991 mainly guide the commercial banks in Bangladesh. Commercial Banks in Bangladesh are not allowed to do business other than just banking. Normal activities include borrowing, raising or taking up of money, lending or advancing of money with or without security. They are also authorized to issue letters of credit, trade in precious commodities and buying and selling of foreign goods excluding foreign bank notes. They are also authorized to trade in bills of exchange, promissory notes, coupons, drafts, debentures, certificates and other instruments approved by Bangladesh Bank (BB). Banking companies are required to provide safe vaults and are authorized to collect money and

securities. With a view to ensuring effective and meaningful participation of the private sector in the overall development of the economy and to infuse competition in the banking system, Bangladesh Bank with the approval of the Government issued license for opening new banks since early 80's.

The banking industry of Bangladesh is mainly divided into two sectors, such as Specialized Banks (SBs) and Commercial Banks (CBs). The Specialized Banks are those banks that deal with specific sectors or industry of an economy. For instance, Bangladesh Krishi Bank (BKB) only deals with the agricultural sector of the economy; Bangladesh Shilpa Bank (BSB) only deals with the industrial sector of the economy, etc.

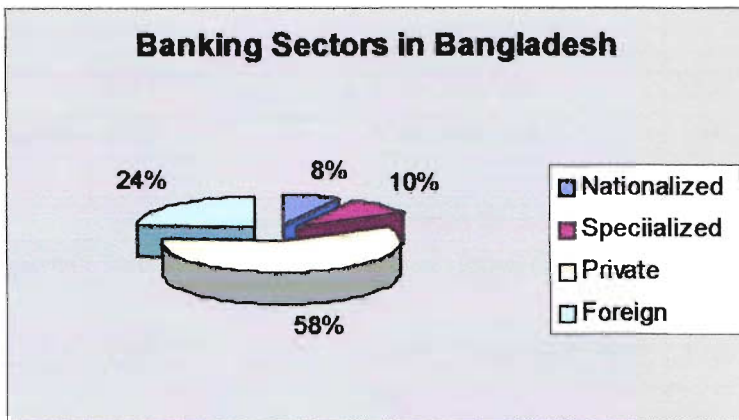
On the other hand, Commercial Banks are Scheduled Banks that are operating in the country under the rules and regulations of the Central Bank. Commercial banks in turn can be grouped as Nationalized Commercial Banks (NCBs); Foreign Commercial Banks (FCBs) and Private Commercial Banks (PCBs) with three different segments, such as 1st Generation Private Commercial Banks, 2nd Generation Private Commercial Banks, and 3rd Generation Private Commercial Banks.

All banks operating in Bangladesh with different paid-up capital and reserves having a minimum of an aggregate value of Tk. 5 million and conducting their affairs to the satisfaction of the Bangladesh Bank have been declared as scheduled banks in terms of section 37(2) of Bangladesh Bank Order 1972. Now in terms of section 13 of Bank Company Act, 1991, the minimum aggregate capital is Tk. 200 million.

After liberation, the banks operating in Bangladesh (except those incorporated abroad) were nationalized. These banks were merged and grouped into six commercial banks. Of the total six commercial banks, Pubali Bank Ltd. and Uttara Bank Ltd. have subsequently been transferred to the private sector with effect from January 1985. Moreover at present there are 51 scheduled banks operating all over the country.

Out of these, 9 are state-owned (including five specialized banks), 30 are private commercial banks (including four Islami banks) and the remaining 12 are foreign commercial banks (including one Islami bank).

Figure 1: Percentage of different banking sectors in Bangladesh



These private banks are popularly known to public as First Generation Banks (9 banks opened during 1982-88), Second Generation banks (13 banks opened during 1992-96) and Third Generation banks (13 banks opened during 1999-2001).

The name of all the banks operating in Bangladesh and their year of incorporation are given in Table 1

Table 1: Name of the Banks operating in Bangladesh

Name Of Bank	Date Of Incorporation	Name Of Bank	Date Of Incorporation
Nationalized Commercial Banks		Specialized Banks	
Sonali Bank	1972	BKB	1972
Janata Bank	1972	BSB	1972
Agrani Bank	1972	BSRS	1972
Rupali Bank Ltd.	1972	RAKUB	1987
		BASIC	1988

Private Commercial Banks			
1st Generation Private Banks	(1982 – 1988)	2nd Generation Private Banks	(1992 – 1996)
Arab Bangladesh Bank Ltd.	1982	Eastern Bank Ltd.	1992
Uttara Bank Ltd.	1983	National Credit & Commerce Bank Ltd.	1993
National Bank Ltd.	1983	Prime Bank Ltd.	1995
Islami Bank Bangladesh Ltd.	1983	Dhaka Bank Ltd.	1995
IFIC Bank Ltd.	1983	Southeast Bank Ltd.	1995
United Commercial Bank Ltd.	1983	Al-Arafa Islami Bank Ltd.	1995
The City Bank Ltd.	1983	Social Investment Bank Ltd.	1995
Pubali Bank Ltd.	1984	Dutch-Bangla Bank Ltd.	1996
Al-Baraka Bank Ltd.	1987		
3rd Generation Private Banks	(1998 – Present)	Foreign Commercial Banks	
Bangladesh Commerce Bank	1998	Grindlays Bank	1905
Mercantile Bank Ltd.	1999	Standard Chartered Bank	1948
Standard Bank Ltd.	1999	American Express Bank Ltd.	1996
One Bank Ltd.	1999	State Bank of India	1975
Exim Bank Ltd.	1999	Habib Bank Ltd.	1976
Premier Bank Ltd.	1999	Muslim Commercial Bank	1994
Mutual Trust Bank Ltd.	1999	National Bank of Pakistan	1994
First Security Bank Ltd.	1999	CITI Bank, N.A.	1995
Bank Asia Ltd.	1999	HSBC	1996
The Trust Bank Ltd.	1999	Shamil Islami Bank	1997
Jamuna Bank	2001	Credit Agricole Indosuez	1997
Shahjalal Bank	2001	Hanvit Bank	1999
BRAC Bank	2001	Mashreq	2001

Source: Bangladesh Bank.

23 Current Status of the Banking Industry

The Banking Industry of Bangladesh at present is in the growth stage. Almost every year new private banks are coming up, new branches are opening within two to three months, and new customers are coming to open an account in different banks. As a result, according to July 30, 2001 there are 4 nationalized commercial banks, 5 specialized banks, 30 local private commercial banks and 12 foreign commercial banks operating in this country. Moreover, as on July 30, 2001 there are 27,881,322 numbers of deposit accounts and 7,462,785 numbers of advance accounts in the banks.

24 Market Size and Market Growth Rate

Market size of an industry can be measured by many ways, such as Total Revenue, Volume of production number of customers and so on. However, in case of the Banking sector the measurement of market size is quite peculiar as both the total amount of deposits and advances are taken into consideration.

The following tables are provided to incorporate the information regarding branches:

Table 2: Branches of Private Banks

Year	No. of Branches	Percentage of the Total Branches
1985	632	13%
1995	1016	18%
2005	1416	7.2%

Table 3: Area Wise Distribution of Bank Branches

	Urban	Rural	Total
NCBs	21.99 %	37.36 %	59.35 %
SBs	2.45 %	17.15 %	19.60 %
FCBs	0.56 %	0 %	0.56 %
PCBs	15.22 %	5.27 %	20.49 %
All Banks	40.22 %	59.78 %	100 %

Source: Scheduled Bank Statistics, Bangladesh Bank, 2003-2004

The private sectors banks in Bangladesh seem to be very aggressive in collecting deposit and providing advances. Deposit of these banks increased significantly during the period of 1985-2004 but the growth rate came down in recent years as compared to early years.

Table 4: Deposits by Category of Banks (Amount in million Taka)

Year	NCB	SB	PCB	FCB	Total
1997	254,540	20,110	114,230	21,240	410,120
1998	277,560	21,330	129,720	27,370	455,980
1999	307,380	25,530	135,450	31,220	499,580
2000	342,390	29,660	155,180	41,940	569,170
2001	375,790	38,170	188,730	48,240	650,930
2002	400,662	44,880	222,300	60,256	728,098
2003	435,225	48,580	255,690	72,480	811,975

Table 5: Advances by Category of Banks (Amount in million Taka)

Year	NCB	SB	PCB	FCB	Total
1997	182,580	59,910	87,630	18,560	348,680
1998	208,620	65,370	101,280	20,410	395,680
1999	234,480	67,200	111,970	23,780	437,430
2000	260,280	91,310	130,310	27,520	509,420
2001	278,660	97,360	157,690	30,260	563,970
2002	290,800	101,450	181,380	32,980	606,610
2003	312,400	106,580	201,450	35,120	655,550

Source: Scheduled Bank Statistics, Bangladesh Bank, 2003 -04.

No financial system can operate if banks do not function according to commercial criteria. While supervisory and regulatory measures can help in this regard, on their own they will not be enough. They must be accompanied by a Government commitment, publicly announced and backed at the highest political level, that banks will be allowed to operate without any direct Government interference in their commercial decisions and that banking laws and financial discipline must be rigorously enforced without regard to persons. Implementation of reforms may involve pain and costs. But experience elsewhere in the world suggests that the longer the delay, the greater the pain, sacrifice and costs.



25 Standard Chartered Bank: A Brief Orientation

Standard Chartered Bank is the world's leading emerging market's bank, employing thirty-two thousand people in six hundred fifteen offices across fifty-six countries primarily in Asia, the subcontinent, the middle-east, Africa and Latin America. As a focused and disciplined bank, Standard Chartered concentrates on the core businesses of consumer and wholesale banking. The following quotes about Standard Chartered Bank revealed what it is and what it does and why it does.



Our root lies in the emerging market where we have a strong and established presence. This gives us a unique knowledge, inside and understanding of these markets which have unmatched growth potential. We remain committed to excellence in customer service, to delivering consistently superior performance and to building shareholders value. We recognize our responsibilities to countries and communities in which we operate. Our values are based on trust, teamwork, commitment and pride of this organization.

Sir PATRIC GILLAM, Chairman

The Standard Chartered Group was formed in 1969 through a merger of two banks: The Standard Bank of British South Africa founded in 1863, and the Chartered Bank of India, Australia and China, founded in 1853. Both companies were keen to capitalize on the huge expansion of trade and to earn the handsome profits to be made from financing the movement of goods from Europe to the East and to Africa.

Standard Chartered is committed to be the Right Partner to all our stakeholders by living its values in its approach to managing its people, exceeding expectations of its customers, making a difference in the communities that we operate in and working with its regulators. The Bank is trusted across its network for its standard of governance and corporate responsibility.

2.3.1 Historical Background of SCB

The Standard Chartered Group is an unusual banking business. Although **its** roots are dearly British, its area of operations, its network and indeed its profit stream are overwhelmingly international. The name Standard Chartered comes from two original banks from which it was founded. One of the banks is the **Chartered Bank of India, Australia and China** and the **other bank** is the **Standard Bank of British South Africa**.

The Chartered Bank was founded by James Wilson following the grant of a Royal Charter by Queen Victoria in 1853, while the Standard Bank was founded in the Cape Province of South Africa in 1862 by John Paterson. Both companies were keen to capitalize on the huge expansion of trade and to earn the handsome amount of profits from financing the movement of goods from Europe to the East and to Africa.

Both banks were prosperous in those early years. The Chartered Bank opened its first branches in Bombay (Mumbai), Calcutta (Kolkata) and Shanghai in 1858, followed by Hong Kong and Singapore in 1859. With the opening of the Suez Canal in 1869 **and** the **extension of the** telegraph to China in 1871, the Chartered Bank was determined to expand and develop its business. Traditional business **was** in cotton in Bombay, indigo and **tea** in Kolkata, rice in Burma, sugar **in Java**, tobacco in Sumatra, hemp in Manila and silk in Yokohama.

In South Africa, the Standard Bank established a considerable number of branches. The bank was prominent in financing the development of the diamond fields of Kimberly from 1867 and later extended its network further north to the new town of Johannesburg when gold was discovered there in 1885. Half of the output of the second largest gold field in the world passed through the Standard Bank on its way to London.

Both the banks, although they were separate entities, survived the First World War and the Depression, but were directly affected by the wider conflict of the Second World War in terms of loss of business and closure of branches. There were also long-term effects for both banks as countries in Asia and Africa gained their independence in the 50s and 60s.

Each bank acquired other small banks along the way and spread their networks further- In 1969, the decision was made by both the banks to undergo a friendly merger. They decided to counterbalance their network with expansion in Europe

and US- Further expansion also took place in Standard Chartered bank's traditional markets in Asia and Africa. All appeared to be going well, but a hostile takeover bid was made for the Group by Lloyds Bank of UK in 1986.

When the bid was defeated, Standard Chartered Bank entered into a period of change. Like **many** British banks, provisions had to be made **against** third world debt exposure and loans to corporations and entrepreneurs who could not meet their commitments. Standard Chartered Bank begun a series of divestments **notably** in the US and South Africa and entered into a number of **asset** sales. In mid 1993, **Sir** Patrick Gillam became Chairman **and** he made **two** points dear. Firstly, Standard Chartered Bank would grow and develop its strong franchises in Asia, the Middle East and Africa using its operations in the UK and North America to provide customers with a bridge between these markets. Secondly, it would focus on customer, corporate and institutional banking, and on the provision of treasury services- areas in which the Group had particular strength **and** expertise.

2.5.2 Strategic alliances and acquisitions in 2005

2005 ushered in a historic year for SCB as it achieved several milestones with a number of strategic alliances and acquisitions that will extend its customer or geographic reach and broaden its product range.

- It completed, re branded and successfully integrated SC First Bank in Korea, which to date is the biggest acquisition in its history.
- It completed full integration between Standard Chartered Bank Thailand and Standard Chartered Nakornthon Bank in October.
- It formed strategic alliances with Fleming Family & Partners to expand private wealth management in Asia and the Middle East
- It acquired stakes in ACB Vietnam and Travelex
- It acquired the business operations of American Express Bank in Bangladesh
- It acquired a stake in Bohai Bank in Tianjin, China, making us the first foreign bank to be allowed a stake in a local bank in China.

2.5.3 Establishment of Standard Chartered Bank around the world

Table 6: Establishment of Standard Chartered Bank around the world

Country	Year Established	Country	Year Established
United Kingdom	1853	Australia	1964
China, India, Sri Lanka	1858	Mexico, Oman	1968
Hong Kong, Singapore	1859	Peru	1973
Indonesia, Pakistan	1863	Jersey	1978
Philippines	1872	Brazil	1979
Malaysia	1875	Venezuela	1980
Japan	1880	Falkland Islands, Macau	1983
Zimbabwe	1892	Taiwan	1985
The Gambia, Sierra Leone, Thailand	1894	Cameroon	1986
Ghana	1896	Nepal	1987
Botswana	1897	Vietnam	1990
USA	1902	Cambodia, South Africa	1992
Bangladesh	1905	Iran	1993
Zambia	1906	Colombia	1995
Kenya	1911	Laos, Argentina	1996
Uganda	1912	Nigeria	1999
Tanzania	1917	Lebanon	2000
Bahrain	1920	Cote d'Ivoire	2001
Jordan	1925	Mauritius	2002
Korea	1929	Turkey	2003
Qatar	1950	Afghanistan	2004
Brunei, UAE	1958		

Source: www.standardchartered.com

2.5.4 The Global Operating Regions Of Standard Chartered Bank

The Standard Chartered Group is operating in 48 countries in various extents. These countries are grouped into 5 regions based on their locations and business core focus.

1 Asia Pacific: 17 countries are including in this region – Australia, Brunei Darussalam, Cambodia, China, Hong Kong, Indonesia, Japan, Laos, Macao, Malaysia, Myanmar, Philippines, Singapore, South Korea, Taiwan, Thailand and Vietnam.

2 Africa: 11 countries are including in this region – Botswana, Cameroon, Gambia, Ghana, Kenya, Sierra Leon, South Africa, Tanzania, Uganda, Zambia and Zimbabwe.

3 Latin America: 6 countries are including in this region – Argentina, Brazil, Colombia, Mexico, Peru and Venezuela.

4 Middle East and South Asia (MESA): 10 countries are including in this region – Bangladesh, Bahrain, India, Iran, Nepal, Oman, Pakistan, Qatar, Sri Lanka and United Arab Emirates (UAE).

5 UK and USA: 4 countries are including in this region – Falkland Island, Jersey, United Kingdom (UK) and United States of America (USA).

2.5.5 Present Situation Of Standard Chartered Bank

The global strategies of Standard Chartered Bank are:

- To build and grow strong businesses in East and South East Asia- the Asia Pacific Region.
- To enhance historical position in the Middle East and South Asia region.
- To concentrate operations in those activities that support Standard Chartered Bank's remarkable franchise in newly industrialized and emerging markets.

Globally, the key resources of SCB include:

- A network of over 600 offices in 48 countries
- A staff of about 25.000 people managing assets of around 47 billion pounds
- Standard Chartered Bank's international businesses in Personal Banking, Corporate Banking and Standard Chartered Markets are its special strengths

- Standard Chartered Bank also maintains correspondent relationship with over 600 banks in 157 countries around the world.

Serving both Consumer and Wholesale Banking customers, the Bank combines deep local knowledge with global capability to offer a wide range of innovative products and services as well as award winning solutions.

2.3.6 Business Activities of Global SCB

Standard Chartered Bank operates in every Asia Pacific market with the exception of North Korea and some 60 percent of the Group's profits come from the Asia Pacific region.

Hong Kong continues to be major importance to the group and contributes 30 percent of the total profit with around 80 branches in Hong Kong and strong representation in China, Standard Chartered- a note issuing bank in Hong Kong – is well placed to continue playing an important part in Greater China's development. A resident Group Executive Director manages the Group's business there.

Consumer banking, Corporate and Institutional Banking are managed out of Singapore each by a Group Executive Director resident in the island state. Other East Asian countries of note for the Group Malaysia, Taiwan and Thailand where, in 1999, the acquired 75 percent interest and management control in Nakornthon.

Standard Chartered is the leading international bank in Sub-Saharan Africa, operating several countries, the most prominent being Kenya, Zambia, Zimbabwe and Ghana. The Group's operations in the Gulf and south Asia are managed from Dubai.

Standard Chartered Bank provides a full range of products and services to its customers all around the world, some of which are mentioned below:

- ⇒ Consumer Banking
- ⇒ Personal Banking
- ⇒ Global Corporate Banking and Institutional Banking
- ⇒ Global Custodial Service
- ⇒ International Trade Management
- ⇒ Global Cash Management
- ⇒ Global Institutional Banking
- ⇒ Global Treasury
- ⇒ Global Electronic Banking



Standard Chartered Bank in Bangladesh

Standard Chartered Bank started its business in Bangladesh in 1948, opening its first branch in the port city of Chittagong. The bank increasingly invested in people, technology and premises as its business grew in relation to the country's growing economy. At present the bank has 25 offices in Dhaka Chittagong and Sylhet, including the country's only offshore banking unit inside the Dhaka Export Processing Zone at Savar.



The bank opened its first branch in Dhaka in 1966 and shifted its headquarter from Chittagong to Dhaka after the birth of the Republic of Bangladesh in 1972. Today the bank has 18 branches. Among them 11 in Dhaka, 3 in Chittagong, 1 in Narayanganj, Sylhet, Khulna and Bogra respectively. The Head Office is in Hadi Mansion, 2 Dilkusha C/A, Dhaka-1000.

Bangladesh's operation is under the Middle East and South Asia (MESA) region, with the controlling office in Dubai. Its correspondent relationship exists with Sonali Bank, which give its access to the countrywide. In 1993, there was an organizational restructuring, which led to the substantial expansion of the bank's business. And after that the amount of deposit and loan has increased by more than 5 times within five years and as a whole it shows an overall increasing trend of Standard Chartered Bank's market share in terms of deposit and advances.

2.6.1 History of Grindlays Bank

Captain Grindlays established Grindlays and Company with partner in 1928. The name was changed to Grindlays Christian and Mathew's in 1839, which again changed to Grindlays and company in 1853. The first branch was opened in India at Church Lane, Kolkata in 1854 and the other Indian branches autonomous from

London were opened by Grindlays and Company in 1864. They were acquired by National Provincial bank Limited in 1924. National bank of India acquired Grindlays and Company in 1858 and begun to operate as National and Grindlays Limited.

3.2 Acquisition of ANZ Grindlays Bank by Standard Chartered Bank

In August 2000, the US\$1.34 billion acquisition of Grindlays Bank was completed. This made the Standard Chartered Bank the leading international bank in India and the other countries of South Asia. The acquisition strengthened the Group's competitive position in Middle East and brought to the group a respected private banking business.

Standard chartered Bank has taken the advantage of the expansion opportunities. Buying Grindlays from ANZ now propels it from number five to number one among international banks in India, with some choice extra footholds in the Middle East. At 1.34 billion US dollars, it is hard to complain that Standard Chartered Bank has overpaid. The financial ease is less compelling for ANZ shareholders, **as** there are advantages of getting out of a strategically peripheral business. This acquisition **of Grindlays Bank** has added 6000 employees and 4 countries **to** Standard Chartered Bank's existing network of 7000 employees and 570 offices in 50 countries. The end result is that Standard Chartered **Bank**, which went into the 1997 Asian crisis with strong business in Hong Kong, Singapore and Malaysia, emerges with additional core markets in India and Thailand.

The deal has made Standard Chartered Bank the largest foreign bank by assets in India, Pakistan and Bangladesh and the second largest in Sri Lanka and the United Arab Emirates. The bank has been seeking to expand in the region since the end of the Asian economic crisis, and has finally become successful in its expansion. The primary goal of the integration is to combine the best of both the banks, and put right people in right jobs on the basis of fairness and equitability. In September 2000, the group agreed to acquire Chase's Hong Kong consumer banking business for US\$1.32 billion, which makes Standard Chartered Bank the leader in Hong Kong cards- At that time it was also announced that the chartered Trust had been sold to Lloyds TSB for 627 million pounds.

Until September 2002, both Standard Chartered and Standard Chartered Grindlays operated under the same management but as separate entities. With **effect** from September 2002, there was not any Grindlays - only Standard Chartered Bank.

2.7 Missions of Standard Chartered Bank in Bangladesh

Standard Chartered Bank in Bangladesh operates with the same mission as the Group SCB subscribes to worldwide. The bank in Bangladesh has the best and dedicated human resource in the private sector banking. With an experience of 150 years, the bank has a surprising efficiency in the operational areas. The bank has a mission to build and grow on its 150 years of experience and the positive image that it has earned over the years. The underlying factor of its business mission is manifested by its five values -

- ◆ Responsive
- ◆ International
- ◆ Trustworthy
- ◆ Responsive and
- ◆ Courageous



As a bank, Standard Chartered gratify to the higher level of the society, its operational strategies relies on trust and confidence building with the customers and offer them the highest sense of security and confidentiality. It has a dedicated attitude towards the community in which it operates and wants to grow and flourish along with its customer and community.

2.8 The Organization Structure

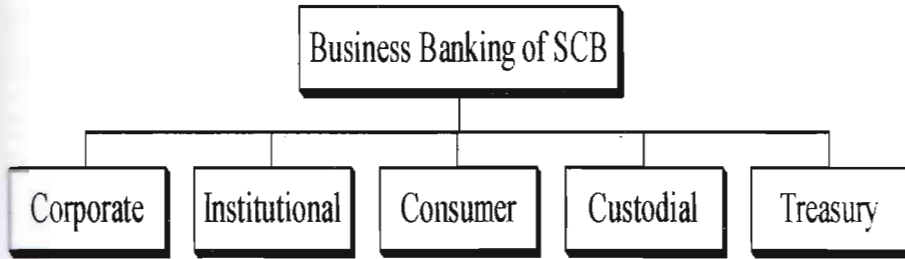
The SCB in Bangladesh has its headquarters and twenty five branches in Dhaka, three in Chittagong and one branch in Sylhet, Khulna, Narayanganj and Bogra. While the full range of services is available at the headquarters, other branches offer specific services appropriate for the location. At the headquarter, the bank mainly consists of two divisions:

- Business
- Support

The business division has the following departments:

- Corporate Banking Group (CBG)
- Treasury (TSY)
- Institutional Banking Group (IBG)
- Consumer Banking (CB)
- Custodial Services (CUS)

Figure 2: Business Banking of SCB



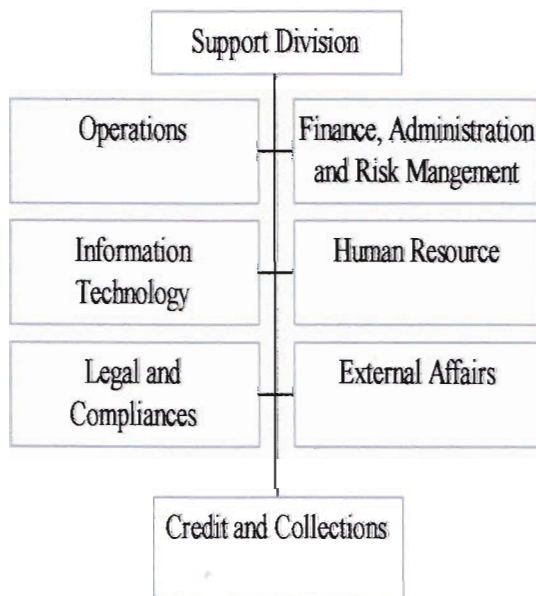
Source: Corporate Banking, SCB

SCB is primarily corporate driven. More than the corporate banking generates 40% of its revenue group while Treasury contributes more than 20% to the overall revenue. The rest is generated from Personal Banking, Custodial Services and Institutional Banking.

The Support division provides assistance to the above business activities and consists of the following departments:

- Operations
- Finance, Administration and Risk Management
- Information Technology Center
- Human Resource Department
- Legal and Compliance
- External Affairs
- Credit

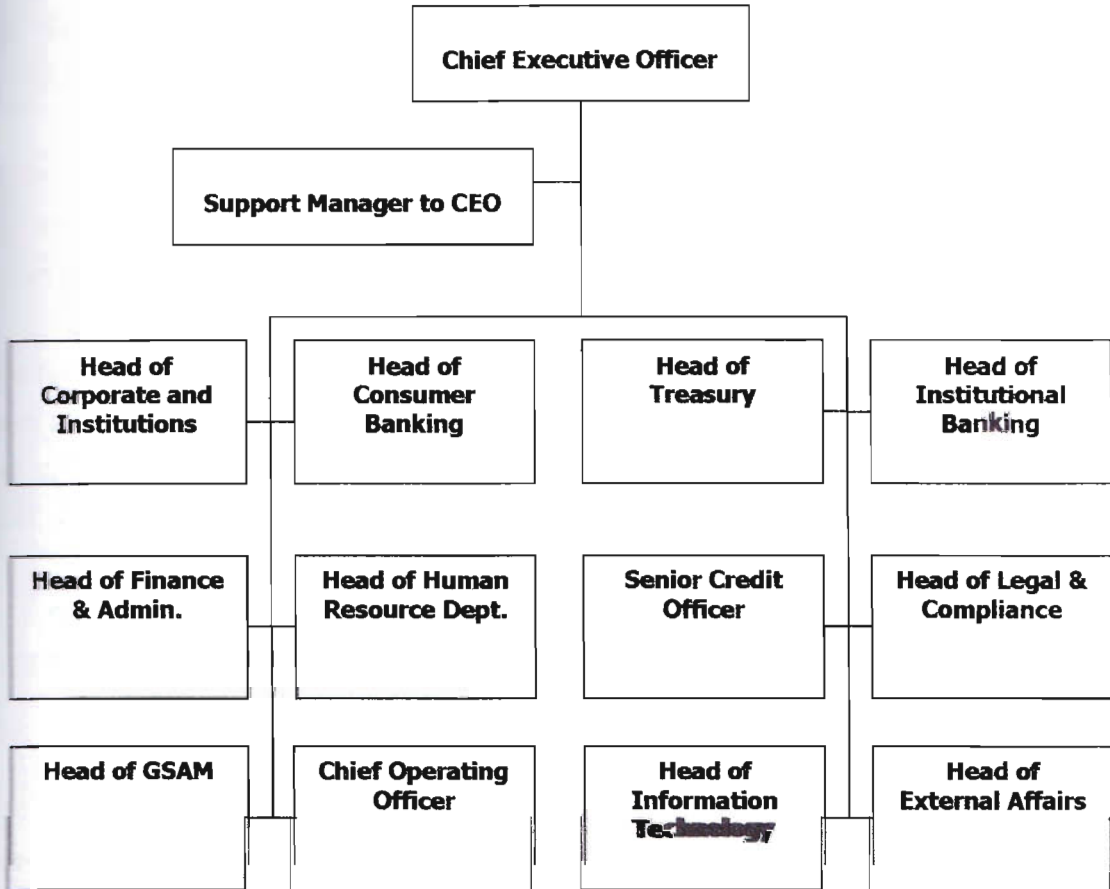
Figure 3: Support Division of SCB



19.1 Organizational Organ gram

The organ gram of the Standard Chartered Group's operation is depicted in the following figure:

Figure 4: Organizational Organ gram



Source: Human Resource Department of Standard Chartered Group

19 The Elaboration of the Functional Areas

19.1 Business Division

The business division includes the following departments:

- **Corporate banking Group**

Standard Chartered Bank offers its local customers a wide variety of financial services. All the accounts of corporate clients, which mainly comprise the top local and multinational companies operating in Bangladesh, are assigned a Relationship Manager (RM) who maintains regular and close contact to cater to their needs. The objective of this department is to maintain a thorough knowledge of the client's business and to develop positive relationships with them. This is maintained through interactions to offer timely advice in an



increasingly competitive business environment. The expertise of the Institutional Banking and Treasury groups is also available whenever required. The Corporate Banking Group in Bangladesh has displayed a spirit of community involvement by working with NGOs to underwrite soft loans. Standard Chartered Bank offers its corporate customers:

- The wide varieties of lending needs are catered to with skilled and responsive attention.
- Project finance and investment consultancy.
- Syndicated loans.
- Bonds and Guarantees.
- Local and International Treasury products.

Trade finance facilities including counseling, confirming export L/Cs and issuing of import L/Cs, backed by its international branch and correspondent loan network Bond and Guarantees Project finance opportunities for import substitution and export oriented projects.

• **Institutional Banking Group**

The Institutional Banking Group of Standard Chartered Bank offers a wide variety of products and services to banks and financial institutions. It has global links with leading banking institutions and agency arrangements through its network of offices in 40 countries. The bank offers a full range of clearing, payment collection and import-export handling services. The bank offers foreign missions, voluntary organizations, consultants, airlines, shipping lines, and their personnel the following financial services:

- Current accounts in both Taka and other major foreign currencies
- Convertible Taka accounts (these funds are freely convertible to major international currencies)

• **Consumer Banking Division**

Superior retail banking services comprising a wide range of deposit and loan products are offered by Standard Chartered Bank to its individual customers. The Consumer Banking division constantly faces challenges and meets them by

developing new products and services to fulfill the specific requirements of local and foreign customers. Bank offers a 24-hour service in Bangladesh through its Moneylink ATM network and Phone-link Phone Banking services.

Custodial Service

Headquartered in Singapore, Standard Chartered Equator fulfills the group's strategic commitment to the provision of custodial service in Asia. Equator's customers are primarily foreign global custodians and broker/dealers requiring cross border information as well as sub-custodian services. Standard Chartered Bank, Bangladesh is responsible for the planning in Bangladesh, but the overall management of the custody business is based on Equator's international business strategy.

Treasury Division

The foreign exchange and money market operation of the Standard Chartered Bank in the world is extensive. Exotic currencies happen to be one of its special areas of strength. A 24 hour-service is provided to customers in Bangladesh through the Bank's network of dealing centers placed in the principal of the world. The Bank's treasury specializes in offering solutions to those who wish to manage interest rate and currency exposures that result from trade, investment and financing activities of other dynamic economies of the region. Treasury operations are developed in line with changing market conditions to provide the best services to its customers. According to BAFEDA (Bangladesh Foreign Exchange Dealers Association), Standard Chartered Bank presently controls 42% of the local foreign exchange market's traded volume.

Support Division

Major support units of Standard Chartered Bank are:

Operational Division

Operations are part of the support division, which helps to run the businesses of the bank in a smooth and controlled manner. Since it helps mainly in processing the works of the business units, any mistakes made can be easily detected and on time. Following are the main functions of the operations department:

- Central operations deals with the closing and opening of accounts and other payment and account related processing of the Personal Banking division.
- Treasury operations help to deal with the processing works of the treasury division. Loan Administration Unit deals with the processing of the Corporate Banking division.
- Operations also have a department that deals with internal projects that arises from the need to deal with certain problems or to make certain changes.

Finance, Administration and Risk Management Division

The goal of SCB is to be the leading bank and retain the position from the competitive threats. To attain this goal, the overall planning is done at the headquarter level in Dhaka by the management committee known as "MANCO", which is headed by the CEO, Mr. Osman Morad. The committee also includes all the divisional Heads from the support and business. They meet once in a month or contingent basis. The decision-making is a top down cascading process with the flexibility of incorporating the feedback from the operational areas to avoid the problems of so-called "Ivory Tower" planning. The management is thoroughly flexible to include enough room for participation from bottom and allows significant room for accommodating strategic changes. The management has clear bent for the following:

- Modernization of process and operations to achieve higher service quality, customer satisfaction and reduce the paper work.
- Recruit, develop and maintain top-grade efficient employees.
- Maintain, enhance and protect brand image.



• **IT Department**

This department is instrumental in the running of all computerized operations of the bank. They help in the implementation and generation of computerized reports. Another major duty of the department is to maintain communication with the rest of the world.

• **Human Resources Division**

This department manages a recruitment, training and career progression plan. Standard Chartered Bank highlights the importance of developing its people to create a culture of customer service, innovation, teamwork and professional excellence.

• **Legal and Compliance Division**

In the UK, Standard Chartered Bank is regulated by the Bank of England, while in Bangladesh local banking laws regulate it and rules set by the Ministry of Finance and Bangladesh Bank. It also encourages its staff to conform to an internal culture of ethical behavior and sensitivities to the culture and religion of the country.

• **External Affairs Division**

This department deals with advertising, public relations, and promotions, partial marketing which involves disseminating new products and services to customers and above all ensuring service quality.

• **Credit and Collections**

The Credit Department approves the loans of Corporate Banking Division. The approval is mainly based on the risk analysis of the corporate clients done by the Corporate Banking Divisions.

Banking Services of the SCB in Bangladesh

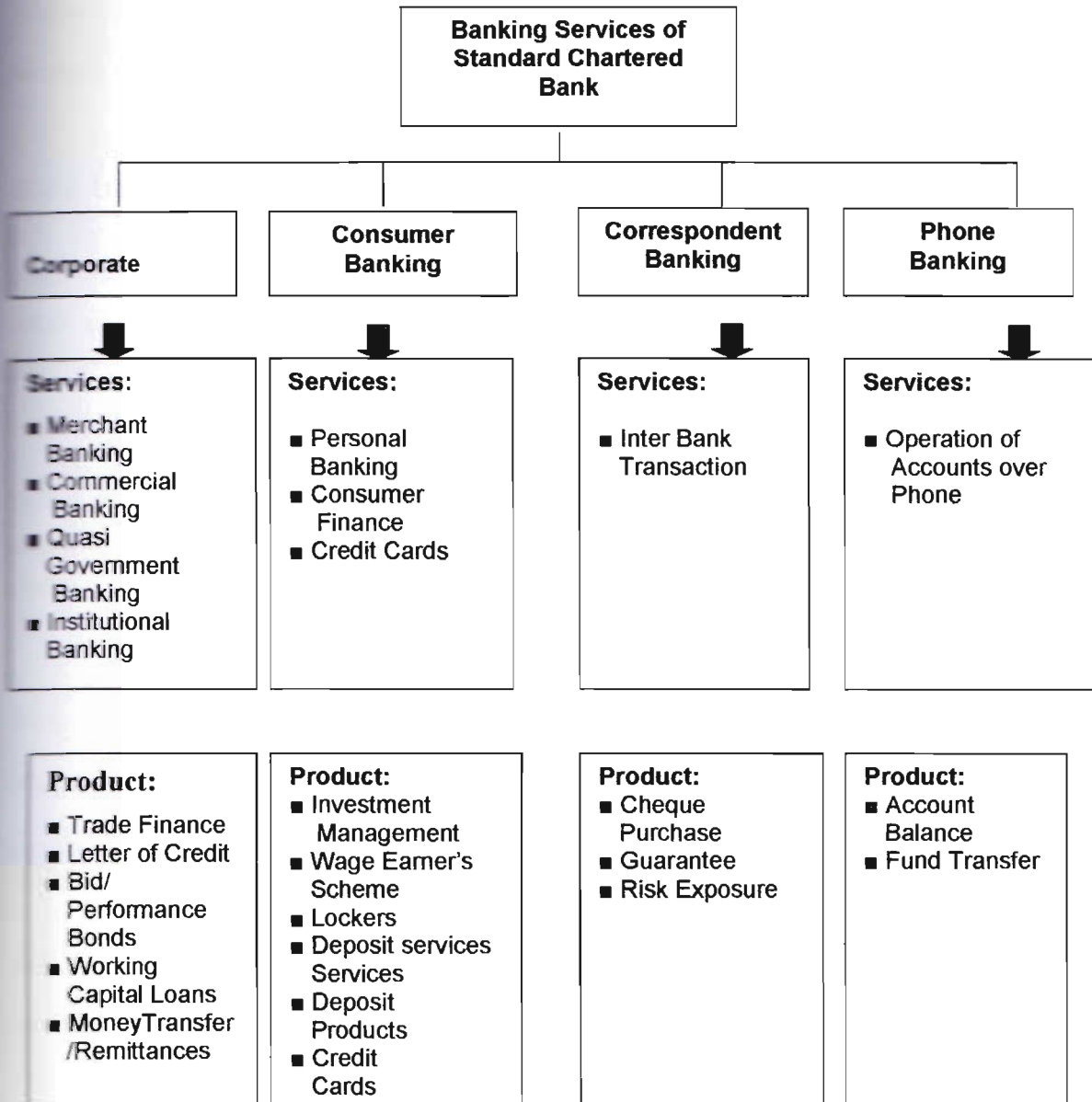
There are four types of services provided by the SCB

- 1) Business or Corporate Financial Services
- 2) Retail or Consumer Financial Services
- 3) Correspondent Services and
- 4) Phone Services.

These services can be classified further by the following ways:



Figure 5: Banking Service of SCB



Special Services Offered by Standard Chartered Bank

• **SCB Link**

SCB Link enables the customers to access the bank accounts from any places through their personal computer. Balance inquiry, account transfers are the main two facilities taken by the customers.

• **SCB Cheque**

This service enables SCB's corporate customers to automate their cheque payments. It is offered to facilitate preparation, printing, recording, and reconciliation of SCB's cheque.

• **Tele-Banking**

SCB's Tele-Banking service provides customers the opportunity to make inquiries and service request to the bank over telephone. It supports account balance inquiries, transaction details, exchange rates, interest details, balance certificates, issue of cheque-books, issue of pay order and issue of drafts, advice of stop payments, lost cheque-books and change of address.

• **Mobile Banking**

SCB's Mobile Bank units are designed to bring banking service to customers doorsteps. It enables the customers to complete their daily banking without visiting the bank.

• **Any Branch Banking**

SCB offers its customers with the facility of operating their bank accounts from any of its sales and services centers across the country. This enables customers to meet their countrywide banking needs out of one single account.

• **Priority Banking**

SCB provides its top 5 percent clients with premium banking facilities. These 5 percent customers are determined from the bank in various banking services; every one of them is issued with a premium Banking Card. Each branch has a separate premium banking section where these cardholders receive quick and specialized service.

• **SCB Courier**

SCB has its own courier service to collect and delivery documents. A daily collection from and delivery to the customer's premises for routine banking business (e.g. clearing, trade documents, remittance requests, etc.)

• **CBS Auto FAX**

A daily auto-faxed statement of account capturing all prior day debit and credit transactions posted to the account. The customer is provided with up to date account information and gains a better level of control over account reconciliation and liquidity management.

• **Standing Orders**

SCB offers sophisticated Standing Order capabilities which claim the need for the customer to repeatedly advise the bank to make fund transfers daily, weekly, monthly, bimonthly, quarterly, half-yearly and annually.

• **International Network Service**

SCB has an easy access to international network through its banking correspondence. The bank offers different facilities like trade finance facilities including advising, confirming exports L/Cs and issue of import L/Cs backed by international sales and service center of the bank and correspondent bank network, bonds and guarantees. It also offers its foreign correspondent customers with current account services where Taka settlement is necessary, the ability to issue bonds and guarantees in support of their customer's business, advising of LC and negotiation documents, market intelligence and status report.

• **Access Account**

SCB has recently launched its latest product, the Access Account, which is a non-cheque savings account. It has been designed to give customers the benefit of day-to-day banking through its ATM network.

• **CBS Foreign Exchange And Money Market**

The bank arranges to provide information on foreign exchange and money market rates on daily basis. SCB's daily treasury newsletter provides information of Foreign Exchange rates, key stocks, bonds, and interest rate indices, highlights

from international financial markets and information on technical chart points. In addition, the bank automatically provides premium service customers with a clear and concise market commentary, in the form of a weekly treasury newsletter, which covers the major financial events of the week and provides information on movements in major currencies, stock indices, commodities and USD Money Market rates.

• **Welcome Pack**

The welcome pack is by far the fastest and easiest way of opening accounts in the country, which is first introduced by SCB in October 2001 (so it is called the 21st century account by SCB).

It offers a set of absolutely unrivalled benefit. With a Welcome Pack, account is opened in a minute the customer produce the necessary documents. Welcome pack contains:

Table 7: Welcome Pack

Serial No.	Items
1.	Account Number
2.	A 25-leaf Cheque book
3.	Money link, ATM card and Personal Identification Number (PIN)
4.	Telephone Identification Number (TIN)

• **Evening Banking**

The SCB launched the latest special services for its valued customers are the evening banking facility. In this special service a customer can do banking from 6.00 p.m. to 8.00 p.m. Now five branches of SCB is providing the service and other branches will also provide the very special service in near future.

Extensive knowledge of the market and essential expertise in a wide range of financial services underline SCB's strength to build business opportunities for corporate and institutional clients at home and abroad. Continuous upgrading of technology and control systems has enabled the bank of offer new services, which include unique ATMs and Phone banking.



A detailed look in the
credit card system...

A Detail Look in the Credit Card System

3.1 Introduction

The 'credit card', though a new phenomenon in business and transaction arena which had already won the hearts of millions across the globe, has set its foot in this part of the world with its magical power and becoming a way of life here by offering its handy feature and usefulness. In the advent of Information Technology and globalization, now shoppers need not worry about money, all they need is willingness and a credit card to buy anything they want at any places across the 'Global Village'. Worldwide access, acceptability and popularity as well of credit cards have rose to such an extent that it is now posing a threat to theory of old 'hard-cash' possession of currencies amid growing sense of insecurity worldwide. The forward march of 'plastic money', the other name of the credit card, is so rapid that the whole concept of monetary system needs immediate review as it has put a question mark in the very existence of paper money.

Standard Chartered Bank, took a pioneering role in introducing credit card in Bangladesh. It started acquiring Visa and Mastercard nearly 10 years back. In the first few years, its operational area was very limited and concentrated only on the large hotels and restaurants. In 1997 the bank decided to launch full-scale card operation and very realistically brought a wide range of people under its service system. It is now giving a wide range of card services through multifarious quality facilities. Standard Chartered credit cards provide financial flexibility, worldwide acceptance, and round-the-clock convenience.

3.2 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.

It is an unsecured credit, i.e. Credit without collateral or security. And it is the safer substitute to cash and is the major mode of payment worldwide.

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
- ▶ Check Guarantee Cards

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

3.3 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.

3.4 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 Master Card, Visa, American Express, and Diners Club.

Master Card



Since its beginning in 1996 as the Interbank Card Association, Master Card has evolved into a global payments franchise. Through the Master 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.



VISA Card



Visa was founded by Bank of America in 1960. Today, it has the largest worldwide card-base.



American Express



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



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.



3.5 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 Master 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 Master card and Visa.

The players in Credit Card transactions are

- ◇ Cardholder
- ◇ Issuer
- ◇ Agent Banks
- ◇ Acquirer and
- ◇ Merchant

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.



Issuer

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

- ◇ Issues the card to the approved cardholder.
- ◇ Receives and pays for transactions from Master 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.

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.

Acquirer

The acquire member or acquirer solicits, screens, and accepts merchants into its Credit Card Program. The acquirer is a member of Master 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, 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 Master Card and/or Visa and agrees to follow the operating rules and regulations of the two associations. Master Card and Visa provide various services to the acquirer, including authorization and settlement processing, interchange and resolution of member disputes.

Merchant

The merchant can be virtually any company, which meets the qualification standards of Master Card and/or Visa and an acquirer. Typical merchant businesses include retail stores, restaurants, airlines, mail order companies and health plans. The merchant has a written agreement with the acquirer to accept the Credit Card as payment and to abide by the terms of the agreement. Usually, the machines are supplied to the merchants by the issuers and the merchants are required to pay a small commission (say 3%, of the transaction amount) to the issuer for accepting every credit card transaction by the cardholders. They also may or may not be required to pay an annual fee.

3.6 CREDIT CARD INDUSTRY IN BANGLADESH

ANZ Grindlays Bank (now Standard Chartered Bank, SCB) has been the market leader in this particular market since they first introduced the local currency based Credit Card in the Bangladesh in January 1997. But, ANZ Grindlays Bank commenced its credit card operations in 1991, initially for acquiring merchant transaction for VISA International and MasterCard International, followed by JCB cards. The program was relatively low scale, accommodating the five star hotels and the few of the up market tourist oriented retailers, with a total of 29 merchants accepting VISA and MasterCard. Cash advance facilities were provided only through the ANZ Grindlays Main Office in Dhaka. In early 1995, a business review of cards in Bangladesh was conducted by senior management from Australian International Cards Liaison Unit, where the potential for a viable card program was identified as well as the increasingly real threat of competitors moving into the market.

After having been granted the license to issue credit cards from both VISA and MasterCard and with increased 850 merchants in total, ANZ Grindlays Bank launched its local currency based credit cards in January 1997. Since then, a few other private banks/financial institutions have engaged in credit card business and have already strengthened their positions in the market. ANZ Grindlays Bank

was later acquired by Standard Chartered Bank, and named Standard Chartered Grindlays and now it is named as Standard Chartered Bank.

National Bank Limited (NBL) also started issuing credit card in the late march 1997. VANIK Bangladesh Limited (VBL) entered into the market in July 1997. Prime Bank Limited (PBL) started its credit card business in the early 1999 and quickly came across to the front line. Dhaka Bank Limited (DBL) is the newest competitor in the business --- starting its operation in September 2001. Except VBL and DBL, all of the banks' credit cards are marketed with direct affiliation of Master Card and Visa Card. VBL offers their own branded card only for domestic (Dhaka-based) use. DBL card is, in nature, a proprietary card that is issued, managed, serviced by the bank and co branded with VBL.

So, the major competitors in the credit card market in are:

- Standard Chartered Bank
- Prime Bank Limited
- National Bank Limited
- Dhaka Bank Limited
- City Bank Limited
- National Credit and Commerce Bank Limited
- Lanka-Bangla Bangladesh Limited

3.7 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.

3.7.1 Pre Issuance Activity

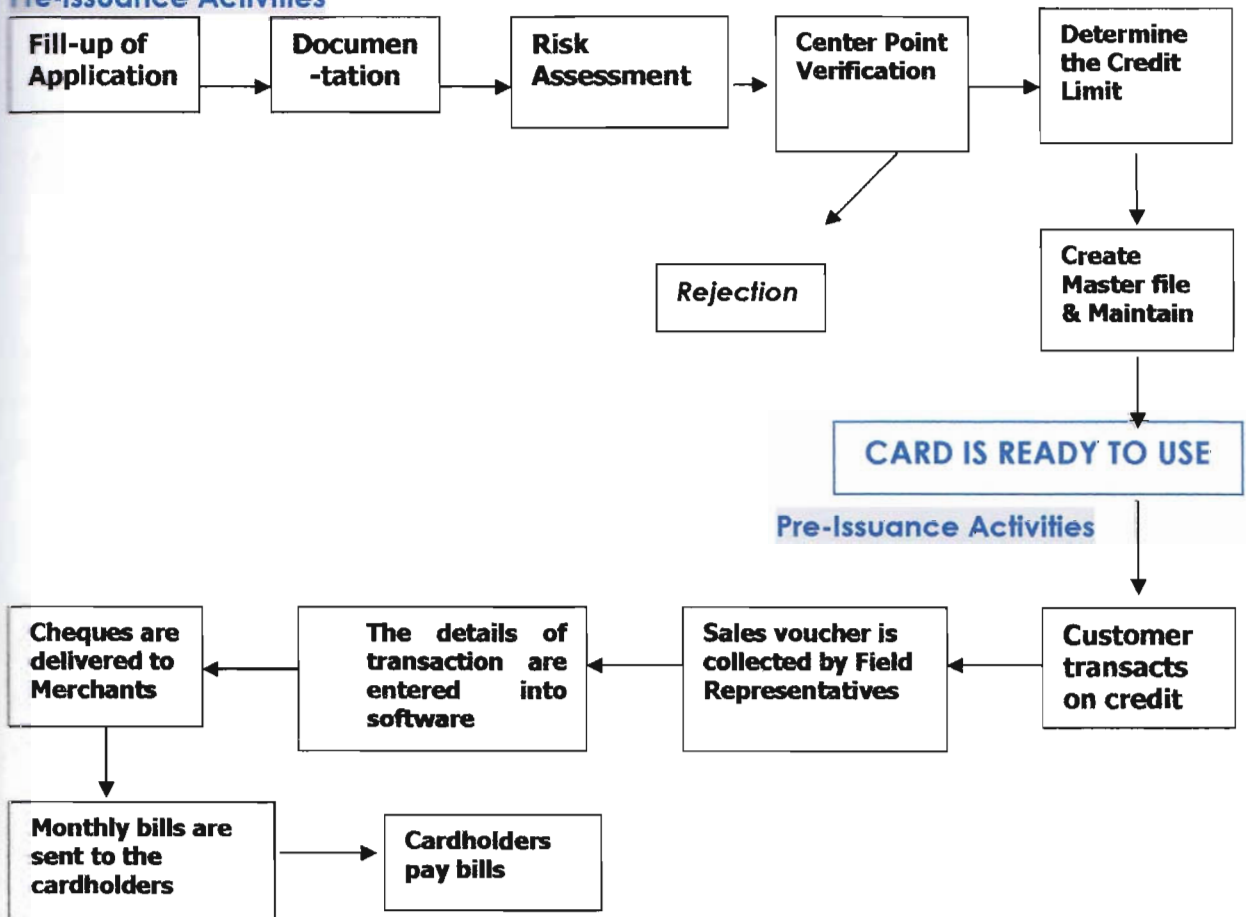
The process begins with compiling the credit card applications. With proper documentation, the bank gathers necessary information regarding the applicants. Then the risk assessment division checks the application and sends it to the Center Point Verification (CPV) for further testing of the authenticity of the documents. They also approve or refuse the application afterward and determine the credit limit for the client. These jobs can either be 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.

3.7.2 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.

Figure 6: Flow Chart of Card Issuing Process

Pre-Issuance Activities



3.3 DIFFERENT FORMS OF CREDIT CARDS

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.

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.

Complimentary Card

Relationship is the key word in today's business world, especially in banking business. Many issuers provide this kind of card to an individual considering his overall relationship and value to the Bank as a compliment. The cardholder may not be required to pay any subscription or renewal fees and/or the various charges might be less than the usual ones. But, the credit limits are set as per usual credit risk appraisal. These kinds of cards are issued VBL and DBL in Bangladesh.

Pre Approved Credit Card

Pre approved credit cards can be of different forms. One type, as provided by SCB, is that a database of the govt. officials is maintained by the issuer and when an official has reached a certain position, s/he is notified by the issuer that it would like to offer him/her a credit card with some attractive features; and the card is given only if the official agrees to accept it. These kinds of cards can also be given to the celebrities, as done by DBL, to popularize their cards.

3.9 Standard Chartered Bank: Credit Card

Standard Chartered credit cards provide the card holder financial flexibility, worldwide acceptance, and round-the-clock convenience.



Standard Chartered Credit Cards offer to the card holders

- Welcomed at the largest number of merchant outlets across the world
- Revolving credit facility, allowing card holder to repay his card overdraft over time, at his own convenience
- Cash withdrawal in local currency at Visa and MasterCard linked ATMs across the world
- Platinum, Gold or Classic cards to suit card holder's lifestyle and needs
- Smart credit cards with special privileges and security
- Attractive rewards programs
- Affinity and co branded credit cards that give card holder additional benefits from its partners
- World-class service assistance and 24-hour customer helpline

3.10 Standard Chartered Credit Card Product Range

Standard Chartered Bank (SCB) issues both VISA and MasterCard Credit Cards, the two renowned Credit Card brands. The product range includes:

Local Card

MasterCard Silver Credit Card	BDT 10,000 ~ BDT 90,000
MasterCard Gold Credit Card	BDT 100,000 ~ BDT 400,000
MasterCard Platinum Credit Card	BDT 500,000 ~ BDT 800,000
MasterCard Cricket Card	BDT 10,000 ~ BDT 90,000
Visa Silver Credit Card	BDT 10,000 ~ BDT 90,000

International Card

Visa Silver Credit Card	US\$ 500 ~ US\$ 4,500
Visa Gold	US\$ 5,000 ~ 20,000

3.11 Benefits of Standard Chartered Credit Card

- **Wide Acceptance**

Standard Chartered Bank issues both VISA and MASTER Card Credit Cards, the two renowned Credit Card brands. Standard Chartered Local Credit cards were accepted at more than 4000 outlets across Bangladesh. Cardholders can use their cards in Hotels, Restaurants, Airlines, Travel Agents, Departmental Stores, Supermarkets, Hospitals & Diagnostic Centers, Jewelry Shops, Electronic & Computer Shops, Mobile & Internet Service outlets, Petrol Pumps, etc.

- **Easy Repayment Facility**

Standard Chartered Credit Cardholders have the flexibility to make payment of as little as 5% of the outstanding balance and carry forward the rest of the balance.

- **Cash Advance Facility**

SCB Credit Cardholders can get instant cash advance up to 50% of card limit from any of the SCB ATM's, thus having access to cash 24 hours a day. Besides, cash can also be obtained from branches during transaction hours.

- **Supplementary Card**

Standard chartered Credit Cardholder can enjoy the convenience of having supplementary cards for cardholders' spouse, children, parents who are over 18 years of age or any other family members or friends. The primary cardholder can set a spending limit for the supplementary card, which limits the maximum amount that the supplementary cardholder can spend in one billing cycle.

- **Discounts & Privileges**

Standard Chartered Credit Cardholders can avail a host of exclusive discount offers in various restaurants throughout the year. Besides, special discounts and privileges are also arranged with merchants like Hotels, Airlines, Travel Agents, Departmental Stores, Clothing Shops, and Electronic Outlets etc. at various times.

3.12 Unique Features of Standard Chartered Credit Card

- **InstaBuys**

This exclusive feature allows the cardholders to convert any purchase over Tk. 5000/- into an installment loan at a flat interest rate of 16.95% and repay in 6, 12, 18, 24 or 36 monthly installments as chosen by the cardholder. Special promotions are run with specific merchants where customers can avail InstaBuys facility at 0% interest.

- **Rewards Program**

Under this plan, SCB local cardholders are rewarded for using their cards at merchant outlets. For every 50 Taka spent, cardholders can earn 1 treasure point, which keeps accumulating as long as the card relationship is continued. The treasure points can be redeemed at any time against a wide variety of gifts offered by SCB.

- **Card Cheque**

SCB Taka credit cardholders can avail a chequebook against their credit card and use the Card Cheque for payment to any person or establishment. Card cheque is especially useful where credit card acceptance facility is not available (e.g. house rent, school fees etc.)

- **All Accident Insurance Coverage**

SCB local (both primary and supplementary) Credit Cardholders are automatically enrolled into All Accident Insurance Coverage. Silver cardholders are insured for BDT 100,000/- and Gold Cardholders are covered for BDT 500,000 under this coverage.

- **SafetyNet Insurance Scheme**

This is a unique offer of SCB Credit Card. In case of death or "Total Permanent Disability (TPD)" of the primary cardholder, the bank waives the total outstanding balance on the card. All cardholders are automatically enrolled into the program and are charged a nominal fee of 0.35% on their monthly balance for availing this facility.

- **Auto BillsPay facility**

This exclusive feature allows Credit Cardholders to pay their monthly mobile

phone bills (Aktel, CityCell, GP & Banglalink), Internet Bills (Agni, BOL & Accesstel), Cable TV Bill (Prisma Digital) and electricity bills (DESA) through a standing instruction on their credit card.

- **E-Statements**

This is a secure and prompt way to receive Credit Card's monthly statement at e-mail address instead of receiving a paper statement. Cardholders can choose a maximum of 3 e-mail addresses for receiving their statements. In case of delivery failure (for any reason), a paper statement will be sent to the cardholder's mailing address

- **SMS Banking Facility**

This feature provides cardholders an easy 24-hour direct access to their credit card balance information through their Grameen Phone mobile. Cardholders availing this service will also receive a monthly mini-statement through SMS, absolutely free of charge.

- **Free Access at Balaka Business Class Lounge**

SCB Gold Credit Cardholders and their immediate family members have complimentary access to the Balaka Business Lounge at Zia International Airport. This facility is available irrespective of the class traveled.

3.13 Eligibility to get a card

3.13.1 Target Market

For getting both local and international card, applicants have to fulfill the following conditions:

- **Salaried or Self-employed**

Resident Foreign Currency Deposit (RFCD) or
Foreign Currency Account Holders (in case of applying for international card)

- **Age Limit**

For Primary cards : 21-60 years
For Supplementary cards : 18-60 years.



- Minimum Income**

Applying for MASTER/VISA Card (Local) income should be BDT
10,000

Applying for Gold MASTER Card (Local) income should be BDT
55,000

Applying for VISA Gold/Silver (Int'l) income is N/A (secured)

- Multiple Cards**

Primary One each type

Supplementary Max 4 per primary card



3.13.2 International Cards

Against RFCD Accounts:

All Bangladeshi nationals are entitled to open Resident Foreign Currency Deposit (RFCD) a/c within 1 month of arrival from abroad with undeclared fund of US\$3000. In case of fund exceeding US\$3000 FMJ form has to be filled out on arrival.

3.14 Repayment of credit amount

SCB offers its customers with the option to repay the credit amount according to their convenience. Every month bank sends a statement contains details of the purchases and cash advances made by the customer in the last 30 days. Then the customers have two options:

Pay the bill in full within 15 days from the statement date. In this case, customers do not have to pay any interest charge for purchases. In case of failure of payment within 45 days (if the previous dues are clear), customers have to pay an interest at the rate of 2.5 percent over the total credit amount and a late payment fee of Tk. 200.

Spread the repayment over a number of months while prepaying the bank 5 percent of the outstanding balance in the statement or Taka 500 (whichever is greater) every month.



Fees and Charges for SCB Credit Cards

Table 8: Annual fees of credit cards

Annual Fee	For Primary Card	For Supplementary Card
Silver (Local)	BDT 1750/=	BDT 1000/=
Gold (Local)	BDT 3500/=	BDT 2000/=
Platinum (Local)	BDT 8000/=	BDT 4000/=
Classic (Int'l)	US \$ 70	US \$ 35
Gold (Int'l)	US \$ 120	US \$ 60

Table 9: Other fees and charges of credit cards

Other Fees and Charges	Silver (local) Both Master and Visa	Gold (local) Master
Interest	2.5% per month	2.5% per month
Late payment Fee	300	500
Over Limit Fee	300	500
Renewal Fee	Primary:1750	Primary: 3500
	Supplementary 500	Supplementary 1000
Replacement fee	200	500
Cash advance	2% of the with drawl amount	2% of the with drawl amount
Duplicate statement fee(for last 2 month)	100	100
Duplicate statement fee(beyond last 2 month)	200	200
Card cheque Book	For 10 leaves-150	For 10 leaves-150
	For 20 leaves 250	For 20 leaves 250

3.16 A Comparison: Features of Credit Cards offered by Different Banks

Table 10: Features of credit cards

Features	SCB	HSBC	Prime Bank Ltd.	Dhaka Bank Ltd.
Brand	VISA, MASTER	VISA, MASTER	VISA, MASTER	VANIK
Types	Silver, Gold, Platinum	Silver, Gold	Silver, Gold	Silver, Gold
Limit	<p><u>For Local Card</u> :Tk. 10,000 – 90,000(Silver) Tk. 100,000 – 400,000 (Gold) Tk. 500,000 – 900,000(Platinum)</p> <p><u>For Int'l Card:</u> US \$ 500 – 4,500 (Classic) US \$ 5,000 – 20,000 (Gold)</p>	<p><u>For Local Card</u> :Tk. 10,000 – 50,000(Silver) Tk. 50,000+ (Gold)</p> <p><u>For Int'l Card:</u> US \$ 500 – 2,000 (Silver) US \$ 2,000+ (Gold)</p>	<p><u>For Local Card</u> : Tk. 10,000 – 50,000(Silver) Tk. 50,000+ (Gold)</p> <p><u>For Int'l Card:</u> US \$ 500 – 2,000 (Silver) US \$ 2,000+ (Gold)</p>	<p><u>For Local Card</u> : Tk. 10,000 – 50,000(Silver) Tk. 50,000+ (Gold)</p>
Annual Fees	<p>Tk 1750/= (Silver) Tk. 3500/= (Gold) Tk.8000/= (Platinum) US \$ 70 (Classic) US \$ 120 (Gold)</p>	<p>Tk 1000+15% VAT (Silver) Tk. 2000+15% VAT (Gold) US \$ 40+15% VAT (Silver) US \$80+15% VAT (Gold)</p>	<p>Tk 1000+15% VAT (Silver) Tk. 2000+15% VAT (Gold) US \$ 40+15% VAT (Silver) US\$ 80+15% VAT (Gold)</p>	<p>Tk 1400/= (Silver) Tk. 2500/= (Gold)</p>
Interest Rate	2.5%	2.5%	2.5%	2.75%
Other Fees and Charges	Late fees: Tk. 300 Replacement fees: Tk. 500	Late fees: Tk. 500; Replacement fees: Tk. 500	Late fees: Tk. 500 Replacement fees: Tk. 500	Late fees: Tk. 500, Replacement fees: Tk. 500
Repayment Days	45 Days	45 Days	45 Days	45 Days
Packages	Card cheque, E-Statement, autobills, Supersaver, Instaby	Auto bills, Easy loan, Personal Loan.	Auto bills, Personal Loan.	Auto bills, Personal Loan.

HSBC Bank does not have its own credit card rather they use Prime Bank's credit card. That's why all the features of these two banks are same.

On the other hand, Dhaka Bank Ltd. does have the VISA or MASTER card rather they use VANIK card.

Though, the Standard Chartered Bank offered some attractive features and packages to their cardholders, after that closing trend of the credit cards increasing day by day.

Credit Card Closure and Retention Strategies

3.17 Credit card closure

Working with the credit retention department in the last three months of the internship period, the following 16 reasons were identified as the closing of the credit cards while interviewing those cardholders, who intended to close their cards. Beside this, the closing attitude of last two years also helped in this regard.

3.18 Reason for closure

- Not much usages because of preferring cash transaction
- Not satisfied with the fees and charges
- Not satisfied with the service
- Not satisfied with the credit limit
- *Frequent problem in using cards*
- Other cards have better features or benefits
- Have more than one card
- Leaving Bangladesh
- DSE miscommunication
- Financial problem
- Transferred outside Dhaka
- Leaving the job
- Personal problem
- Merchant charge
- Card holder expired
- Charging Supplementary fees



Here, not satisfied with the service refers to those additional services provided by the Credit Card Division, such as – communication with cardholders, launching attractive new features etc.

Frequent problem in using card refers, the problem occurred due to forgot the PIN or TIN no., problem in handling ATM machine etc.

3.19 Analysis of Closing Attitude

Analyzing the closing attitude and reason, the data of this year and the last year have been collected through interviewing the cardholders and from the database of SCB.

3.19.1 Scenario of January'04 – March'04

In the first quarter, of the last year (Jan – Mar), on an average 566 people per month closed their cards due to the aforesaid reason. Among them, the highest percentage (33.10%) of people closed their cards mainly because of preferring cash transaction. They were not that much interested in using their credit cards as the alternate of cash; that's why the usage of card is not that much good as a result they closes their cards. The second reason behind the closing attitude was cardholder's personal problem. Due this reason 18.23% cardholder closed their card.

Being dissatisfied with fees and charges incriminated by SCB 14.01% of cardholders closed their card in the first quarter of the last year. This one is one of the main third reasons behind card closing. The following table represents the approximate picture of the months in the last year on an average.

Table 11: Reason and % of credit card closure per month from Jan'04 –Mar'04

Reason Code	Count (App)	%
Not much usages because of preferring cash transaction	187	33.10%
Not satisfied with the fees and charges	79	14.01%
Not satisfied with services	12	2.12%
Not satisfied with the credit limit	43	7.61%
Frequent problem in using cards	3	0.53%
Other cards have better features or benefits	3	0.53%
Having more than one card	39	6.90%
Leaving Bangladesh	55	9.73%
DSE miscommunication	10	1.77%
Financial problem	1	0.18%
Transferred outside Dhaka	5	0.88%
Leaving the job	2	0.35%
Personal problem	104	18.23%
Merchant charge	0	0.00%
Cardholder expired	3	0.53%
Charging supplementary fees	20	3.54%
Total	566	100%

3.19.1.a Types

Among these 566 cardholders, the gold cardholder was only 7% of the total cardholder and the rest was silver cardholder.

Table 12: Category of the cardholders in % per month on an average

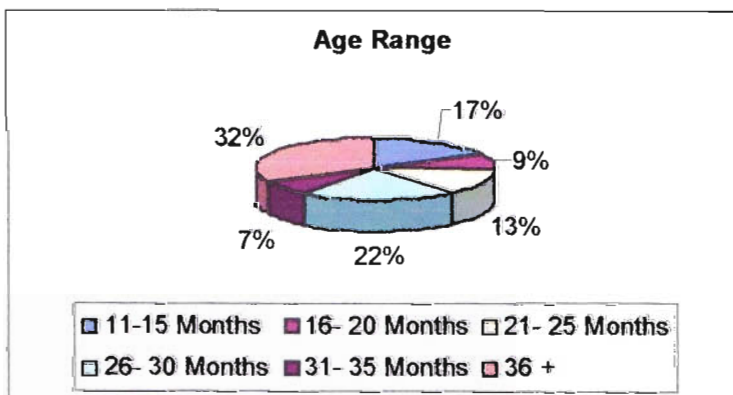
Per month	Total a/c	%
Gold	37	7%
Silver	529	93%
TOTAL	566	100%

So, from the above table it is clearly viewed that, the gold cardholders are almost satisfied with the service provided by SCB. But a big percentage of the silver cardholders are dissatisfied with SCB and closed their cards. The main reason behind this is being satisfied with the credit limit, gold cardholders overlook those other factors which are important reason for closing of the silver cardholders. Such as - the fees and charges, credit limit, supplementary fees, features of the competitors' card. And as because, the cardholders consists the Gold card, they are preferring cards rather than using cash which is considered as the main reason for card closing.

3.19.1.b Age Range of the Cards

Besides these, the following charts represents that the cardholders who are using their cards for more than 3 years closed their cards at higher percentage rate (32%), which refers that the cardholders are not satisfied with SCB, though they are with it for more than 3 years. But the features or packages of the card are not attractive enough to prevent them from closing, which was an alarming news for SCB's image and reputation. That's why reinstating these valuable cardholder is a crying need for SCB.

Figure 7 : The age range of the card holders closing their cards



3.19.2 Scenario of April'04 – June'04

In the second quarter of the last year, (Apr – Jun), on an average 480 people per month closed their cards due to the aforesaid reason. Here, also, the highest percentage (40.00%) of people closes their cards mainly because of preferring cash transaction and that's why not that much use the credit cards.

In this quarter, the second reason behind the closing attitude was dissatisfied with the fees and charges, which was the third reason in the last quarter. Due this reason 17.08% cardholder closed their card.

Approximately, 10.00% of cardholders closed their card because they leave from Bangladesh for a long period or some cases forever. The following table represents the approximate picture per months in the last quarter of the last year on an average.

Table13: The reason and % of credit card closer per month from Apr'04 – Jun'04 (app)

REASON CODE	COUNT (app)	%
Not much usages because of preferring cash transaction	192	40.00%
Not satisfied with the fees and charges	82	17.08%
Not satisfied with services	3	0.63%
Not satisfied with the credit limit	35	7.29%
Frequent problem in using cards	8	1.67%
Other cards have better features or benefits	12	2.50%
Having more than one card	16	3.33%
Leaving Bangladesh	48	10.00%
DSE miscommunication	13	2.71%
Financial problem	9	1.88%
Transferred outside Dhaka	5	1.04%
Leaving the job	0	0.00%
Personal problem	33	6.88%
Merchant charge	0	0.00%
Cardholder expired	5	1.04%
Charging supplementary fees	19	3.96%
Total	480	100%

3.19.2.a Types

Among these 480 cardholders, the gold cardholder was only 7% of the total cardholder and the rest was silver cardholder.

Table 14: Category of the cardholders in percentage per month on an average

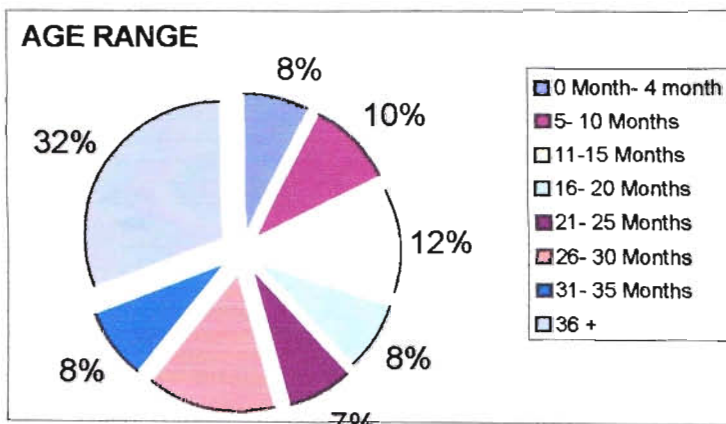
Per month	Total a/c	%
Gold	38	7.92
Silver	442	92
TOTAL	480	100%

This figure represents the same scenario that has got from the earlier quarter – the gold cardholders are more satisfied than the silver cardholders.

3.19.2.b Age Range of the Cards

Here also, the same scenario is depicted. The cardholders who are using their cards for more than 3 years closed their cards are approximately 32%, which was the highest percentage rate. So, to retain them through different product and services is very essential for SCB.

Figure 8: The age range of the card holders closing their cards



3.19.3 Scenario of July'04 – September'04

In the third quarter of the last year, (Jul – Sep) provides the same picture. Here also, the highest percentage (54.61%) of people closed because of preferring cash

transaction than credit cards. And dissatisfied with the fees and charges are in the second position (17.27%).

3.19.3.a Types

Among these 608 cardholders, the gold cardholder was almost 7% of the total cardholder, only 0.33% was platinum cardholder and the rest was silver cardholder.

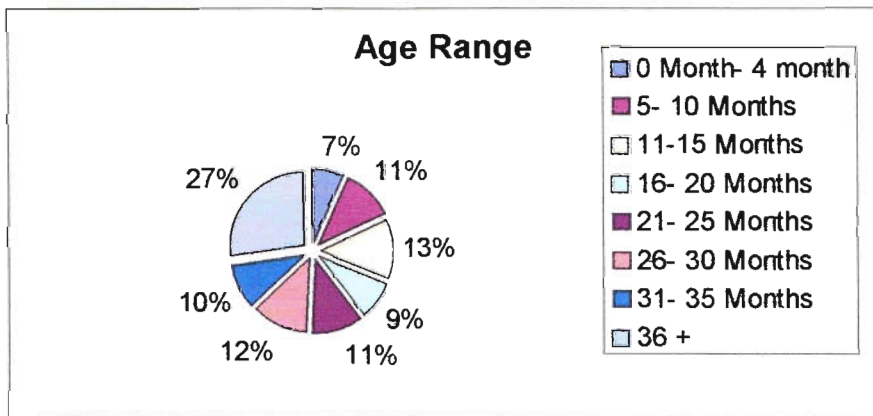
Table 15: Category of the cardholders in percentage per month on an average

Per month	Total a/c	%
Gold	42	6.91%
Silver	564	92.76%
Platinum	2	0.33%
TOTAL	608	100%

3.19.3.b Age Range of the Cards

Here also, the same scenario is depicted. The cardholders who are using their cards for more than 3 years closed their cards are approximately 27%, which was the highest percentage rate.

Figure 9: The age range of the cardholders closing their cards



3.19.4 Scenario of October'04 – December'04

In the last quarter of the last year, (Oct – Dec) provides the same picture. Here also, among 627 card holders closing their cards the highest percentage (42.83%) people closed because of preferring cash transaction than credit cards. And dissatisfied with the fees and charges are in the second position (24.21%).

3.19.4.a Types

Among these 627 cardholders, the gold cardholders were almost 7.18% of the total cardholder, only 0.16% was platinum cardholder and the rest were silver cardholders.

Table 16: Category of the closers in percentage per month on an average

Per month	Total a/c	%
Gold	45	7.18%
Silver	581	92.66%
Platinum	1	0.16%
TOTAL	627	100%

3.19.5 Scenario of January'05 – March'05

In the first quarter of this year, (Jan – Mar) provides the same picture. The highest percentage (44.42%) people closed because of preferring cash transaction than credit cards. And dissatisfied with the fees and charges are in the second position (16.40%).

3.19.5.a Types

Among the 435 cardholders no platinum cardholders closed their cards, only 7.36% gold cardholders closed their cards and the rest 92.64% card was closed by the silver cardholders of SCB.

Table 17: Category of the closers in percentage per month on an average

Per month	Total a/c	%
Gold	32	7.36%
Silver	403	92.64%
Platinum	0	0.00%
TOTAL	435	100%

3.19.6 Scenario of April'05 – June'05

In the second quarter of this year, (Apr – Jun) also endow with the same picture. The highest percentage (40.08%) people closed because of preferring cash transaction than credit cards. And dissatisfied with the fees and charges are in the second position (14.62%).

But, within this period, no cardholder closed his or her card due to merchant charge, c/h expire, lien encashment or even due to leaving the job.

Only one cardholder (0.38%) closed his or her card for financial problem and one was for transferred outside Dhaka.

Another important thing is to notify here, within this period, only 360 c/h closed their card per month on an average.

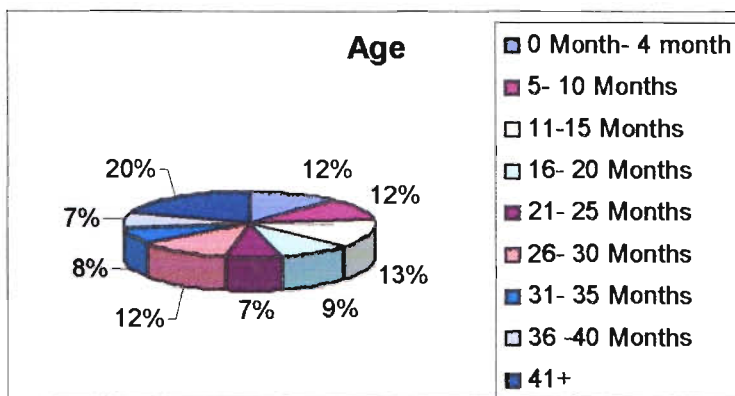
3.19.6.a Types

Among the 360 cardholders, the silver cardholders were 96.54%, the gold cardholders were only 3.46% of the total cardholder, and no platinum cardholder closed their card during this period

3.19.6.b Age Range of the Cards

The following chart stands for the percentage of the cardholders who are closing their cards from the beginning of the embossing date to more than 3 years. This chart is based on those cardholders who are closing their cards from April to June within this year on an average.

Figure 10: The age range of the cardholders closing their cards



3.20 Retention strategies of Standard Chartered Bank

From the above analysis, it is clearly viewed that an outsized number of credit card holders are switching off from the SCB due to different reason every year. Among these reason, the most important one is preferring cash transaction rather than using the cards. Which refers, the product and the services offered by SCB are not motivated the cardholders enough to use the card as the substitute of cash. That means, the product and services offered by SCB are not seemed attractive to the cardholders.

Being informed in this alarming matter, the Retention Unit of SCB which is working under Portfolio Department now emphasizes on their existing products and services very much and trying to serves their best to the cardholder for reducing the attrition rate. Subsequently, they are launching some new products and services; and thinking of some other better options for re-instating their valuable cardholders.

With the existing products SCB gives different offers time to time like Super Saver offer, 0% interest loan offer etc. The super saver program was firstly introduced on 25th March, 2005 and then again from 1st December, 2005 and it will end on 31st March, 2006. The 0% interest loan program was offered from 1st November, 2005 to 31st January, 2006.

At this phase activities of Retention Unit and the strategies of SCB for retaining customers will be focused.

3.21 Activities of Retention Unit of SCB

▪ Welcome call

A call is made to the new cardholders to inform them all the features of the SCB card, which is known as welcome call. The objective of this call is to make the cardholder familiar with the usage, fees-charges and other related matters so that he can use the card with comfort. The topics covered in welcome call are:

- ◆ Branch from where the credit should be collected
- ◆ Activation process of the card
- ◆ Annual fee and other fees and charges
- ◆ Statement date and due date
- ◆ Card products-
 - * Auto bills pay
 - * Sms banking
 - * I-statement
 - * Call center facility
 - * Card cheque
 - * E-banking
 - * Instabuy



▪ **Credit limit Increment**

This is an offer for active cardholders to enhance the credit limit. After using the card for one year a card holder has the opportunity to apply for enhancement of the credit limit. In many cases cardholders do not know about this opportunity. So bank informs them about it and advises them accordingly.

▪ **Undelivered cards**

A new card or replacement card or reinstated card is issued at the preferred branch of the cardholder according to his convenience. After keeping it for 75 days in branch it is destroyed. Some times cardholders cannot go to branch due to busy ness or sometimes they forget it. So bank informs them to collect the card by himself or sending an authorized person with an authorization letter within due time.

▪ **Resend Card cheque**

Card cheque is an important card product for the cardholders. Normally it is sent to the cardholder's given address. But sometimes it returns back due to different reasons like incomplete or wrong address etc. In this return cases bank makes call to the card holders to be confirmed about his address and then resends the returned card cheque.

▪ **Nonstarter**

There are lot many card holders who do not pay the annual fee and also do not use the card. This sort of card holders are called NonStarter. This can be happened due to different reasons like the card holder does not know about the annual fee charging date or does not know how to use it. As a result interest is being counted on the annual fee. So bank informs them to pay the annual fee in due time to avoid the extra fees. And a gift package is also there for using the card.

▪ **Reinstatement of Close Card**

There are lot many card holders who close the card due to different reasons as described previously. The bank tries to know about the problem and give them solutions accordingly. The bank reinstates the card and issues a replacement card without any replacement charge and sent it to the preferred branch of the cardholder.

Other

SCB offers different sorts of loan facilities against credit card like 0% interest loan, Super Saver etc. To inform about and to help the card holders to avail these lucrative offers is another responsibility of the retention unit.

3.22 Product Offered for Retaining Credit Card Holders

Standard Chartered Credit Card comes to the customer with a winning combination of value-packed features and benefits. It has great unique features that offer the power and flexibility and convenience. These are cards product, like Card Cheque, Auto Bills pay, E-Statement, InstaBuy, SafetyNet, Supersaver etc.

Card Cheque

It is a cheque book issued against Standard Chartered Credit Card.

With Card Cheque, SCB customers can enjoy the convenience of a Chequebook, which means they can make payment through cheques (account payee only). Credit on cheque payment This product helps to those cardholders who are not feeling that much comfort by using cards rather preferring cash transaction.

Features and Advantages

- Wider acceptance
- Flexible Transactions
- More convenience
- Safe and secured
- Additional card cheque for Supplementary cardholders
- Reward point earned on transaction.
- Only 3 working days required activating this service.



Processing fees

1% of the card cheque transaction amount.

Auto Bills

Auto Bills pay is a simple and convenient way of paying utility bills through Credit Card. Monthly utility bill is directly debited to the Credit Card account and payment is made to the billing company by Cards Services on behalf of the cardholder. This offer has been launched since 2004.

Features and Advantages

- Hassle Free Transactions
- Convenient
- Easy Tracking

- Simple and Easy to Apply
- Only 7 working days required activating this service.

Participating Companies

Mobile Phones	Grameen Phone	Citycell
	Aktel	Banglalink
Cable TV	Prisma Digital	
Internet Service Provider	BOL	Agni
	Access TEL	
Electricity	DESA	DESCO

E statement

Through this service, the Standard Chartered Credit Card's monthly statement that can be available through e-mail. It is a fast, reliable, and efficient service to minimize paperwork, and maximize convenience. This e-statement is available in PDF format and can be viewed by Acrobat Reader. As an alternative to printed statements, e-statements eliminate the chance of having unattended documents read by others. That's why once subscribed to e-statements, the cardholders will not receive printed statements anymore (unless there is a mail failure). This program has been launched from 2004.

The subscriber of e-statements will be able to receive their monthly statements through e-mail. It is an alternative to printed statements. Credit Card statements can be received anywhere in the world through e-mail.

Features and Advantages

- Fast, easy and hassle free
- No charges
- Multiple e-mailing facility
- Increase security and confidentiality
- Hassle free enrollment
- E-statement are free
- Safe and secured.
- Only 3 working days required activating this service.



Super saver

Supersaver is a Pay Order issued against the available credit limit of the cardholders Standard Chartered Credit Card at a special that interest rate of 9.99% per annum. The pay order amount will be processed as a retail transaction in the card account. The choice or repayment of the Supersaver is 6, 12, 18 or 24 equal monthly installments (EMI's) which will be added to the minimum due amount of the credit card every month till repayment of the entire supersaver amount. This program was firstly launched on 25th March, 2005. This program is again given from 1st December,2005 and will end on 31st March, 2006.

Features and Advantages

- No processing fees
- No documentation
- Easy monthly installments
- Only 5 working days required activating this service.

Eligibility

All Standard Chartered Credit Cardholders (Local) maintaining a regular and valid card can apply for Supersaver. The minimum transaction for any Supersaver is BDT 10,000/ and the maximum amount can be up to the available credit card limit. Supplementary cardholder can also avail this special limited time offer.

Mechanism

Request for many Supersaver transactions can be made as long as there is available limit in the Credit Card to accommodate the transaction.

The calculation is made according to the payment factor. The payment factor, monthly installment and the first period interest rates are presented in a table in the following.

Table 18 : The calculation of Supersaver

Month	Payment Factor	Monthly Installment (BDT)	Interest
6	1.0500	2625.00	0.00047
12	1.0999	1375.00	0.000499
18	1.1499	958.00	0.000504
24	1.1998	750.00	0.000504

After receiving the request the pay order will be ready for collection from the nominated Standard Chartered Bank within 5 business days.



Preclosure Fee

3% of the rest of the transaction amount for BDT 1000, whichever is higher.

InstaBuy

An installment plan whereby SCB Credit Cards holders can transfer their purchases to the installment loan account and repay in Equal Monthly Installments (EMI). It is valid only in local cards.

Features & Advantages

- Ability to make high volume purchases
- No further credit approval or documents required
- No opening fee/joining fee
- Transaction amount has to be more than BDT 5000
- Convenience to payback in 6, 12, 18, 24, 30 or 36 months on Installments
- Rewards points earned on all InstaBuys transactions
- Enjoy 0% Interest Rates for purchase from particular merchants

Financial Calculations

* Equal Monthly Installment

Monthly installment is charged to the card account in the statement date of each month.

$$\text{EMI} = \text{TXN amount} * \text{factor} / \text{No of months}$$

* First Period Interest

Interest charged on the transaction amount between the transfer date and next statement date @ Instabuys interest rate.

$$\text{First period interest} = \text{TXN amount} * \text{interest rate} * \text{days}$$

* Minimum Amount Date

The EMI is included in the minimum amount calculation.

$$\text{Min Amt: (Outstanding Balance - EMI) * 5\% + EMI}$$

Safety net

This is a unique offer of SCB Credit Card for the insurance coverage safeguarding Standard Chartered Taka Cardholders against life's uncertainties. In case of death or "Total Permanent Disability (TPD)" of the primary cardholder, the bank waives the total outstanding balance on the card. All cardholders are automatically enrolled into the program and are charged a nominal fee of 0.35% on their monthly balance for availing this facility.

This program has been launched from 1st June 2003

Features and Advantages

- **Financial security in times of need**

In case of total permanent disability or death, the total outstanding on the credit card will be waived, without causing any inconvenience to loved ones.

- **Very nominal monthly charges**

Only 0.35% of the last credit card statement balance. It will be charged to the account on the 1st day of each month.

- **Free coverage for transactions on supplementary card**

Since all supplementary card transactions are charged to the primary cardholder's account, SafetyNet also covers supplementary cardholders' transactions.

- **Free 2 months trial period**

First 2 months, SafetyNet can be enjoyed absolutely free of charge. Statement will show 'SafetyNet Insurance Charge' During trial period, there will be another reverse transaction

- **Automatic & hassle-free enrolment**

No forms have to be filled

If no call is received within the first two months, cardholders will continue to benefit from SafetyNet insurance

If protection is not preferred, cardholders will call on SCB and request for de-enrolment

- **Insurance company**

American Life Insurance Company (Alico Bangladesh), helped SCB in this regard. A month is required for activating this service.

3.23 Services offered for Retaining Credit Card Holders

There are many services offered by SCB for its cardholders. This service basically targets to attract new cardholders but it also focuses retaining the closers of credit cards simultaneously. Therefore, they provide the following services:

SMS Banking

SMS banking is the simplest way of finding out Account's daily/month-end balance or Credit Card's daily outstanding balance and available limit, statement balance, minimum due amount and payment due date.

Features

- The SMS Banking is available only on Grameen Phone through SMS.
- 7 working days will require activating this service.

Treasure point

Under this plan, SCB Local cardholders are rewarded for using their cards at merchant outlets. For every 50 Taka spent, cardholders can earn 1 treasure point, which keeps accumulating as long as the card relationship is continued. The treasure points can be redeemed at any time against a wide variety of gifts offered by Standard Chartered Bank.

Call center service

From 23rd July, 2004 Standard Chartered Bank inaugurated the call center service in the Lotus Kamal Tower, Uttara for the convenience of their cardholders. The call center provides 24- hour banking service regarding any sort of problems and queries of the cardholders through a number state-of-art technology. These technologies include IVR (Interactive Voice Response), CTI (Customer Telephone Interface) ACD (automatic Call Distribution) and PABX system.

24 – hour Money link Access

It allows 24-hour cash access, 365 days a year through Automated Teller Machines (ATMs). It offers attractive discounts to Money link cardholders at designated shops, boutiques, restaurants and clinics. There are 26 ATMs in the country.

Features and advantages

- Fund Transfer
- Cheque Book Request
- Statement Request
- Deposit Facilities
- Change of Personal Identification Number (PIN)

24 – hour Phone link Access

Phone link in Bangladesh was inaugurated in March 1997. It helps to bring banking within the dialing distance of the customers, providing access to account information and details, 24 hours a day from the privacy and comfort of their homes, offices and cars.

Features and advantages

- Automated Services
- Account-related services
- Foreign currency related information
- Change of Telephone Identification Number (TIN)
- Enquiry on the product services.
- Change of account address.
- Notification to the bank of lost or captured Money link ATM Cards.
- Stop Cheque instruction.
- Pay Order / Demand Draft preparation (to be collected later by the customer) / Status enquiry on remittance.
- Renewal of fixed deposit or opening of new fixed deposit.

Gift Package

Under this package, when any cardholder used Tk. 3000 (for Silver) and Tk. 7000 (for Gold) from his or her credit balance within a month, then he or she will get an attractive surprise gift from the Bank.



3.24 The Effect of these Products among the Cardholders

Card Cheque

Standard Chartered Bank introduced the card cheque for the sake of their cardholders' convenience. Due to its wider acceptance and flexible transaction in the last year approximately 18,950 card cheque were sold. The card cheque possess the facility of acquiring the treasure point, which encourage the cardholders to use more. Because of having only 1% processing fee on the transaction amount, it is much more accepted by the cardholders.

Auto Bills

In the last year, SCB launched the auto bills. It is the simplest and hassle free way of bill payments rather than the traditional way of paying bills through queue. Almost 3000 cardholders of SCB enjoyed this facility during the last year. It provides convenient and simplest service to the cardholders.

E - Statement

E-Statement is the most reliable and fastest way of getting the credit card bills at the end of the month through e-mail. It gives a convenient service to the credit cardholders who are dissatisfied with the service provided by SCB. In the last year almost 3,5000 cardholders were receiving their credit card bill at the end of the month through E- Statement.

Supersaver

Standard Chartered Bank introduces this product in this year on a three months test basis. But the cardholders are very much appreciated the features of this product. As a result, the recommendation of my internship program is to continue the supersaver as a regular product. This supersaver helps to reduce the attrition rate through increasing the usage of the credit cards.

Instabuy

The Instabuy is the installment plan through which the cardholders can transfer their purchase to an installment loan and repay it through equal monthly installment. It helps to those cardholders who are closing their cards for financial services, leaving the job or some sort of personal problem. Along with this it seems to be an attractive offer to the card holders and present the card as the substitute of cash and encourage them in using the cards.

Safety net

The Safety net is a unique product offered by Standard Chartered Bank in the year 2004. It is the insurance coverage safeguarding against the cardholders' life uncertainties. In case of death or permanent disability of the cardholders, the bank under this package will waive the outstanding. This insurance package is well accepted by the cardholders during the last year.

3.25 0% Interest loan: A Successful Tread

0% Interest Loan facility is a special offer for selective local card holders who are non-active of SCB. It is like a personal loan that card holder can put to any kind of use.

This special offer is available for a range of tenors between 3, 6 and 12 months. Card holder can repay the same in easy installments **WITH NO INTEREST** at all.

Card holder availed this loan in two ways

- Card holder can use his Standard Chartered Credit Card for any retail purchase or issue a Card Cheque for at least BDT 3,000 OR
- He can ask to issue a Pay Order against his credit card based on his available limit.

Processing fee

Tenor	Processing fees
3 month	2.95%
6 month	4.95%
12 month	7.95%

Features and Advantages

- No documentation, no hypothecation; no PDCs
- Can avail the loan without going to the branch and by giving instruction over phone
- Easy monthly installments
- Only 5 working days required activating this service.
- Treasure Points for transaction, which can be redeemed for the selection of exciting gifts

Eligibility

Standard Chartered Credit Cardholders (Local) maintaining a regular and valid card can apply for Supersaver. The minimum transaction for 0% interest loan is BDT 3,000/ and the maximum amount can be up to the available credit card limit. This offer was basically for Nonstarter cardholders to convince them to use the card.

Financial Calculations

* Processing fee

Processing fee is charged on the transaction amount on the next statement date at the rate for specific number of month.

* Equal Monthly Installment

Monthly installment is charged to the card account in the statement date of each month.

$$\text{EMI} = \text{Loan amount} / \text{No of months}$$

Example

Say a card holder is taking BDT 50000 for 6 month.

So,

$$\text{Processing fee: } 50000 \times 7.95\% = 3975$$

This would be paid on next due date.

$$\text{EMI: } 50000/6 = 8333.33 \text{ per month}$$

This EMI would start from the next statement date to that of the processing fee.

Pre-closure Fees

Card holder is allowed to repay the total 0% Interest Loan amount in lump-sum payment. There will be a pre-payment fee (i.e. 3% of balance loan amount or BDT 1,000, whichever is higher) for processing the request along with the remaining amount of the loan amount.

3.25.1 Effect of 0% Interest Loan

0% Interest loan was launched on November 1,2005for 2 month at first but it was extended till January 31,2006 after viewing its huge demand. On November people accept this offer as it was a festival month. Around two hundred cardholder took this loan of appx one and half crore taka in the month of November. The following month the number of cardholder decreased to one

hundred and the loan amount was appx one crore. Around two hundred card holders took a huge amount of loan of appx three crore in the last month, January. In November and January the cause of taking huge loan was these two month were festival months. So people took it for business, shopping purpose etc.

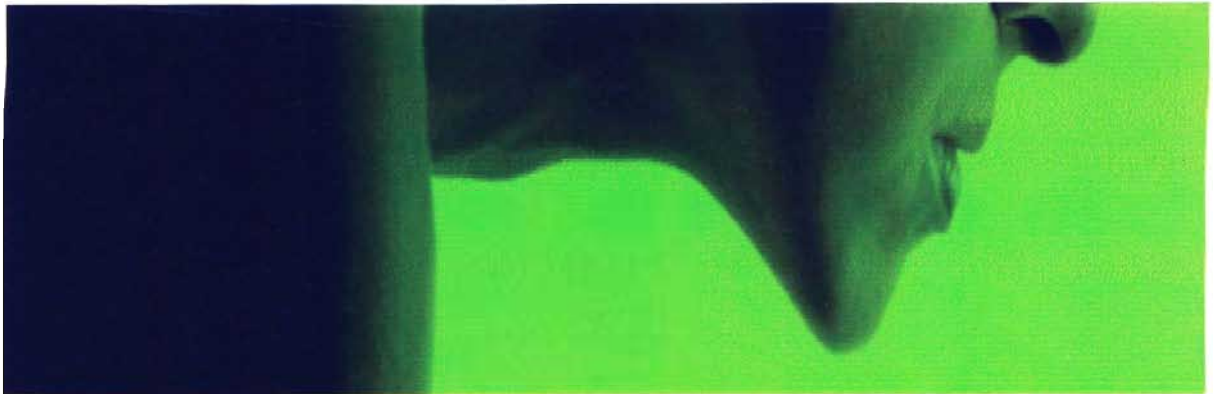
The type of cardholders who took the loan can be segmented in the way: approximately sixty percent were businessman, twentyfive percent were service holders and fifteen percent were of other categories.

The loan was offered to approximately four thousand card holders and almost five hundred among them accepted it. The bank estimated the total loan amount to be approximately three crore but ultimately it turned into approximately six crore.

The 0% Interest loan was very successful project for both customers and the provider. The main aim of the bank, to make the card holders to use and utilize their credit limit in a effective way, was really so fruitful. So, SCB should launch this sort of offer in regular basis to retain their cardholders in an effective way.



Part
04



Conclusion...





CONCLUSION

SCB has earned the most market share in the credit card market in Bangladesh. But it is very alarming that a very good number of existing customers are closing their cards at the end of the year. There are many reasons for this closing. They are the followings:

- Preference of cash transaction.
- Dissatisfied with the fees and charges
- Personal problem
- Leaving the job
- Leaving the country
- Financial problem
- Dissatisfied with the service.

In the recent years some other banks have their credit cards in the market. They are offering new services. They are not only targeting the new users but also trying to get the cardholders of SCB and some of the clients are found to switch.

In this situation SCB really got to know the real scenario. Several steps has already been taken by SCB to reinstate the card holders, some are in the pipeline but still some new initiatives has to be taken for getting the in-depth solution.

The steps taken by SCB till now are

- Super Saver
- Insta Buy
- Card check
- 4.E-statement
- 5.Auto Bills
- 6.SaftyNet etc.

But yet some other things must be done not only to reinstate the closers but also to attract the new customers. The following things are certainly going to suit the purpose of SCB:

1. Surely eliminate the basic 16 reasons for which the existing customers going for closing. The detail will be provided in the recommendation.
2. Offer better services.
3. More customer-oriented programs should be introduced.
4. Different slots should be introduced so that the individual customer falls in a very specific slot. This customer specification will certainly provide the SCB at least a view to classify the customer and act accordingly.
5. As there are some restriction from the government to open new booths, some alternatives has to be found out to increase the operational coverage I.e. wider coverage so that people feel comfortable with using SCB card anywhere in the country. One of the ways might be taking the strategies to introduce more merchant in the different country zone.
6. The merchants should be motivated to accept SCB cards.
7. Merchants should be encouraged not to take any additional amount from customer for using credit cards. That's why the merchants can be given gifts and prizes.

At the end it can be said that rivalry is getting more competitive in the credit card market in the country. A potential customer group is lost from SCB every year. If a proper prevention is not taken very soon, the loss might be very hard some. Continuous improvement and up gradations are required in this field to reinstate the closers. The offers like super Saver, InstaBuy, Card check etc should be used more frequently on a regular basis. The effectively of each of the steps has to be monitored and calculated very carefully and regularly and is to be developed with newer ideas and thought. SCB has to make sure, not to make the customer smile once a while but it has to ensure that they keep smiling.



Recommendation...

RECOMMENDATION

The recommendations for the study are as follows

1. It has been observed that many card holders prefer cash transaction. So awareness building is needed focusing the problem of carrying the hard amount like chance of theft, robbery, hijack; moreover carrying cash is always problematic. Beside these as everything does not go predetermined, so card can be introduced as a better media than cash. Issuing of card check helps the cardholder a lot in this regard.
2. The person who are dissatisfied for the fees/charges are given waiver system. 3 types of waiver are available right at this moment.
 - a) 50% waiver
 - b) Full waiver
 - c) Waiver for a certain period
3. Many closers are found to be dissatisfied on the services provided by SCB like lack of proper communication, information etc. To solve these problems, proper integration of the departments are essential to provide the on time services to the closers.
4. Some closers complain about the frequency of problems for using credit cards, like forgetting the PIN or TIN code. So, a backup code can be recommended to avoid the hassle that a user has to go with if forget his or her password code.
5. As some other banks are offering credit cards so some of the customers of SCB are flattered by others and switching off. So, if a comparative review can be drawn on the operating cost, charges and other costs among SCB and other bank's cards and hence disclose the hidden costs that other cards charges , then the user can be reinstated.

6. For the person who close their cards due to leaving the country can be offered the international cards or a nominee can be appointed approved by SCB in this regard.
7. A few closers are dissatisfied on DSE miscommunication or their performance. The more DSE motivation, training and development program can be introduced in this regard and thus try to meet the customers expectations.
8. Some other users close their cards due to financial problem. By providing installment opportunity and the existing product – InstaBuy helps SCB a lot to reinstate the customer.
9. Because of loosing their jobs some cardholder closes their cards. In this case the waiver system or card pause can be applied.
10. By introducing the correspondent banking and widening the merchant area coverage SCB can reinstate those cardholders who close their cards due to transferring outside Dhaka.
11. More campaigns like 0% Interest loan, Super Saver offer should be given frequently to the card holders.
12. Lack of openness often drives customers away. All kinds of rules and instructions must be disclosed to the customers so a to make it convenient for him to take a decision.

Appendices

Appendix A: List of Abbreviations

- **SCB** Standard Chartered Bank
- **HSBC** Hong Kong Shanghai Banking Corporation
- **AMEX** American Express Bank
- **ATM** Automated Teller Machine
- **PIN** Personal Identification Number
- **TIN** Telephone Identification Number
- **EMI** Equal Monthly Installment
- **ACD** Automatic Call Distribution
- **CB** Consumer Banking
- **CTI** Customer Telephony Interface
- **IVR** Interactive Voice Response
- **MESA** Middle East and South Asia
- **RFCD** Resident Foreign Currency Deposit
- **DSE** Direct Sales Executive

Appendix B : Different Branches of Standard Chartered Bank

DHAKA :

- Hadi Mansion, 2 Dilkusha C/A
Dhaka – 1000
- 18-20 Motijheel C/A
(Alico Building), Dhaka – 1000
Chittagong.
- House – 6, Road – 5
Dhanmondi R/A, Dhaka – 1205
- House – 37, Road – 2
Dhanmondi R/A, Dhaka – 1205
- 14 Kemal Ataturk Avenue
Banani, Dhaka – 1213
Gate
- 53 Kawran Bazar, Dhaka – 1215
- 109 Kakrail Road, Dhaka.
- 102 Gulshan Avenue
Dhaka – 1212
- Sheraton Office Complex
1 Minto Road, Dhaka
- House – 81 A, Road – 7, Sector - 4
Uttara, Dhaka – 1230
- Zone Service Building
DEPZ, Savar.

CHITTAGONG :

- Sheikh Mujib Road, Agrabad
Chittagong
- Jiiban Bima Corporation Shopping
Centre, 22/23 Station Road,
565/A CDA Avenue, East Nasirabad
Chittagong.

NARAYANGANJ :

- 26 Shaista Khan Road, Narayanganj

SYLHET :

- Fayzu Mansion, 1213 East Darga
Sylhet.

KHULNA :

- Jiban Bima Bhaban, KDA Avenue
Khulna.

BOGRA :

- Shatani House, Sherpur Road
Bogra – 5800.



Appendix C : Bibliography

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Appendix D : CARDHOLDER RETENTION FORM

CARDHOLDER RETENTION FORM

CLOSED CARD REINSTATEMENT

<i>Cardholder Name</i>	
Card No.	
Reason for Closure	
Block Code	
Special Offer	<input type="checkbox"/> Free trial period till _____. <input type="checkbox"/> 50% Waiver on A/F for this year <input type="checkbox"/> No Offer
<i>Comments on Special Offer</i>	
<i>Positive ID Check</i>	MMN DOB Tel nos. Address A/C NO Others (Specify) _____
CARD OPERATIONS – A/C MAINTAINANCE REQUIRED	
1. Reinstatement of Card Account 2. Issue Free Replacement primary Card Free of Charge 3. Issue Free Replacement Supplementary Card For _____ / Not Applicable 4. Safetynet Enrollment Yes No	

For Customer Services Use only

1. Checked A/C meets Reinstatement Criteria
2. A/C was not under lien.