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**An Appraisal Of Corporate Banking  
Activities  
Of Standard Chartered Bank  
Of  
Bangladesh**

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**150** years  
with you

**Internship Report**  
**On**  
**An Appraisal Of Corporate Banking Activities**  
**Of**  
**Standard Chartered Bank Of Bangladesh**

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**Sub: Submission of Internship report.**

Sir,

I am pleased to submit the Internship report on "An Appraisal of Corporate Banking Activities of Standard Chartered Bank of Bangladesh" that you have assigned me a partial requirement of my internship.

It is a worthwhile experience for me to conduct this report. It has opened the door to me know about the Banking sector of Bangladesh.

I owe you a great deal of thanks for assigning me an interesting work and for your cooperation all through.

I shall be available for any clarification regarding the content of the report.

Sincerely Yours

Nusrat Nahar

ID# 1999-1-10-015

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In preparing this report, I had the support and co-operation of the people of many different walks

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## **LIST OF ABBREVIATIONS**

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<b>ANZ</b>	<b>Australia New Zealand</b>
<b>ATM</b>	<b>Automated Teller Machine</b>
<b>FINANZ</b>	<b>Finance from ANZ</b>
<b>GM</b>	<b>General Manager</b>
<b>HBL</b>	<b>House Building Loan</b>
<b>MPL</b>	<b>Miscellaneous Personal Loan</b>
<b>LC</b>	<b>Letter of Credit</b>
<b>OD</b>	<b>Over Draft</b>
<b>PLANZ</b>	<b>Personal Loans from ANZ</b>
<b>SCGB</b>	<b>Standard Chartered Grindlays Bank</b>
<b>STUDANZ</b>	<b>Student Loan with ANZ</b>
<b>SYFANZ</b>	<b>Secure Your Future With ANZ</b>
<b>TC</b>	<b>Travelers Cheque</b>
<b>USD</b>	<b>US Dollar</b>
<b>NFCD</b>	<b>Non-resident Currency Deposit</b>

# Table Of Contents

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## Topic

<b>1 INTRODUCTION</b> .....	1
<b>1.1 ORIGIN OF THE REPORT</b> .....	2
✓1.2 BACKGROUND .....	2
✓1.3 OBJECTIVE .....	3
✓1.4 SCOPES AND METHODOLOGY .....	3
1.5 SOURCE OF INFORMATION .....	4
✓1.6 LIMITATIONS .....	4
<b>2.1 OVERVIEW OF STANDARD CHARTERED BANK</b> .....	5
2.2 COMPANY IMAGE AND LOGO .....	7
2.3 BUSINESS ACTIVITIES OF GLOBAL STANDARD CHARTERED BANK .....	7
2.4 HISTORY OF GRINDLAYS BANK .....	12
✓2.5 HISTORY OF STANDARD CHARTERED BANK .....	12
2.6 STANDARD CHARTERED GRINDLAYS BANK: THE ACQUISITION .....	13
2.7 STANDARD CHARTERED BANK IN BANGLADESH .....	14
2.8 STANDARD CHARTERED GRINDLAYS IN BANGLADESH .....	15
2.9 THE ORGANIZATION STRUCTURE .....	16
2.10 CHAIN OF COMMAND .....	18
2.9.1 Chief Executive Officer's Office (CEO) .....	19
2.9.2 Management .....	20
<b>3 ACTIVITIES OF STANDARD CHARTERED BANK</b> .....	21
3.1 CORPORATE BANKING GROUP .....	22
3.2 TREASURY .....	22
3.3 INSTITUTIONAL BANKING GROUP .....	23
3.4 CONSUMER BANKING .....	24
3.5 CUSTODIAL SERVICES: THE EQUITOR .....	24
3.6 OPERATIONS .....	24
3.6.4 Legal and compliance .....	25
3.6.5 External Affairs .....	26
3.6.6 Credit .....	27

3.6.7	<i>Social Welfare Activities</i> .....	27
<b>4</b>	<b>PRODUCTS AND SERVICES OF THE BANK</b> .....	<b>28</b>
4.1	THE CORPORATE BANKING GROUP .....	29
4.1.1	<i>Cash management</i> : .....	29
4.1.2	<i>Trade finance</i> : .....	30
4.1.3	<i>Custody and clearing services</i> : .....	31
4.1.4	<i>Electronic banking</i> : .....	31
4.1.5	<i>Lending</i> : .....	32
4.2	TREASURY .....	32
4.2.1	<i>Foreign Exchange</i> .....	33
4.2.2	<i>Money Markets and Investment</i> .....	33
4.3	INSTITUTIONAL BANKING GROUP (IBG).....	34
4.3.1	<i>Vostro Accounts</i> .....	34
4.3.2	<i>Nostro Accounts</i> .....	34
4.3.3	<i>Handling of Trade Finance Business</i> .....	35
4.4	RETAIL BANKING.....	35
4.4.1	<i>Currents account</i> : .....	35
4.4.2	<i>Savings account</i> .....	35
4.4.3	<i>Fixed deposit</i> .....	36
4.4.4	<i>Call deposit</i> .....	36
4.4.8	<i>Cashline</i> : .....	38
4.4.9	<i>Money builder</i> .....	39
4.4.10	<i>Personal loan</i> : .....	39
4.4.11	<i>Phonelink</i> : .....	39
4.4.14	<i>Money Link</i> .....	40
4.4.15	<i>Safe Deposit Locker</i> .....	41
4.4.16	<i>Priority banking</i> : .....	41
4.5	CREDIT SCHEMES .....	42
4.5.1	<i>PLANZ</i> .....	42
4.5.2	<i>FINANZ</i> .....	43
4.6	SAVINGS SCHEMES .....	43
4.6.1	<i>OPSHANZ</i> .....	43
4.6.2	<i>SYFANZ</i> .....	43
4.6.3	<i>Millionaire Scheme</i> .....	44
<b>5</b>	<b>PERFORMANCE AND GROWTH</b> .....	<b>45</b>
<b>6</b>	<b>APPRAISAL OF THE DEPOSIT</b> .....	<b>49</b>

<b>7</b>	<b>PORTFOLIO ANALYSIS OF CORPORATE BANKING .....</b>	<b>66</b>
7.1	INDUSTRY WISE ANALYSIS.....	67
7.2	INDUSTRYWISEINCOME.....	71
7.3	INDUSTRYWISE RECOVERY.....	72
7.4	PROFITABILITY TREND.....	73
7.5	PERFORMACE EVALUATION RATIO.....	75
<b>8</b>	<b>PROBLEMS OF CORPORATE BANKING IN STANDARED CHARTERED BANK.....</b>	<b>79</b>
<b>9</b>	<b>PROSPECTS OF STANDARED CHARTERED BANK.....</b>	<b>85</b>
<b>10</b>	<b>SUGGESTIOS.....</b>	<b>91</b>
<b>11</b>	<b>CONCLUSION.....</b>	<b>95</b>



## Executive Summary

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In today's bold up righting world Banking sector are somewhat immaculately structured in its rendition as a lucrative sector for a country's prospective sights. This banking sector are giving a towering effort to notch the mutual benefit off by inferring both developing and developed countries within this edifying world.

This report on "An Appraisal of Corporate Banking and Institutions of Standard Chartered Bank Of Bangladesh" reflects experience gathered from the internship program at SCB. While doing the internship for 3 months, I had a opportunity to work with experienced professionals of the biggest multinational bank in the country.

In the organization part of this report I emphasizes on the background of SCB, organization structure, their management practice, the product and services of the bank.

Different types of deposit, the market share, income, investment, recovery and the various trend analysis was discussed in the performance and growth chapter and also in the portfolio analysis of the bank.

In the part of the problem, various problems relating to corporate banking have discussed with specific points, which was faced by the customer and the management as well.

In the prospect and suggestion part I refer many proposal and shows many prospect of the bank that ensure higher customer satisfaction and great banking performance.

# 1. Introduction

## **1.1 Origin of the report**

The Internship & Placement Committee of Institute of East West University (EWU), placed me in the Corporate Support Unit of the Corporate & Institutional Banking Division of Standard Chartered Bank (SCB) in Dhaka for the organizational attachment of my Internship Program. My supervisor in SCB, Mr. Rahel Ahmed Chowdhury who is the Relationship Manager of Corporate Support Unit and my supervisor in EWU, Mr. Tanvir Ahmed, asked to prepare an appraisal of corporate banking as my internship report. I have submitted this report on May , 2003.

## **1.2 Background**

Standard Chartered Bank (SCB) is an international bank regulated by the Bank of England. The combined strengths of the two banks is helping them to serve the customers even more efficiently and renew Standard Chartered's commitment to the Emerging Markets. The companies were ranked on such criteria as revenue, market capitalization, estimated earnings growth over the past year strong financial base, quality services and quality of assets gave them the rare and distinguished opportunity to be awarded as "The Best Bank for 1998 in Asia" by Corporate Finance Magazine. Standard Chartered Bank was the first bank in the Asia Pacific region to achieve ISO 9002 certification. In Bangladesh, the bank has achieved quality certification in both Custody Operations and Information Technology (IT) services, whereas Payment Services and Trade. In this part of the world, they have been operating as a full-fledged commercial bank since 1858. Standard Chartered is equipped to handle all customer requirements, and will provide the best possible service to any esteemed organization.

### **1.3 Objectives of the study**

The objectives of the study are:

To present an overview of SCB

To appraise the principle activities of the bank

Product and services of the bank

To appraise the performance of corporate banking and institutions of SCB in Bangladesh

To appraise the global performance of SCB

To identify the problem and prospect

To recommend suggestions

### **1.4 Scopes and Methodology**

This study covers mainly the activities of corporate banking and institutions of SCB of Bangladesh. There are also some recommendations by which the management may improve their performance to have better customer satisfaction.

The project is base on both primary and secondary information. Data required for the report are collected from the annual report of the bank provided by itself and also the website of SCB. I also interviewed a number of SCB professionals to collect information. The interviews were verbal and after that important points were identified.

## **1.5 Sources**

The relevant and required data have been collected basically from two sources:

- Primary
- Secondary

### **Primary sources**

Mainly data for the analysis had been collected through taking interviews from SCB professionals.

### **Secondary sources**

Secondary sources are:

- SCB's website
- Annual report of both global and local SCB provided by the bank
- Different reports of SCB

## **1.6 Limitations**

The major limitation I faced in preparing this report was the sensitivity of the data. As it is a highly competitive market, if the margin information is released to other competitors, it may have a negative impact on their business. Resultantly, in some cases management were reluctant to give some specific data.

Due to acquisition by SCB many previous strategies have been changed and in major cases we have considered the information after the acquisition and it is the reason behind not to considering the long time data.

Time limitation is also a big factor as the duration of internship is very short Work pressure is a big factor, which hinders the data collection process

## 2. The organization

## **2.1 Overview of Standard Chartered Bank**

The Standard Chartered Bank PLC is an international banking group that is incorporated in the LJK, with its headquarters in London. The group focuses its activities in Asia, Africa and the Middle East and its operation is segmented under six regions: LTK & Europe, Middle East and South Asia (MESA), South East Asia, and the Americas.

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

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 the OECD in those activities that support Standard Chartered Bank's remarkable franchise in newly industrialized and emerging markets

## **2.2 Company Image and Logo**

Standard Chartered Bank is a solid, forward looking, modern foreign bank with a long record of sound performance. It is discarding its erstwhile conservative mould and in response to the current dynamic trends in worldwide financial activities, adopting an aggressive customer focused banking system. The effort that Standard Chartered Bank makes in order to portray the Bank as a brand image is very strong and successful. The general image of Standard Chartered Bank is that it is "Trustworthy, efficient, helpful and committed." The logo of the bank depicts the merger of two banks.

## **2.3 Business Activities of Global Standard Chartered Bank**

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

Hong Kong continues to be of major importance to the Group and contributes 30 per cent of 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, and 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 are Malaysia, Taiwan and Thailand where, in 1999, the bank acquired a 75 per cent interest and management control in Nakornthon.



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

**Consumer Banking** - which has some 5 million customers - has grown significantly in recent years and contributes about 50 per cent of total profits. Major initiatives support the rapid development of the credit card business in the exciting markets of India, Indonesia and Taiwan. There are seventy-six branches and finance centers under this division in about ten countries with a workforce of 1615 employees.

**Personal Banking** - There are 410 offices/ branches with a workforce of 12,000 employees working under this division in 28 countries. Some of the services provided by this division are various kinds of insurance and loans, various types of accounts, travelers' cheques, card money, etc.

**Corporate and Institutional Bank** - its principal strengths are in supporting regional and international cross-border trade and investments. Products and services are focused primarily on these areas, notably trade banking, cash management and custody. Institutional Banking manages the Group's relationships with banks, investment companies and other financial institutions. It aims to be the 'banker's bank' operating in customers' time zones and providing network linkage between international markets. This business has continued to expand rapidly in Asia, the Middle East, Africa and, increasingly in Latin America. It was strengthened in March 1999 by the acquisition of the trade finance operation of UBS.

Treasury operations are a particular Group strength with a network of over 20 dealing rooms worldwide, offering customers a 24-hour service. The bank is

particularly well known for its expertise in exotic currencies and has reinforced its position as a leader in many Asian and African markets.

**Global Custodial Service** - There are 17 offices under this division and about 900 staff members in this division, operates in fourteen countries and is headquartered in Singapore. Standard Chartered Equator fulfils Standard Chartered Bank's strategic commitment to providing custody and clearing services in greater Asia. Standard Chartered Bank has one Asia's leading custodians for over 40 years. Equator's main focus is on the following:

Commitment to quality

Dedication to customer needs

Sustained investment in people and systems

**International Trade Management** - This division is operational throughout the group and Standard Chartered Bank's core strength is trade finance and services. With an experience of over 150 years, Standard Chartered Bank has developed knowledge of trade finance, which is world class. Principle services to importers are Import Letters of Credit; import Bills for Collection and Back-to-Back Letters of Credit facilities. Principle services to exporters include Export Letters of Credit, Direct Export Bills for Collection, Bulk Letter of Credit Collection, Bonds and Guarantees.

**Global Cash Management** - This division is operational in all branches where the Group has a Corporate Banking and Institutional Banking division. There are 100 employees working in this division. Standard Chartered Bank recognizes the importance of Cash Management to Corporate and Financial Institutional customers, and offers a comprehensive range of services and liquidity management. Services by this division are provided worldwide with stress on Asian delivery.

**Global Institutional Banking** - Through Standard Chartered Bank's network of more than 600 offices in over 40 countries, it is very well positioned to provide a wide range of services to institutional clients: commercial, merchant and central banks; brokers and dealers; insurance companies; funds and fund managers, and others. Offices in emerging markets of Asia, sub-Saharan Africa, the Middle East, and Latin America are complemented by branches in the developed countries such as USA, UK and Japan and the bank's membership of the clearing systems in those countries. The institutional banking group has network of offices in 25 countries throughout Asia, North America, Europe, Africa and the Middle East. It provides Relationship managers who are close to their customers and speak the local language. This wide network of Institutional Banking facilitates transactions, introductions, problem solving and renders advice and guidance on local trading conditions.

**Global Electronic Banking** - Electronic Banking provides various types of support through a wide range of operating systems, sweeping transaction accessories with the provision of reporting features or other special functions. There are 10 offices and 50 employees under this division, which operates in 26 countries.

**Mocafta** - This division deals with a complete range of customer hedging services of all base metals traded in the London Metal Exchange (LME). There are 3 offices under this division with 57 employees and 8 introducing brokers generating sales globally.

**Mocatta Bullion** - This division trades precious metals such as gold, silver, platinum, and palladium. There are 6 offices under this division and 130 employees operating in 50 countries.

**Problem Country Debt Unit** - There is one office in this division with four employees working in it. Problem Countries Debt Unit is the Group's provisional

exposure to countries experiencing temporary external liquidity problems, when such exposures are not externally secured or advanced on a voluntary short-term basis.

## **2.4 History of Grindlays Bank**

Captain Grindlays established Grindlays & Co with a partner in 1828. The name was changed to Grindlays Christian & Mathew's in 1839, which again changed to Grindlays & Co in 1853.

The first branch opened in India, at Church Lane, Calcutta in 1854 and in 1864 Grindlays & Co. opened Indian branches autonomous from London. National Provincial Bank Limited acquired them in 1924. National Bank of India absorbed Grindlays and Co in 1958 and began to operate as National & Grindlays Bank Ltd.

## **2.5 History of Standard Chartered Bank**

Standard Chartered Bank has a history of about 150 years. The name "Standard stems from the two original banks from which it was founded - the "Chartered Bank" of India, Australia and China and the "Standard Bank" of British South Africa.

A Royal Charter granted by Queen Victoria of England established the "Chartered Bank" in 1853. The main person behind the Chartered Bank was a Scot, James Wilson who had also started "*The Economist*" still one of the most eminent publications today. He foresaw the advantages of financing the growing trade links with the areas in the east, which no other financial in was doing at that time.

Another Scot, John Paterson in 1862, founded the "Standard Bank". He emigrated to Cape Province in South Africa and became a successful merchant before founding "*The Eastern Province Herald*" which is still published today. Coming from a similar background as Wilson, he also saw great trading

possibilities between Europe and his adopted country, and together with local business interest he founded the bank.

The two banks expanded and prospered with time and decided to merge in 1969. On January 30, 1970 the new shares of the Standard and Chartered Banking Group Limited were listed in the London Stock Exchange. The original building of the Chartered Bank at 38 Bishop gates was demolished in June 1980 and Queen Elizabeth II opened new headquarters of the Standard Chartered Bank PLC on the same site on March 20, 1986. Becoming stronger after the merger, Standard Chartered Bank embarked upon serious expansion in Europe and the United States, The Standard Chartered Merchant Bank was built up from a number of acquisitions made during the 1990s. In the last thirty years, Standard Chartered Bank has experienced continuous growth, which led to its becoming one of the top 100 listed banks in the world. It was also judged the best bank in the Asia-Pacific region in 1993 and 1994 for its rate and excellent service.

## **2.6 Standard Chartered Grindlays Bank: The Acquisition**

Standard Chartered Bank has taken 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 1.3bn U.S dollars, it is hard to complaint that Standard Chartered has overpaid. The financial ease is less compelling for ANZ shareholders, as there are advantages to getting out of a strategically peripheral business. This acquisition of Grindlays Bank has added 6000 employees and 4 countries to Standard Chartered's existing network of 27,000 employees and 570 offices in 50 countries.

The end result is that Standard Chartered, 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 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 had 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 companies, and put right people in the right jobs on the basis of fairness and equitability.

## **2.7 Standard Chartered Bank In Bangladesh**

The Chartered Bank started operating in Bangladesh in 1948, opening a branch in Chittagong. The branch was opened mainly to facilitate the post-war reestablishment and expansion of South and Southeast Asia. The Chartered Bank opened another branch in Dhaka in 1966, where it is still headquartered. After the merger of the Chartered Bank with the Standard Bank in 1969, the Standard Chartered Bank took up a program of expansion. It increasingly invested in people; technology and premises as its business grew in relation to the country's economy. In 1993, there was an organizational re-structuring, which led to a substantial expansion of the Bank's business. Today the bank has in total four branches in Dhaka apart from the Chittagong branch, including an offshore branch at the Savar Export Processing Zone.

Bangladesh is under the Middle East and South Asia (MESA) region, with the controlling office in Dubai. Its correspondent relationship with Sonali Bank, the largest bank in Bangladesh, gives its customers access to all major centers in the country. Standard Chartered Bank's worldwide network facilitates convenient

connections with foreign trade and remittance business. Standard Chartered Bank's branch banking license in Bangladesh allows it to offer a full range of banking services.

Since the organizational restructuring in 1993, the amount of deposits and loans in 1997 has increased by more than five times. There is an overall increasing trend of Standard Chartered Bank's market share in terms of deposits and advances. In 1995, the market share in terms of advances was 200/o, which peaked to 290/o in 1996 and fell by 3% in 1997. In the case of deposits, the market share of Standard Chartered Bank increase 16% in 1995 to 18% in 1996, and increased by another 2% in 1997.

In terms of profit before taxes, there is a rise from eight million BDT in 1990 to its highest amount of 750 million BDT in 1998. The largest increase of 438% took place in 1991. Although the growth rate began to decline gradually from 1993 (from a 170% to 5% in 1998) the overall increase reflects a substantial positive trend. Standard Chartered Bank's growth in terms of profit and market share depicts an overall positive trend.

## **2.7 Standard Chartered Grindlays in Bangladesh**

This acquisition has made Standard Chartered/Standard Chartered Grindlays bank the largest foreign bank in this country.

An integration team from Standard Chartered Bank in London is to come time to time in Dhaka to settle the process of the acquisition of the ANZ Grindlays Bank. The team comprising of officials from both Standard Chartered and Grindlays are working on staff and branch rationalization.

But the whole process will take about one and a half years and meanwhile both the banks will continue to work as legal entities. Though there may not be many



changes at the lower and midlevels of the banks, there may be some changes and redundancies in the higher level. But those who will have to leave will get a handsome compensation package.

The integration was comprehensive and is being managed as a distinct process. Meanwhile, the business is kept going to provide uninterrupted customer service and to deliver the desired results.

Standard Chartered Bank after acquiring Grindlays expects to relocate its own and acquired branches upon regulatory consent. There are places where both SCB and SCGB have branches and there are other places with perceived demand for branches, but the Bangladesh Bank does not want to give permission for opening any new ones. SCB, known for its technological edge since it is the forerunner in automated teller machines, telebanking, treasury and lately corporate banking solutions. Grindlays is the market leader in credit cards, corporate advisory services and personal banking.

## **2.8 The Organization Structure**

The Standard Chartered Bank in Bangladesh has its headquarters and three branches in Dhaka and one branch in Chittagong, while they are going to open one in Sylhet very soon. While the full range of services is available at the headquarters, other branches offer specific services appropriate for the location. At the headquarters, 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)

Standard Chartered Bank 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 following departments:

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

The Dhanmondi Branch is the head office of the Consumer Banking, which concentrates on the full services of Consumer Banking such as customer services, credit facilities, locker, information technology, priority banking and remittances. The Banani branch is more like a cash booth offering customer services, teller transactions and remittance customer services (but the actual transactions are transferred to Motijheel). The Savar branch is an offshore banking unit offering services to overseas investors. The Chittagong branch

offers Corporate Banking services along with Consumer Banking. In Bangladesh, SCB have 11 fully automated offices in Dhaka (Motijheel, Gulshan, Banani, Dhanmondi, Uttara, Kawran Bazar, Kakrail, Sheraton and Savar), 5 offices in Chittagong (Agrabad, Station Road, Korbaniganj and Nasirabad) 2 in Sytthet (Dargah Gate and Shahjalal Road), and one each in Bogra, Khulna and Narayanganj. Customer can use the combined strengths of all of these for any of their banking needs as they are connected through V-Sat and leased lines. Moreover, SCB has 26 ATMs at convenient locations throughout the country, which can be used for withdrawals and deposits for personal accounts. In order to extend foreign currency loan facilities to exporters in EPZ Units, SCB is the first and only bank in Bangladesh to establish an offshore banking unit in the Savar EPZ. Thus customer may have access to a 21-branch, 6-location, 26-ATM banking network.

## **2.9 Chain of Command**

Chartered Bank in Bangladesh follows a hierarchical pattern of command. The Chief Executive Officer (CEO), reports to the Regional General Manager, MESA in Dubai. All the department heads at the headquarters report to the CEO. In Chittagong, however, since there are two major business activities, a manager or senior manager, who reports directly to the head of the respective division in Dhaka, heads each. The Custodial Service division at the headquarters reports to the Head of Corporate Banking.

The respective branch managers are responsible for the performance of their unit. Each branch is organized functionally along line divisions with some support facilities and the manager assigns tasks to his/her subordinate personnel and supervises their performance, instructions are often given without necessary details and clarifications.

## **Chief Executive Officer's Office (CEO)**

Standard Chartered as well as Standard Chartered Grindlays Bank in Bangladesh is headed by the Chief Executive Officer, who reports to the office of the Regional General Manager, Middle East and South Asia (MESA). While performing staff functions, the CEO is assisted by different heads whose functions are mentioned in the following section.

Head of Finance and Administration, who looks after the general ledger, budget, financial scenario of the bank, risk management administration and audit operation.

Head of Cards who supervises credit card operation.

Head of Consumer Banking, who supervises retail-banking operation like sales and services, retail lending, product development and product marketing.

Head of Corporate deals with the relationship management, corporate finance etc.

Head of Human Resources looks after succession planning, training and industrial matters.

Head of Lending Management who assists the management division of Corporate, retail and Credit Cards in their lending operations.

Head of Treasury deals with the foreign exchange, money market and asset liability operation.

Head of International Services deals with the trade finance, guarantee and correspondent banking.

Head of Operations who looks after the support services in banking lending, CBS User, Treasury, SWIFT/TELEX operation etc. Head of Technology is directly accountable to him.

### **Management**

The goal of Standard Chartered Bank is to be the "Bankers of First Choice." Towards that goal, the overall planning in the Organization is done at the headquarters level in Dhaka by a Management Committee (MANCO), headed by the CEO and consisting of the business heads of Corporate Banking, Consumer Banking, Treasury, and from the support divisions the heads of Human Resource, Operations and Finance Departments. They meet once a month, or when a special situation arises, to plan the strategic decisions. The decision making, although apparently based on a top-down approach, leaves room for participation down to the level of department heads, which are responsible for carrying out the planning of their department within the broad guidelines set by MANCO.

Among the broad strategic objectives are:

Creating a congenial work environment

Modernization of the Management Information System to achieve full automation by drastically cutting down on the paper work in the long run.

Focusing on service quality and consumer needs.

Recruiting and maintaining top-grade, efficient employees.

To invest in those technological systems which will upgrade and enhance financial services, and

Creating an excellent brand image of the Bank.

### **3. Activities of Standard Chartered Bank**

## **Activities of Standard Chartered Bank**

### **3.1 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 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 unique Offshore Banking Unit (OBU) in Savar a full range of facilities to overseas investors. 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 variety 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

The trade finance of Standard Chartered Bank takes care of the commercial activity related issues, particularly those related to import and export finance services. Some of the services are:



Trade finance facilities including counseling, confirming export L/Cs and issuing of import L/Cs, backed by its international branch and correspondent loan network

### **3.2 Bond and Guarantees**

Project finance opportunities for import substitution and export oriented project

### **3.2 Treasury**

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 Exchange Dealers Association), Standard Chartered Bank presently controls 42% of the local foreign exchange market's traded volume.

### **3.3 Institutional Banking Group**

The IBG of Standard Chartered Bank offers a wide variety of products and services to the 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)

Local and foreign currency remittances etc.

### **3.4 Consumer Banking**

Superior retail banking services comprising a wide range of deposit and loan products are offered by the 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 TU Bank offers a 24-hour service in Bangladesh through its Money link ATM network and Phone-link Phone Banking services.

### **3.5 Custodial Services: The Equator**

Headquartered in Singapore, Standard Chartered Equator fulfils the group's strategic intent 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.

### **3.6 Operations**

Operations are the 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 (LAU) 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. Following are some examples of projects being dealt with presently:

Finance, Administration and Risk Management

The support department performs the following activities:

- Administration, audit and back office operation
- Taking care of taxation and financial control of the Bank
- Keeping track of overall credit operation

### **3.7 Information Technology Center**

This department is instrumental in the running of all the 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.

### **3.8 Human Resource Department**

This department manages 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.

### **3.9 Legal and compliance**

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. The local restriction involves a license from Bangladesh Bank to operate banking business in Bangladesh. Standard Chartered Bank complies by the rules and regulations seriously. It also encourages its staff to conform to an internal culture of ethical behavior and sensitivities to the culture and religion of the country. There is a mandatory training on Company Code of Conduct for all staff members.

Some of the key areas that the Legal & Compliance department has to take care of are: any kind of legal issues, to advise the CEO regarding all matters and the management on legal and regulatory issues, correspond regulatory compliance issues to MESA Regional Head of Compliance, and supervise internal control (e.g. internal audit).

### **3.10 External Affairs**

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.

### **3.11 Credit**

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 division.

### **3.12 Social Welfare Activities**

Standard Chartered Bank believes in the interdependence of world communities and hence the need of investing in community welfare. In Bangladesh, Standard Chartered Bank is a corporate sponsor of the Young Learners' Center in Dhaka and Chittagong, which were started by the British Council. It is also involved in Fresh Water for Slum Area project with a major NGO.

#### **4. Products and Services of the Bank**

## **Products and Services of the Bank**

Standard Chartered Bank has highly qualified professional staff members who have the capability to manage and meet all the requirements of the bank. Every account is assigned to an Account Manager who personally takes care of it and is available for discussion and inquiries, whether one writes, telephones or calls. The services of the Bank are personalized and backed by advanced computerization.

The following paragraphs illustrate the essential products and services of the Bank:

### **4.1 The Corporate Banking Group**

#### **4.1.1 Cash management**

Standard Chartered is highly recognized as a leading cash management supplier across the emerging markets. Our Cash Management Services cover local and cross border payments, collections, information management, account services and liquidity management for both corporate and institutional customers.

#### **Features**

- Manage the availability of client's funds efficiently
- Monitor and control the movement of funds
- Settle payments to client's suppliers in a timely and cost-effective manner.
- Capture every investment opportunity to increase your income

### **4.1.2 Trade finance**

Standard Chartered possesses 140 years of experience in Trade Finance. The bank has presence in over 40 countries, in addition to our extensive network of overseas banking partners and correspondents. The bank obtained ISO9002 accreditation for its quality service. Dedicated trade and payment systems are in place to make sure that your every transaction, even across different currencies, will be professionally executed.

### **Structured finance**

Standard Chartered provides Commodity, Structured Trade and Export Finance global group ("Structured Finance") service. Many financial institutions have been retreating from these markets. Standard Chartered stands out as the only bank, which is committed to financing Commodity, and Export Credit Agency supported trade flows while being focused entirely on emerging markets oriented business. More and more clients are taking advantage of Standard Chartered's unique combination of Structured Finance expertise and presence on the ground in Asia, India, Middle East, Africa and Latin America through its network of branches.

As a result, Standard Chartered has gained a reputation as a market leader in Structured Finance. It fields 70 professionals globally operating out of New York, London, Zurich, Singapore, Tokyo, South Korea, Hong Kong and Singapore. This team results from significant acquisitions of Structured Finance businesses from UBS and CIBC over the last 2 years, which is further testimony to Standard Chartered's commitment to this core business.

### **Features**

Access to long established expertise in Commodity Finance and willingness to accept the credit risks associated with approved counter parties.

Access to structuring skills for emerging markets medium term financing and to country limit availability for many countries in Asia, India, Middle East, Africa and Latin America.

Presence on the ground in many emerging markets, which facilitates transactions through local knowledge and the provision of local commercial, banking infrastructure.

Track record and capability for global arranging, underwriting and syndication in the whole area of Structured Finance.

#### **4.1.3 Custody and clearing services**

Standard Chartered Custody and Clearing Services' combination of local market expertise, with the security offered by being an integral part of one of the world's leading international banks has garnered an impressive client base which includes leading North American, European and Asian institutions.

Standard Chartered keeps its custody and clearing clients regularly informed of developments relating to securities market infrastructure and custody in Asia through a market information website.

Market information includes daily newsflashes on news affecting the workings of Asia's stock markets, insight papers highlighting major stock market infrastructure issues, and up-to-date securities market reports providing a complete overview for foreign investment institutions of the securities markets in Asia

#### **4.1.4 Electronic banking**

Standard Chartered offers the client a comprehensive range of Cash Management services. Whether it is a financial institution, a multi-national corporation or a domestic company, Electronic Banking application has the



capability to support full range of Cash Management reporting and transaction initiation needs. It provides the secure, reliable and effective link between the client and client's accounts anywhere across the Standard Chartered network.

#### **4.1.5 Lending**

Two types of lending facility is provided to client at present:

**Loan Structure and Syndication:** this facility helps borrowers to meet substantial financing needs by enabling them to reach the banks most interested in lending to their particular industry, geographic location and structure through syndicated debt offerings.

**Working Capital/Term Loan.** To help the client meet their financial obligations and operate effectively, the bank offers assistance in the form of working capital loans, overdrafts, term loans (including real estate loans and other secured debt), backstops and revolvers.

#### **4.2 Treasury**

According to the latest 'Activities of Bank and Financial Institutions' published by the Banking Division of the Ministry of Finance of Bangladesh, Treasury Bangladesh is, in terms of foreign exchange transactions, first amongst the multinational banks and 4<sup>th</sup> amongst all the banks in Bangladesh.

The department offers the following Client Solutions and Risk Management services:

- Hedging solutions against adverse market movements
- Advice on efficient hedging policy
- Access to onshore markets through our global network
- Offshore banking unit: a unique system in the local market

## Structured products to match customers' needs

The Treasury division of the Standard Chartered Bank has a centralized dealing room in Dhaka and consists of the following two areas:

### 4.2.1 Foreign Exchange

The Reuters monitors placed in the Treasury Division give continuous updates on exchange rate movements as well as ready access to market information. Experienced dealers provide advisory services from 8:00 am to late evening 6 days a week (except Saturday) on hedging techniques and risk management so that the customers can obtain better value for their foreign exchange transactions. The Foreign Exchange service includes:

Ready Contracts- Foreign exchange contracts for the same day value, next day value or spot transactions

Forward Contracts: Foreign exchange contracts to hedge exchange risks.

Cross Currency Contracts: The customers can trade a wide range of currencies.

Information analysis: The Treasury division publishes daily and weekly currency newsletters, which provide analyses of currency trends and related issues. Seminars and workshops are conducted for customers from time to time on foreign exchange related topics. Customers can also have access to the bank's information database round the clock through Phone banking.

### 4.2.2 Money Markets and Investment

Standard Chartered Bank's Treasury division is the local market leader in debt instruments including both short and long-term fund mismatches through the money market and takes front line position in inter-bank and market

developments. The money market is managed through tools like inter-bank call money rate, government T-bills of various maturities and inter-bank SWAPS. In future, new instruments like repo and reverse repo will be introduced which will add to the depth of the money market.

Equipments like telephone, voice recorder, money 2000, telex, sealing system, time keeper, swipe doors, computers, fax internet are used to ease and fasten operations of the dealers to conduct deals.

### **4.3 Institutional Banking Group (IBG)**

It assists the local banks by taking care of their cross-border business through the worldwide Standard Chartered Bank network. Following are the variety of financial products offered by this department:

#### **4.3.1 Vostro Accounts**

IBG, Bangladesh maintains Vostro Accounts of banking and financial institutions worldwide. Customers maintaining such accounts can remit funds throughout the country through the Standard Chartered Bank branch network as well as through - Chartered Bank's local correspondent relationships.

#### **4.3.2 Nostro Accounts**

In order to increase and promote the correspondent banking business worldwide, IBG operates Nostro accounts to Bangladeshi banks and financial institutions in almost all branches spanning the Standard Chartered Bank global network. Group branches and subsidiaries provide full clearing and payment services in the UK, USA, Hong Kong, Malaysia, Singapore and many African countries. Worldwide payments services are facilitated by a network of branches supported

by electronic cash management (available in select locations), fund transfer system and membership of SWIFT.

#### **4.3.3 Handling of Trade Finance Business**

IBG offers the full range of services available under Trade Finance to its customers. The Standard Chartered Bank network in China, the Far East, the Middle East, the Indian sub-continent, Africa, UK and USA makes SCB the natural choice of correspondents for advising, confirming, and negotiating their letters of credit in these territories.

#### **4.4 Retail Banking**

Retail Banking deals with the banking services to individuals. It includes the following products and services of the bank:

##### **4.4.1 Current account**

Tailored to meet the needs of individual and commercial customers, our current account offers benefits like free cheque book, ATM service, Phone banking, account access from any branch, and instant fund-transfer (free of charge) amongst our branches in the country. Minimum opening balance required is Tk. 20,000. Minimum opening balance is Tk. 20,000 but minimum average for interest is Tk. 50,000.

##### **4.4.2 Savings account**

It is an assortment of best benefits available in the market, offering a wide range of special treats free of cost to our retail customers. The most attractive treat is the competitive tiered interest rates, which ensures higher returns for larger

deposits. Anyone looking for an opportunity to build a sound saving base can avail our Savings account, which includes the following benefits:

Free cheque-book, ATM card and phone-banking service

Account access from all our branches in Bangladesh

Opportunity to apply for - safe deposit locker facility, utility payment service through ATM and any of our personal finance products

#### **4.4.3 Fixed deposit**

Ideal product for nesting surplus deposit for future long-term investment. SCB's fixed deposit, known for its high-yield, helps the customer earn the maximum possible return in addition to the following features:

Can be opened for a term of 3 months, 6 months or 12 months

Tiered interest rates, offering higher rates for larger amounts

Interest payable on maturity

Automatically renewable (with or without interest)

Can be used as security against personal/ commercial loans

#### **4.4.4 Call deposit**

An easy way to turn short-term savings into high-yield assets, blending of the flexibility of a current account with the yield of a fixed deposit. Other features include:

- Competitive interest rate
- No withdrawal restriction irrespective of frequency or size subject to seven day's notification.

#### **4.4.5 Residents Foreign Currency Deposit (RFCD):**

Specially designed foreign currency account for resident Bangladeshis. Offers wonderful opportunity to build a deposit base in foreign currency. Helps make payment for overseas commitments and dues like credit card bills, traveling expense etc.

##### **Main features:**

- Offered in USD, GBP and Yen
- Competitive Interest on deposit
- Can only be opened within 6 months of arrival from abroad
- Deposit can be made in foreign currency only (cash, TC or Drafts)
- Cash withdrawal in local currency only
- Fund Remittance (in both Lcy and Fcy) to any place in and out of the country (without restriction)

#### **4.4.6 Foreign currency current account**

Applicable to Bangladeshis working abroad, it can be opened in USD, GBP and Yen without restriction on transaction frequency. Can be operated through nominees in absence of the accountholder. Fund remains in foreign currency and is freely remittable.

##### **Main features:**

- Deposit can be made in foreign currency only (cash, TC or Drafts or transfer from other Fcy account)
- Cash withdrawal from the account is in local currency only
- Fund Remittance (in both Lcy and Fcy) to any place in and out of the country (without restriction)

- Fund can be used to make investment in Wage Earners' Development Bond

#### **4.4.7 Non- resident foreign currency deposit**

A short-term foreign currency deposit account suitable for Bangladeshis living abroad, offering most competitive interest rates available in both local and international markets. Other features include:

- Interest paid in Foreign currency
- Can be opened for a term of 1 month, 3 months, 6 months or 12 months
- Interest rates are tiered (based on amount and term)
- Interest payable on maturity
- Automatically renewable (with or without interest)
- Can be used as security against personal/ commercial loan
- Remittance in both Lcy and Fcy to any place in and out of the country

#### **4.4.8 Cash line:**

This product permits ready access to cash without disrupting interest-earnings on fixed investments. It provides ready access to cash against quasi-cash investment papers like Terms deposits (Lcy / Fcy) Savings Certificates, Wage Earners' Development bonds, ICB units certificates etc.).

Other features:

- Both Revolving & terminating options
- High utilization Limit (based on security value)
- Quarterly payment of Interest (only on the outstanding amount)
- No commitment fee (on unused limit)

#### **4.4.9 Money builder**

A unique savings plan that helps customer build up a sizeable savings base over a period of 5 years. One can begin to save with a small amount, add affordable monthly installments for 5 years and get an amazing return on maturity.

On top of all this, client gets a free accident insurance scheme covering the 5-year savings period.

#### **4.4.10 Personal loan:**

An easy and fast loan product that requires minimum documentation no cash security, no down payment and minimum processing time.

##### **Main features:**

- Available for any personal reasons ranging from purchase of consumer durable, educational expenses to medical treatment.
- 3 different repayment-tenor options - 12, 24 or 36 equal monthly installments.
- Can be secured by salary assignment and employer's undertaking or personal guarantee.
- Can be repaid in advance, anytime ahead of maturity date

#### **4.4.11 Phone link:**

Phonelink 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. Phone link service is offered to all customers free of charge.

The Phone link service includes:

*Automated Services:*

- > Account-related services
- > Foreign currency related information
- > Change of Telephone Identification Number (TIN)

Through the Phone bankers one can avail the following services:

- > 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
- > Other account opening assistance

#### **4.4.12 Money link:**

Standard Chartered Bank launched Money link ATM in 1994, the first bank to offer this service in Bangladesh. Money link ATM service is free of charge, offering the following features:

- Cash Withdrawal & deposit
- Cheque deposit
- Cheque book request
- Change of PIN

- Printing of mini-statement
- Payment of utility bills.

#### **4.4.13 Safe deposit locker:**

Our safe deposit locker service offered from Dhanmondi and Sylhet branch gives you a modern facility for safekeeping of precious items, confidential documents and other valuables. Other features:

- Personalized service from a dedicated locker officer
- Available to any customers (for an annual fee which depends on locker size)
- Accessibility anytime during the banking hours
- No additional charge for locker visit

#### **4.4.14 Priority banking:**

Standard Chartered Bank Bangladesh offers Priority Banking, a special service package for our valued customers. Under this segment an exclusive combination of services are offered to customers who signed up for it. Some of the benefits offered under the program are:

A Priority Card that recognizes client's Priority Status at all our local branches and also at our global Priority Centers

Higher withdrawal limit per day from all ATMs in Dhaka, Chittagong & Sylhet

Privileges associated with the Priority card in reputed hotels, restaurants and stores locally and globally

Exclusive Priority Center in Dhanmondi & Sylhet with reserved parking space

Dedicated Customer Relationship Personnel at the Priority Centers

And also commission free SCB Visa travelers' cheques against travel quota, swifter transactions, pre-arranged banking services and invitation to special social and cultural events

All one need to do is to meet the priority criteria (set in terms of deposit value), and sign up the relevant forms and the client will immediately be eligible for all the benefits

In summary, some of the basic products and services offered by the Personal Banking division are: Current Accounts, Overdraft on Current Accounts, Foreign Currency

Term Deposits, Local Currency Cash Cheques, Cheque Purchase, Drafts, Savings Accounts, Term Deposits, Telegraphic Transfers, Traveler's Cheques, and Personal Loans.

## **4.5 Credit Schemes**

The bank avails the following retail credit schemes:

### **4.5.1 PLANZ**

PLANZ stands for 'Personal loans from ANZ Grindlays Bank'. The name ANZ would however have to be replaced by SCB. It is a credit scheme to meet the needs of individuals for any worthwhile purchase or purpose and for any amount ranging from TK 10,00,000 to 15,00,000. It can be used for refurbishing the home, purchasing car, personal computers, photocopiers or any other type of professional equipment. It is available to all individuals over 18 years of age who can qualify for the loan. As security, it demands hypothecation over the asset to be purchases and a lien over another asset of sufficient values.

### **4.5.2 FINANZ**

FINANZ stands for 'Finance from ANZ'. It is a loan facility specially designed for doctors, Engineers, Architects and other professionals to help them start or grow their own businesses. With FINANZ, one can purchase all sort of professional equipment or tools that would help to start or expand their own venture. The loan amount ranges from TK 1 lakh to 15 lakh.

### **4.6 Savings Scheme**

The bank offers the following savings schemes:

#### **4.6.1 OPSHANZ**

OPSHANZ stands for 'Investment scheme with Options from ANZ Bank'. Under this scheme, Government Savings Certificates purchases in one name, to be held with the bank and one will pay an affordable amount of fixed monthly installment for 36 months after which an investor will have several options:

Encashment of the certificates and withdrawal of the amount earned.

Withdrawal of the certificates without encashing and retaining those with him till maturity etc.

### **4.7 Loan scheme**

#### **4.7.1 SYFANZ**

SYFANZ stands for 'Secure Your Future with ANZ Grindlays Bank Limited. In this scheme, the bank on the customer's behalf will be required to finance 20% of the total investment amount. The remaining 80% will be funded by the bank, which he/she will have to repay 36 to 60 equal monthly installments. With the total

amount the bank will purchase 5 years Savings Certificates in the customer's name (to be retained by the bank, until full repayment of the loan). But presently government has closed down the scheme.

#### **4.8 Millionaire Scheme**

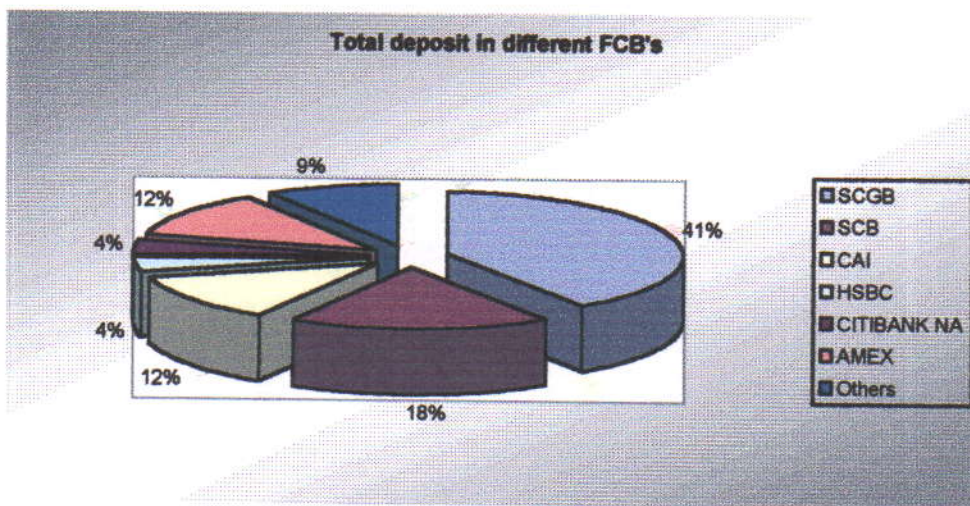
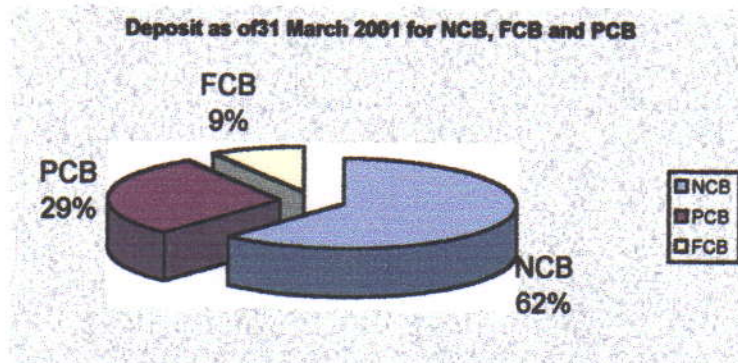
Under this scheme, for each unit, the initial deposit is BDT 1 lac and a monthly deposit of BDT 10,000 for Five and a half years. Total deposit is BDT 760,000 ( $100,000 + 66 \times 10,000$ ). At the end of 66 months, the bank will return BDT 1,000,701. The rate of interest under this scheme is in the vicinity of 9%, which is not available for a small depositor.

## **5. Performance and Growth of Corporate Banking**

## Performance and Growth

Performance (holding market share) in terms of deposit and advance are presented separately in the following figures:

**Figure 1: Deposit as of 31 March for NCB, FCB and PCB**



**SCHEDULE OF BANG STATISTIC, SOURCE: BANGLDESH BANK JULY 2002**

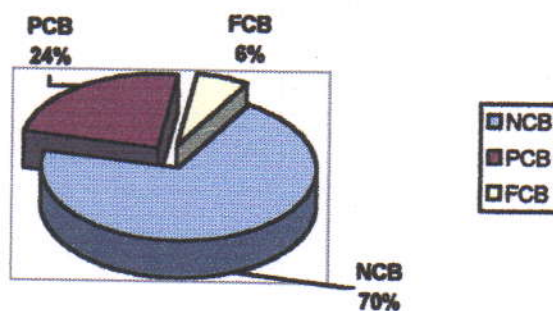
From the above statistics we see that FCB's hold only 9% of the total deposits available in the market. Of the total deposit market FCBs have around 9% and target market can be in the vicinity of 15%. Rest of the market is too fragmented

for SCB to follow-up. With limited resources, SCB needs to maximize its revenue and that is why SCB created minimum account opening balance of BDT 100,000.

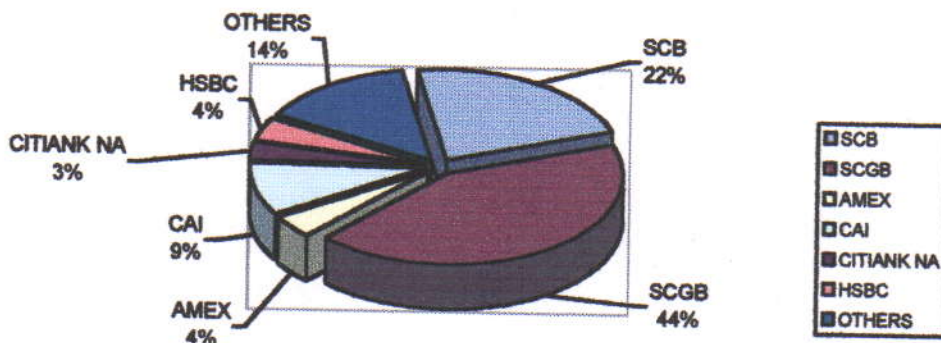
But however of these 9%, SCB and SCGB jointly command 59% of the deposits. With the integration of the two banks, Standard Chartered Group is will offer more innovative and diversified personal as well as retail banking services which will ultimately attract more deposit.

**Figure 2: Advance made by FCB, NCB, PCB as of 31 March 2000**

**Advance made by FCB, PCB and NCB as of 31 March 2000**



**Figure 3: Percentage of advances made by different FCBs**



**SOURCE: BANGLADESH BANK STATISTICS**



In terms of advances made also Standard Chartered group holds the leading position among the FCBs. Combined they make 66% of the total advances extended by the FCBs. However after the acquisition of SCGB by SCB, the portfolio of SCGB is going through rigorous scrutinization and many of the SCGB accounts failed to meet SCB standard. Consequently the facilities provided to those clients will be sold to other banks or gradually SCB will bring the outstanding in these accounts to nil gradually. The advances made to the client will also decline resultantly.

## **6. APPRAISAL OF THE DEPOSIT**

## **APPRAISAL OF THE DEPOSIT**

### **6.1 Terms and conditions**

In consideration of the Bank agreeing to open any of the Current/Savings Account and /or Short Call/Fixed Deposit account or any other accounts in the name of the Personal/Sole Proprietorship/Partnership/Public or Private Company denominated in Taka (or any other currency account (s) in the name of the above mentioned account holders and continuing to offer banking facilities to them, the Applicant (incase of Personal/Sole Proprietorship) or Applicants (Partnership/Public or Private Company) agree(s) the following general terms and conditions:

#### **Bank Accounts**

Applicant/applicants authorized the bank to act on signed instruction or documents drawn or accepted in accordance with the signing instructions given. For making payments of cheques, bills of exchange, promissory notes, standing orders, direct debits, issue of drafts, mail and telegraphic transfers, purchases and sales of securities and foreign currency and any other instruction by debiting such account (s) whether in credit or otherwise; and to accept any other instruction regarding such account (s) including instruction for the closure of such account (s).

Any funds received by the bank on my behalf of applicant are to be credited to the relevant accounts unless the bank receives written instructions from applicant. The Bank acts only as applicant's collection agent and assumes on responsibility for the realization of any items deposited with the Bank for collection. Proceeds of cheques or other instruments deposited are not available for withdrawal until collected by the bank. The Bank reserves the right to debit any account that may have been exceptionally credited with an item subsequently unpaid on collection.

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Any funds received by the bank on my behalf of applicant are to be credited to the relevant accounts unless the bank receives written instructions from applicant

The Bank acts only as applicant's collection agent and assumes on responsibility for the realization of any items deposited with the Bank for collection. Proceeds of cheques or other instruments deposited are not available for withdrawal until collected by the bank. The Bank reserves the right to debit any account that may have been exceptionally credited with an item subsequently unpaid on collection. The Bank may refuse to accept for the collection cheques drawn in favor of third parties or if the payee's name is not identical to applicant name on the Bank's record. The bank will not accept for credit to the account any cheque or draft in favor of a third party crossed or denoted 'A/C Payee' (or any words of similar effect). Any cancellation of any crossing or denoting as above shall be null and void.

The Bank may also in its absolute discretion issue applicant with a chequebook. If a chequebook is issued, applicant undertakes to be responsible for its safe custody at all times and will immediately notify the Bank if this or any of the cheques contained therein, is lost or stolen. The Bank may in its absolute discretion, accept from my any stop cheque instructions (either orally or in writing) in cases where applicants have lost the relevant cheque or, in other circumstances in which it shall be allowed by law and agreed by the Bank. Should the Bank accept any such instruction from applicant or from some other person purporting to be applicant, he/she indemnify the Bank against any loss, damage, cost (including any legal cost) or demand incurred by it as a result of, or in connection therewith.

Applicant will be liable for any overdraft or other facilities arising in connection with any of the above account (s) and authorize the Bank to debit any such account (s) with all or any interest (including compound interest), commission and other banking charges, costs and expenses (including any legal costs) incurred in connection therewith at such rates as may be determined by the Bank from time to time in its absolute discretion. He/she will also pay to the Bank any such amounts, in the manner and, at such times, as may be required by the Bank in its absolute discretion.

Any and all amounts credited to the above account (s) while any overdraft or any other banking facilities in connection therewith is current shall firstly be applied by the Bank to reduce any interest (including compound interest) payable until the interest is paid in full. Then and only then shall any such amount so credited be applied to reduce the principal amount or any such overdraft or any other banking facilities.

The Bank shall always be entitled without notice to applicant to levy or impose all customary banking and other charges and expenses in respect of any of the above account (s) or in respect of any other banking facilities provided to applicant by the Bank and to debit the relevant account (s) in accordance with the Bank's normal banking procedures. Such charges are not refundable upon termination of any or all of my account (s)

Applicant authorize the bank to accept for safekeeping, collection or for any other purpose, any securities or other property deposited with the Bank or received from applicant and released applicant or deliver or give up any of these against written instructions.

These deposits and their payments are government by the laws in effect from time to time in Bangladesh and are payable only at the Branch of Standard Chartered Bank in Bangladesh where the deposits were made.

Any deposits or withdrawals in respect of any of the above accounts may be made at any of the Bank's Branches in Bangladesh subject to the production of evidence of identity satisfactory to the Bank and, to payment of any customary charges that may be levied by the Bank from time to time, for this.

The rate of any interest payable on any account may be displayed by the Bank at its various Branches in Bangladesh and further, and this may be subject to change without notice to applicant. Interest on any account will accrue in arrears from day to day in or, as otherwise determined by the Bank (in its absolute discretion), and be credited by the Bank to the relevant account (s).

The bank may, at its sole discretion, allow pre-mature withdrawal of fixed deposits. All such pre-mature withdrawals will be subject to levy or penalties and

charges, as the Bank may determine and that these may be subject to change without notice to applicant

There can be risks associated with any account (s) denominated in foreign currency, convertible account and foreign currency investments. Accordingly and solely responsible for all such risks and any costs and expenses howsoever arising (including without limitation, those arising from any international or domestic legal or regulatory restrictions) in respect of any such account (s). Withdrawals or dealings on any such account (s) are also subject to the relevant currency being available at the Bank's relevant Branch. Conversion from one currency to another shall be at the rate of exchange as determined by the Bank (in its absolute discretion) from time to time.

The Bank will send or deliver to applicant a statement of account (s) at least half yearly (save in respect of any account that has, in the sole opinion of the Bank been inactive for a period of one year or more, such statement of accounts will be sent or delivered by the Bank annually) or in each case at such other intervals as may be agreed between the Bank and applicant from time to time and he/she is solely responsible for promptly examining all entries thereon and that he/she must give the Bank written notice (Notwithstanding the provisions of paragraph 4) within 14 days of the date of the relevant statement of any discrepancy that he/she believe exists between any such statement and his/her own records.

Applicant authorize the Bank to respond, if it shall so choose, to any and all inquiries received from bankers concerning the above accounts without reference to applicant. For the avoidance of doubt any such response may include a bank reference.

applicant may close any of the above accounts by giving prior written notice to the Bank. The Bank may, however, either, at its own instance or, at the instance of any court or administrative order, or otherwise close, freeze or suspend dealings on any of the above accounts without prior notice to applicant or without being liable for and breach of any duty it may owe to applicant.

In relation to any dealings in respect to any of the above accounts, the Bank shall not be liable for any loss resulting from my death, incapacity or bankruptcy (or

any other analogous event or proceeding) unless and until the Bank has received written notice of any such event together with such documentary evidence as the Bank may require. Further, the Bank shall not be liable for any loss, damage or delay attributable in whole or part to the action of any government or government agency or any other event outside the Bank's control (including without limitation, strikes, industrial action, equipment failure or interruption of power supplies) provided that the Bank shall in each case endeavor to give notice generally to its customers or any anticipated delays due to any of the above events by notice in its Branches or otherwise.

In respect of accounts opened in the name of minors (whether or not jointly with an individual who is not a minor), the bank shall be entitled to act on the instructions received from the guardian named on the account opening form, irrespective of whether the minor or not, unless the Bank receives written notice to the contrary from an appropriate authority.

Applicant/applicants may arrange with the Bank for advances (by way of discount, loan, overdraft or otherwise) and for the granting of credits and the issue of guarantees, or any other form of accommodation by the Bank from time to time as required and to sign and to accept on my/our behalf any form of security whatsoever as may be required by the Bank as security for the same; and

The Bank of any overdraft facility or other accommodation shall construe nothing in this mandate such as to constitute any approval. In each case the Bank may only expressly agree these after separate application. Further, continuation or withdrawal of any such facilities may be granted or refused at any time by the bank in its absolute discretion.

any demand or communication made by the Bank under this mandate shall be in writing and made at the address given to the Bank in writing from time to time and if posted, shall be deemed to have been served on the Partnership/Proprietorship concern on the date of posting;



the terms and conditions of this mandate shall be governed by and construed in accordance with the laws of Bangladesh. Irrevocably submit to the non-exclusive jurisdiction of the Courts of Bangladesh.

The Bank be forthwith supplied with a copy of the Company's constitutive documents and with a copy of each amending resolutions as soon as the same has been passed together with copies of all current certificates and other documents evidencing the formation of the Company and all current licenses, approvals and consents for the Company to carry on its business in Bangladeshi which the Bank may request from time to time;

Any demand or communication made by the Bank under this mandate shall be in writing and made at the address given (or such other address as the Company shall notify the Bank in writing from time to time) and, if posted shall be deemed to have been served on the Company on the date of posting;

The Bank be supplied with a list of the names and specimens of the signatures of all the Authorized Person (s) and be from time to time informed by notice in writing under the hand of the Chairman /Managing Director of the Company of any changes to this, and be entitled to act upon any such notice until the receipt of further notice under the hand of the Chairman/Managing Director of the Company;

The resolutions in this mandate be communicated to the Bank and remain in force until amending resolution shall have been passed by the Board of Directors of the Company and a copy thereof certified as a true copy by the Chairman/Secretary of the Company shall have been delivered to the Bank;

in addition to that, applicant/applicants of the above mentioned Accounts (incase of Personal/Sole Proprietorship) or Applicants (Partnership/Public or Private Company) should be abide by the following terms and conditions:

**Automated Teller Machine (ATM) Money link (the Card)**

The bank may in its absolute discretion issue Card (s) to applicant A Cared is the property of the Bank and applicant will surrender it unconditionally at the time of closing account (s) or upon demand by the Bank at any time.

Applicant will immediately notify the loss or theft of a Card or of unauthorized acquisition of the personal identification number relating to it and shall accept full responsibility for all ATM transactions effected by use of a Card until such time as the Bank confirms to applicant that it has received this notice.

The Bank's record of all ATM transactions effected by use of a Card will be conclusive and binding on applicant for all purposes. The amount stated on the ATM screen or printed on ATM inquiry slip shall not be taken as conclusive of the state of applicant account with the Bank.

I will indemnify the Bank and keep it indemnified for any loss, damage, costs, (including legal costs) claims or demands arising in connection with the use, loss or theft of any ATM Card issued to applicant or, resulting from any mechanical defect in or malfunction of, or insufficiency of funds in the ATM.

For the protection of customers and the Bank, all deposit envelopes will be opened in the presence of two Bank staff members. Cash deposited will be credited to the account by the next working day, that cheques deposited will be sent in clearing by the next working day and account will be credited subject to realization. Instructions will be acted upon by the next working day. All deposits and accepted subject to verification by the Bank. The Bank's verification will be considered correct and will be deemed to be the amount deposited by applicant.

The card may be used for payment of electricity, telephone and other utility bills in accordance with the details given on the account opening form/in any other manner and applicant notify the Bank immediately of any change. The Bank will act as an intermediary any in transferring funds from the account in settlement of the said bills. The Bank shall not respond to, and shall not be a party to any dispute regarding the correctness of the bills, or regarding the electricity, telephone or other utility service. The Bank shall not be liable for and I hereby irrevocably release the Bank from any liability for excess, insufficient, late or incorrect payment of the said bills or any consequence thereof (including, but not

limited to, termination of service) or any other loss, damage, claims or proceedings that may arise as a result of the payment of such bills by this method. In particular the Bank shall have no liability arising from misuse of the Card, malfunctioning of the ATM or otherwise) whatsoever and whether similar to the foregoing or not.

#### **Banking Instructions by Telex/Facsimile**

Unless instructed by applicant in writing to the contrary (notwithstanding the provisions of paragraph 4) the Bank is authorized, but not obliged, to act on my banking instructions (including any instructions required by or, given by me in relation to these terms and conditions unless these terms and conditions otherwise expressly state to the contrary) transmitted through a telex or facsimile machine.

Applicant shall release the Bank from and indemnify and hold the Bank harmless from and against all actions, suits, proceedings, costs, claims, demands, charges, expenses, losses and liabilities however arising in consequences of or in any way related to:

The Bank having acted in good faith in accordance with written telephone, facsimiles or telex instruction (s), notwithstanding that such instruction (s) as above may have been initiated or transmitted in error or fraudulently altered, misunderstood or distorted in the lines of communication of transmission; and

The Bank having refrained from acting in accordance with my written telephone, facsimile or telex instruction (s) by reason of failure of actual transmission thereof to the Bank or receipt by the Bank for whatever reason, whether connected with fault, failure or unread ness of the sending or receiving machine; or

Applicant's failure to forward all original copies of facsimile instruction (s) to the Bank within such period as the Bank may specify.

#### **Banking Instructions by Phone (Phone link)**

Applicant authorized the Bank (in its absolute discretion) to follow/ace on my oral or instructions by telephone (including any instruction required by or, given by

applicant, in relation to these terms and conditions unless these terms and conditions otherwise expressly state to the contrary.)

Applicant will not reveal Telephone identification Number (TIN) to anyone. His/her oral instruction (s) identified by my correct Bank Account Number and TIN shall be deemed to be proper. Accordingly, the Bank shall be entitled to rely on any such instructions. Should the Bank accept any such instruction from me, or from some other person purporting to be applicant to indemnify the Bank against any loss, damages, costs (including legal costs) or demands incurred by the Bank as a result of or, in connection therewith.

The Bank may in its absolute discretion require that written confirmation of oral instruction (s) be received by it within such period as the Bank may specify.

Where more opens any of the above accounts that one person any such oral instructions and the Bank shall be entitled to rely upon such instructions.

#### **Hold Mail Service**

If applicant request this service, the Bank will hold all mail, addressed to him/her for a maximum period of 3 months from receipt and such mail so held personally or through an authorized person, unless I advise you to the contrary in writing.

The Bank is authorized to charge a reasonable fee for this service and to hold, open and/or handle all such mail in such manner as the Bank deems fit. If fail to collect any such mail the Bank may return it to me in accordance with paragraph 13 and in doing so the Bank shall be discharged from all responsibility or liability.

Notwithstanding that until applicants have collected any mail, although may not have knowledge of the contents of the mail, which may have legal consequences or affect rights with the bank, shall bear the risks of any such consequences.

Applicant ignorance of the contents of any mail being held by the bank is not, and will not be a defense to the Bank's claims for all purposes and in all courts of law whether before or after termination of my account relationship with the Bank.

**Automated Teller Machine (ATM) Money link (the Card)**

a) The bank may in its absolute discretion issue Card (s) to applicant: A Card is the property of the Bank and I will surrender it unconditionally at the time of closing account (s) or upon demand by the Bank at any time.

b.) Applicant will immediately notify the loss or theft of a Card or of unauthorized acquisition of the personal identification number relating to it and shall accept full responsibility for all ATM transactions effected by use of a Card until such time as the Bank confirms to me that it has received this notice.

c) The Bank's record of all ATM transactions effected by use of a Card will be conclusive and binding on for all purposes. The amount stated on the ATM screen or printed on ATM inquiry slip shall not be taken as conclusive of the state of account with the Bank.

d) Applicant will indemnify the Bank and keep it indemnified for any loss, damage, costs, (including legal costs) claims or demands arising in connection with the use, loss or theft of any ATM Card issued to me or, resulting from any mechanical defect in or malfunction of, or insufficiency of funds in the ATM.

e) For the protection of customers and the Bank, all deposit envelopes will be opened in the presence of two Bank staff members. Cash deposited will be credited to the account by the next working day, that cheques deposited will be sent in clearing by the next working day and my account will be credited subject to realization. Instructions will be acted upon by the next working day. All deposits and accepted subject to verification by the Bank. The Bank's verification will be considered correct and will be deemed to be the amount deposited by applicant.

#### **Banking Instructions by Telex/Facsimile**

Unless instructed by applicant in writing to the contrary (notwithstanding the provisions of paragraph 4) the Bank is authorized, but not obliged, to act on applicant banking instructions (including any instructions required by or, given by me in relation to these terms and conditions unless these terms and conditions otherwise expressly state to the contrary) transmitted through a telex or facsimile machine.

Applicant shall release the Bank from and indemnify and hold the Bank harmless from and against all actions, suits, proceedings, costs, claims, demands, charges, expenses, losses and liabilities however arising in consequences of or in any way related to:

The Bank having acted in good faith in accordance with applicant written telephone, facsimiles or telex instruction (s), notwithstanding that such instruction (s) as above may have been initiated or transmitted in error or fraudulently altered, misunderstood or distorted in the lines of communication of transmission; and

The Bank having refrained from acting in accordance with my written telephone, facsimile or telex instruction (s) by reason of failure of actual transmission thereof to the Bank or receipt by the Bank for whatever reason, whether connected with fault, failure or unread ness of the sending or receiving machine; or

iii) Applicants failure to forward all original copies of facsimile instruction (s) to the Bank within such period as the Bank may specify.

### **Nominee**

In the event of applicant/applicants death, the Nominee shall receive/drew the amount of deposit held by the bank of the account.

In the event, the Nominee so authorized remains a minor at the time of death, the legal guardian is authorized to received /draw the amount of the deposits held by the Bank in account.

The Nominee so authorized, shall be entitled to all accounts to the exclusion of all other persons i.e. heirs, executors, and administrators and all other person claiming through or under me/us and payment made by the Bank to the Nominee in pursuance of this authority shall be binding on all other persons.

### **Set-off and Consolidation Rights**

The Bank may at any time and from time to time without notice combine all or any or accounts and liabilities with it in Bangladesh or elsewhere, whether singly or jointly with any other person or set off all or any monies standing to the credit of such accounts including my deposits with the Bank (whether matured or not) towards satisfaction of any of my liabilities to the Bank in Bangladesh or elsewhere, whether nature.

### **Indemnity**

To fully indemnify the Bank against all costs and expenses (including legal fees) arising in any way in connection with the above accounts, these terms and conditions or, in enforcing these terms and conditions and in recovering of any amount due to the Bank or incurred by the Bank in any legal proceedings of whatever nature.

### **Waiver**

No forbearance, negligence or waiver by the Bank against in the enforcement of any of these terms and conditions shall prejudice the Bank's right thereafter to strictly enforce the same. No waiver by the Bank shall be effective unless it is in writing.

### **Variations**

The Bank may amend these terms and conditions at any time not less than fourteen (14) days notice to me specifying the effective date of amendment. If applicant uses any banking facilities after the effective date of the amendment and to have decided continue to use the Banking facilities upon the revised terms and conditions. I further acknowledge that in the event of any changes being communicated to me, the Bank is not obliged to obtain applicant signature for receipt of such communication.

### **Notices**

Save as otherwise provided in these terms and conditions, any demand of communication made by the Bank under these terms and conditions shall be in writing and made at the address given by me (or such other address as I shall notify the Bank from time to time) and, if posted, shall be deemed to have been served on the date of posting.

### **Governing Law**

These terms and conditions shall be governed by and construed in accordance with, the laws of Bangladesh irrevocably submit to the non-exclusive jurisdiction of the courts of law of Bangladesh. Such submission shall, however, not prejudice the rights of the Bank to bring proceedings against me in any other jurisdiction or courts of law elsewhere.

### **6.2 Documents needed to open an account:**

#### **For Sole Proprietorship**

- a) Copy of Trade license
- b) Photograph (s) of signatories
- c) Sole proprietorship declaration

#### **For Unregistered Partnership**

- a) Copy of partnership deed of the firm.
- b) List of partners with their address
- c) Copy of trade license
- d) Photograph (s) of signatories.

### **FOR PUBLIC/PRIVATE Limited Company**

- Certified true copy of the Memorandum and Articles of Association of the Company.
- Certificate of incorporation of the Company for inspection and return (along with a duly certified photocopy for Bank's records).



- Certificate from the Registrar of Joint Stock Company that the Company is entitled to commence business (in case of Public Ltd. Co. for inspection and return along with a duly certified photocopy for banks records).
- Extract of the Resolution of the Board/General Meeting of the Company for opening the account and authorization for its operation duly certified by the Chairman of the Company.
- Photographs of signatories.
- List of directors with addresses.
- Copy of Trade License.

### **6.3 Know your clients:**

In order to comply with new anti-money laundering law SCB has developed a strong KYC policy. It ensures that the deposit takes by SCB are from a legitimate source. SCB does not allow just anyone to open their account without first checking their background and verification of income/ source of deposit

### **6.4 PEER GROUP ANALYSIS OF INTEREST RATE:**

Peer group analysis is a systematic way to show the combined scenario of different bank, which is a focus on the interest rate structure of the banking industry. It is done to evaluate and compare the bank's performance with the reasonably similar banks to identify strength and weakness of the bank.

	<b>SCB</b>	<b>PCB</b>	<b>NCB</b>
<b>CURRENT</b>	0%	0-5%	0%-7%
<b>STD</b>	4-5%	7-10%	8-10%
<b>FDR</b>	7-8%	10-12%	10-12%
<b>OVERHEAD</b>	2%	2%	2%
<b>AVERAGE COST OF FUND</b>	6-7%	11-13%	12-13%

**Analysis:**

SCB is the number one foreign bank in the country. It has taken a conscious decision not to compete with other banks with pricing strategy. It offer a value-proposition of the customer and tells them that it will provide the widen range of products in the world class services to it's clients

Resultantly the interest rates are the lowest in the industry resultantly in lowest average cost of funds.

This also enables the bank to offers lowest interest rates to the lending clients.

Bank's always tries to maximize number of current accounts, as there is no interest that brings down bank's average cost of fund. Ideally banks would like to have 100% of the deposit in current account but in reality they have to bring in a combination of all-them.

Bank's generally discourage fixed deposit and in worst case scenario they try to put the deposit in STD account and for day to day operation of business they create a link between current account and STD account called sweep in order to give the maximum benefit to the client.

PCB and NCB generally have to offer high interest rate in FDR and STD to attract deposit where as SCB can do the same through current account with 0

interest rate. As a result average cost of fund is much lower in SCB than other commercial bank

### **6.5 Number Of Accountholders In Corporate Banking**

The following table shows that the accountholders trend of Corporate Banking was increasing during 1998 to 2002. From the table we can say that SCB has qualifying full bank status, which is enabled expansion of the accountholders network, and thus significantly increasing their service efficiency.

1998	1999	2000	2001	2002
1200	2000	4500	4725	5,500

### **Tail-end Analysis Of Accountholders**

SCB believes in having quality accounts i-e, large ticket/deposit account instead of having small and huge number of accounts. It enables the bank to provide world-class services to its clients.

Each year bank looks as its 80%-20% ratio and generally tries to exit the lowest 10% accounts, which results in minimum loss of deposit but large reduction in number of accounts.

As per Under-writing standards, a company must has to exceed BDT500 million group turnover to open an account in SCB

## **7. Portfolio Analysis of Corporate Banking**

## **Portfolio Analysis of Corporate Banking**

Major part of total portfolio invested in Bangladesh by Standard Chartered Bank (SCB) is with local corporate bodies, though the multinational and large local segment gives an immense contribution. The portfolio is analyzed industry wise and risk level wise (Customer Credit Risk). Industry wise division is then compared in terms of customer credit rating and security indicators, taking main industries into consideration.

### **7.1 Industry wise Analysis**

The Corporate Banking division of SCB is playing the most significant role in the operation of the corporate bank. There are 179 clients, which avail credit facilities from Standard Chartered bank. In the following table the industry wise exposure of SCB is delineated.

**Table 1: Industry wise risk exposure of SCB**

Industry	Exposure in BDT '000	Percentage of exp.
Textiles & Garments	5,125,259	24.53%
Food, Drinks & Agriculture	3,586,715	17.17%
Steel & Ship breaking	2,832,983	13.56%
Trading	1,938,141	9.28%
Transport and Communication	1,489,106	7.13%
Cement	1,483,135	7.10%
Pharmaceuticals	1,477,426	7.07%
Telecom	1,194,639	5.72%
Others	609,688	2.92%
Tobacco	450,000	2.15%
Leasing and other financial institutions	417,939	2.00%
Electrical Products	214,076	1.02%
Toiletries	70,000	0.34%
Construction	1,682	0.01%
Grand Total	21,500,477	100%

From the above table, it is observed that SCB believes in diversification of the portfolio. Textile & garments is the prime sector in which 24.53% of the total investment took place. Food, drinks and agriculture industry is the second largest client of SCB in terms of exposure. However sizable portion of SCB's total exposure is in cement, pharmaceuticals and trading industry as well. Since these industries are non-related in nature, we can say that SCB's exposure is well diversified and even in case of the worst economic situation SCB can maintain its viability.

#### **Risk Level wise Analysis**

Before investing in a company, the overall risk level is assessed and monitored throughout the facility period. Risk level wise analysis is done in two parts:

All the customers who enjoy credit facility are rated according to the standard procedure of credit risk grading (CRG). However for the convenience of the reader some key points of the grading process are highlighted below:

The grading process uses all available data to establish a current grade for the customer that provides an estimation of the probability of default of the company over the next 12 months.

Credit grades are determined at a point in time using all the information available at the time.

The credit risks in a counter party's business are evolving continuously and it is necessary for all those in the credit process to monitor the changing risk profile of counter parties, if we are to manage our business successfully.

It is the Relationship Manager's and the SCS Analyst's responsibility to actively obtain sufficient information to maintain an accurate credit grade of counter

parties at all times. This responsibility includes the need to obtain interim figures/management accounts from customers on a regular basis.

The scorecard is intended as a tool to guide thoughts about which factors are driving the counter party's creditworthiness.

**Table 2: Facility in Term Of Master Scale Grading**

Credit Grade	Exposure (BDT)	Percentage of Exposure
2 Total	356,960,894	1.66%
3 Total	15,000,000	0.07%
4 Total	1,207,602,187	5.62%
5 Total	1,988,102,708	9.25%
6 Total	2,097,795,560	9.76%
7 Total	2,297,388,506	10.69%
8 Total	9,216,428,029	42.87%
9 Total	1,400,288,002	6.51%
10 Total	376,365,950	1.75%
11 Total	1,403,944,706	6.53%
12 Total	457,862,811	2.13%
13 Total	156,643,130	0.73%
14 Total	526,094,437	2.45%
Total	21,500,476,919	100%

From the table we see that, 42% of the total portfolio is invested in the risk group of MSG 8. According to the grading policy of SCB, MSG 1-5 accounts are considered as lowest risk accounts and MSG 6-8 accounts are medium risk accounts. Therefore we see that 79.9% of the accounts fall under low and medium risk category. On the other hand MSG-11 accounts are fully cash secured accounts where the facilities are fully backed by cash or cash equivalent

securities like PSP (Pratirakha Sanchay Patra), BSP (Bangladesh Sanchay Patra). So, in total 86.43% of the total accounts represents very low risk exposure.

A company's pricing also depends on its risk grading. If a company is in the lower risk bracket i.e., MSG 1-5, then they enjoy a much finer pricing from the bank. It ranges from 2%-3% from an MSG 8-9 company. Generally multinational companies like British American Tobacco or Lever Brothers or Seimens will enjoy this sort of pricing from the bank.

MSG 13 & 14 accounts represents default or suspicious accounts, which poses a very high chance of default. These accounts comprise 3.18% of the total portfolio. The bank keeps a very close eye on the loan repayment status of the clients and whenever the financial position of any client becomes weak, the monitoring department takes initiatives so that causes of the deterioration can be diagnosed and necessary measures can be taken.

Actually corporate banking has taken this conservative stance since the culture of loan default has developed in our country and the overall economic condition of the country is not congenial for business development or expansion due to political turmoil and unfavorable macroeconomic parameters.



## 7.2 Industry wise income:

**Table 3: Industry wise Income for SCB**

Industry	Total Income (BDT)	Percentage of income
Textiles & Garments	43,584,810	33.37%
Steel & Ship breaking	18,141,594	13.89%
Food and Drinks	13,165,093	10.08%
Trading	12,588,964	9.64%
Pharmaceuticals	11,054,256	8.46%
Transport and Communication	9,071,733	6.95%
Cement	8,128,966	6.22%
Telecom	5,867,400	4.49%
Others	3,474,578	2.66%
Electrical Products	2,841,703	2.18%
Leasing and other financial institutions	2,310,307	1.77%
Tobacco	364,375	0.28%
Grand total	130,593,780	100%

SCB earns the highest revenue (33.37%) from textiles and garments sector. This earning mainly emanates from opening of export L/C, back-to-back L/C, payment of duty and other export taxes and use of treasury facility. From ship breaking industry also SCB earns a sizable amount of revenue through opening of L/C and other ship import related activities. Besides a sizable portion of the revenue is generated from cement telecom, pharmaceuticals and trading industries as well. From the analysis we see that SCB is not entirely dependent on any single industry as the main source of revenue. It posses a well-diversified portfolio which includes companies belonging to different industries with very weak correlation among themselves. Although 33% of the revenue is generated from

RMG sector alone, it does not pose much threat to the revenue generation capacity of the bank. RMG sector constitutes about 75% of the total export earning of the country and the facility provided also the bank to this sector relates self-liquidating trade in nature. The bank extends facility in the form of back-to-back L/C which is adequately secured by the master L/C. Besides, to hedge the foreign currency fluctuation risk most of the clients take advantage of forex-forward facility, which is also a major source of revenue for the bank.

### 7.3 Sector wise Recovery

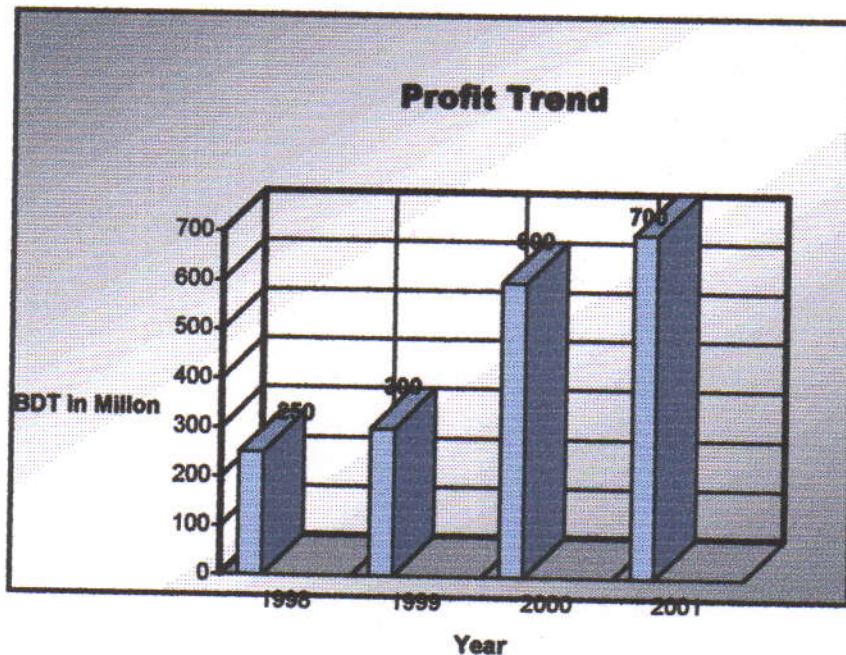
Sector	Total investment	Under Recovery
Textiles & Garments	5,125,259	263,047
Food, Drinks & Agriculture	3,586,715	117,482
Steel & Ship breaking	2,832,983	-
Trading	1,938,141	263,047
Transport and Communication	1,489,106	-
Cement	1,483,135	-
Pharmaceuticals	1,477,426	-
Telecom	1,194,639	-
Others	609,688	497,024
Tobacco	450,000	-
Leasing and other financial institutions	417,939	-
Electrical Products	214,076	-
Toiletries	70,000	-
Construction	1,682	-
<b>Grand Total</b>	<b>21,500,477</b>	<b>1,140,600</b>

**Analysis:**

Banks prefer to have a diversified portfolio and no individual sector can add up to more than 25% of total portfolio. This ensures even if the particular industry having problem it doesn't hamper the overall profitability of the bank. Under recovery represents irregular overdue loans, which are transferred/ managed by GSAM unit. Bank constantly undergoes negotiation and offered interest discount and waiver to recover the money. In worst case scenario banks go for litigation. From the above table we see that textile and garment, trading, food and agriculture and other small industries have overdue exposure. And the remaining are regular account i.e. they don't have overdue.

**7.4 Profitability Trend**

The following table indicates that, the net profitability of the bank increased and also found to be kept growing during the year 1998 to 2001.



## Analysis

ANZ Grindlays bank was the number one bank at the time of acquisition by Standard Chartered, which were the number two banks at that point in time. After these two banks merged, it became the largest private bank in the country with 80% market share among the foreign commercial banks.

Obviously, their profit doubled in year 2000 after acquisition of Grindlays. However, SCB decided to exit some of the Grindlays relationships due to its own policy constraints i.e., SCB does not invest in real estate whereas Grindlays did. So After the merger SCB exited all real estate relationships. Resultantly their profit did not increase at the same rate after acquisition. Now that the bank has consolidated its position, SCB is now in a high growth mode and it is reflected though introduction of a number of new initiatives in the market.

From the table we can say that the net profit increased to TK. 700 million in 2001 compared to Tk 100 million in 1998. The net profit stands TK 700 million which is also 7 times higher than 1998.

## **7.5 Performance Evaluation Ratio**

Ratio	1998	1999	2000	2001	2002
Interest Margin/ Return on Asset	2.73%	3.84%	3.73%	3.6%	3.27%
Non Interest Margin	1.85%	0.82%	1.2%	1.7%	1.5%
Net Margin	21.98%	21.19%	20.7%	21.2%	21.4%
Return On Equity	59.22	52.7	51.7	52.0	49.2
Cost Income Ratio	19%	21%	24%	25%	23%
Dividend Payout Ratio	75	80	60	80	70

### **Analysis**

#### **7.5.1 Interest margin**

It is calculated after deducting FTP (funds transfer pricing) from interest earned. FTP is a changing benchmark that the bank uses to procure incremental fixed deposit from the market. It now ranges from 8.75%-9.25% depending on the tenor.

FTP: SCB sets a variable benchmark to assess the required cost to procure incremental deposit. It is set against a number of criterion including call money

rate, peer group pricing, GOB bonds etc. SCB generally offers a rate, which is 3-4%, lower than that of local bank and GOB bonds. FTP is charged on the lending clients and margin referred to in this report are interest earned from the client minus FTP.

FTP is the income of the cash management group, which primarily is engaged in raising deposits for the bank.

As per the interest margin concerned, SCB has both increasing and decreasing trend of interest margin. In 1999, the interest margin of SCB was 3.84% compared to 2.73% in 1998. It has decreased in the following year to 3.84% to 3.73% in 2000. And in the last two years the interest margin for SCB dropped below.

Both interest and non-interest margin increase if the new acquisition of the bank occurs.

Again when they have more capitalization in the market margin decreases.

Both interest and non-interest margin depends on the overall market condition. Often other banks try to get a client by reducing interest margin. Then existing bank matches the pricing to retain the clients i.e. why interest margin decreases. An increasing interest results in higher profit of the bank and vice-versa.

### **7.5.2 Non-interest margin:**

These generally reflect LC commission; guarantee margin, tele fees etc. at present GOB has imposed 15% vat on all fees and commission which client has to pay extra.

These constitute a very important part of the income as it directly hits the profit and loss of the bank.

For SCB this ratio is declining through out the year 1998 to 1999 that is from 1.85% of 1998 it dropped to 0.82% in 1999 and continues to go up in the year 2000 and 2001. Again it was dropped below from 1.7% in 2001 to 1.5% in 2002.

### **7.5.3 Net margin**

SCB has constant growth mode in net margin during the year 1998 to 2002

### **7.5.4 Return on equity**

Like every other institutions banks always try to increase the shareholder value and they do so by increasing the return on equity. Banks also try to give the highest return to its shareholder to increase overall share value. It is one of the key indicators upon which an investor decides whether to invest in a particular company or not.

After City Bank and HSBC has entered the market SCB has invested heavily in terms of equity and resultantly the ROE has a downward trend. From 1998 to 2002 ROE has slumped down from 59.22% to 49.2%.

### **7.5.5 Cost –income ratio**

It reflects total cost as a percentage of total income. All banks generally try to reduce cost-income ratio. At present it is in the range of 23% in the year 2002 as compared to 19% in 1998. As it is increasing, it shows higher commitment from the side of the bank as it reflects, higher salary, and investment in new state-of-art equipment, creating new IT platform etc. As the market has become more competitive, the banks have to offer better fringe benefits to its employees as well as invest more on technology & distribution channels.

### **7.5.6 Dividend-payout ratio**

It reflects 70% of profit paid out to the shareholders. It also reflects SCB's commitment to BD, as retained profit i.e. the remaining 30% is the new investment in the country. From the table we say that, SCB continue to expand its operations and has contributed significantly to improvements in the Group's processing and service efficiency. The group i.e, parent company decides on the D-P ratio. However, due to a number of taxes such as excess profit tax, the banks are encouraged to retain a portion of its profit within the country. This profit retention reflects new investment in the bank. This also increases the equity base of the banks.



**8. Problems of Corporate Banking in  
Standard Chartered Bank**

## **Problems of Corporate Banking in SCB**

### **a) Problems of Cash Management:**

- Low deposit interest rate
- Hidden Charges
- Lower service quality than other FCB's
- Irregular Bank statement
- Poor advisory services
- Lack of contact with customer
- Maximum number of current account
- Discourage fixed deposit

### **b) Problems of lending area in Corporate Banking :**

- Prompt actions
- Difficulties in opening an account

### **c) Problems relating to customer service:**

- Standing on a big queue
- Waiting for long time
- Not enough arrangement to sit
- Lower number of service provider
- Referring to others

### **d) Problems faced by the service providers:**

- A big number of customers come together with queries
- Verities of queries

## Explanation

### Low deposit interest rate:

Deposit interest rate are very low here in SCB than other FCB and PCB. This is the main problem of keeping deposit in SCB. Investors those who are less bothered for the security of the money they become dissatisfy of the present interest rate of SCB.

### Hidden charges

If there are more than 8 transactions per month bank charges Tk 12.5 for each transaction. And the relation ship fess ledger fess, minimum balance fess theses are all automatically deducted from client account.

### Lower service quality than other FCB's

Because of the large number of customer SCB sometimes fails to keep it quality. It can't satisfy the large number of customer at a time. As a result, the service quality gets down than other FCB.

### Irregular Bank statement and Poor advisory services

Statements are very irregular that provided by the bank. Sometimes customers are not advised when a check is bounced.

### **Lack of contact with customers**

Customers are often not advised by the contact person, as there is large number of accounts existing in client manger.

### **Maximum number of current account**

Bank always tries to maximize the number of current account, as there is no interest of this account. And eventually it brings down bank's average cost of fund.

Ideally bank would like to have 100% of the deposit in current account but they have to bring in a combination of all account. But SCB emphasizes more on current account.

### **Discourage fixed deposit**

Bank generally discourages customers keeping deposit in FDR account. Bank usually does it to minimize the cost of fund but customers are sometimes deprived of the advantages of keeping money in SCB.

### **Prompt actions for payment delay**

Bank can take very strong action almost promptly incases of delaying payment and it will exit the client if irregularities continue.

### **Difficulties in opening an account**

Clients also have to have properly managed account and business in order to take loan of SCB.

### **Standing on a big queue**

Customers need to stand on a queue to get the service and most often they have to wait for long time on the queue for satisfying their need or for getting their required services. Most often the customers feel boring and irritating to stand in the queue.

### **Waiting for long time:**

Numbers of customers get entered into the bank at a time to get their services done, which results a big queue. Because the service providers are fixed so it takes time to serve all the customers at a time and the customers feel unhappy to wait for long.

### **Not enough arrangement to sit**

Arrangement to be sited for waiting is very minimal in the Dhaka main branch. There seat arrangement only for five to six persons and customers mainly aged person face a big problem to wait.

### **Minimal number of service provider**

The numbers of service providers are not satisfactory. At present there is only three employees in the customer service department to serve the customers. Most often they can serve the customers successfully but some times the number of customers become very large and it becomes tough to serve them quickly.

### **Referring to others:**

Referring to others is a big botheration to the customers and they feel irritating to go from one to another. As for an example the stop payment of lost cheque is

supposed to be done by the customer service but now the cash department (back office) does it.

### **A big number of customers come together with queries**

Everyday the service providers of customer service face a big number of customers come together with their various queries. The time serving all the customers are quite difficult and really a tough job. Every customer wants to get his job done immediately and he/she does not like to wait for long time. The service providers are fixed and limited but the customers are not limited. A numbers of customers come at time and want to get their service and it becomes a hard job for the customer service provider to satisfy all the customers at time.

### **Varieties of queries**

Every day a big number of customers come inside the bank with their varieties of queries. At a time the customer service provider has to handle different types of queries and questions. Customers do not want to wait and every one wants to get his job done earlier. It is really difficult for the service provider to satisfy all the customers at a time

## **9. Prospects of Standard Chartered Bank**

## **Prospects of Standard Chartered Bank**

- Having a very good progress
- Large-scale business
- More secured
- Good shape in talent managements
- Staff engagements
- Extensive research of new identity
- High reputations & market perception
- Giving awards to the employees for their encouragement
- Emphasize more on consumer banking.
- Cost efficiency.
- Capital efficiency
- Low interest rate for loan
- Prompt an excellent trade services
- Dedicated relationship manager
- Advisory services
- Stable growth rate with underlying economic uncertainties and at a turbulent world situation

### **Explanation :**

#### **Having a very good progress**

After the acquisition with the ANZ Grindlays bank SCB is having a very good progress. Moreover they are broadening their activities through out the whole country that has been a drive to get more profit out of their existing business and this will continue I hope.



### **Large-scale business**

SCB has large scale of business like cards, Internet banking, consumer banking and many other activities in its operation.

### **More secured**

Keeping deposit in SCB gives customer more satisfaction than any other bank in Bangladesh. Instead of having low deposit interest rate investors feel SCB safer

### **Good shape in talent managements**

It is in a good shape in having a tremendous talent at all levels of bank. With an increase of talent management to focus on launching a new approach to organization it is encouraging it's employees to have more control over their own training development and make it profitable as well.

### **Staff engagements**

Staff engagement has a great impact to grow up the performance of the bank. Employee engagement in decision-making will have significant effect to improve the quality of the bank, which is very prominent in SCB's environment. By strengthening the leadership development with progress it will act as a touchstone for all employees in helping to meet the need of the customer of the bank.

### **Extensive research of new identity**

Through the extensive research of new identity and the survey of these innovative financial product and services, it can have better customer satisfaction, which will reflect the customer's lifestyles and aspiration as well.

### **High reputations & market perceptions**

As a foreign bank SCB enjoys a very high reputation and market perception as well. It also has a number of supporting products, which are delivering through cash management. Moreover in 2003 it celebrates its 150 years as a company. This longevity says a lot about their strength and the market position they hold. There is a great opportunity to deliver on step change in performance by continuing to be innovative and progressive in the market.

### **Giving awards to the employees for their encouragement**

SCB takes a number of initiatives that inspire the employees to have an better performance. They have started giving award to the employees those who have highly responded to meet the challenges it has faced from the difficulties. This initiative is encouraging them for the best utilization of their opportunities.

### **Increase emphasizing more on consumer banking**

In addition SCB has increased their emphasize on consumer banking. This where the greatest opportunities lies as the middle-income earners increase in size and prosperity in the market.

### **Cost efficiency**

upward trend in cost/income ratio.  
SCB is having a very good cost performance. Cost performance is very good and the cost income ratio will improve more in future. It could have a great control on cost through tighter project management and stick discipline on general expenditure.

### **Capital efficiency**

Having carefully assessed the capital needs of the business to achieve ambitious growth object SCB considered that it has an excess of capital in it's own.

### **Low interest rate for loan**

SCB is giving a very low interest for loan and this is where a great opportunity lies to have more customer than FCB'S.

### **Prompt and excellent trade services**

It is having a very prompt and excellent service in trade department than other FCB's.

### **Dedicated relationship manager with good advisory services**

It is having a very dedicated relationship manager with limited accounts holder. These mangers are also very good in advisory services.

### **Stable growth rate**

It has stable growth rate with underlying economic uncertainties and at a turbulent world situation. It is continue to grow although the pace of growth will reflect on economic uncertainties and it focus on sustainable return.

**10. Suggestions for the development of bank's performance and customer services:**

**Suggestions for the development of bank's performance and customer services:**

These guidelines mentioned below will help the bank officials to do better performance and to get more customer satisfaction in useful problem resolution.

**SCB should lower its minimum balance requirement**

SCB should lower its bar i.e.: it's minimum balance requirement to give access to more clients.

**SCB should avoid taking prompt actions**

SCB should be avoided it's nature of taking prompt actions in order to give more chances to it's customer that would reduce the probability of customers to switch over the bank

**Increase the number of alternate channels**

It can deliver it's services through alternate channels like increase number of ATM's, introduce transaction module in internet banking for customer.

**Increase the staff's strength**

It should increase its staff's strength to give better quality services to customer, which should also train its front-end people to have interaction with customers.

**SCB should higher its deposit interest rate**

SCB should higher its deposit interest rate, as it is lower than other private commercial banks.

**SCB should improve its service quality**

To sustain over the competitive pace SCB should grow up its quality to attract more customers. It should be regular to provide bank statement and should be more cautious about customer relationship as well. It should try to prevent its hidden charges.

**Clarify the steps needed to solve the problem**

As there are big number of customers exist in all over the bank and the relationship managers has to take care of huge number of accounts so it's not possible for them to maintain and relationship with everyone at a time. So bank should take special care of this problem specially the advisory services. When instant solutions are not possible for any problem, customer should be informed how the organization plans to have corrective actions to resolve the same problem in near future.

**It should minimize it's current account number:**

SCB should emphasize on the combination of account to give customer more access in others account than the current account

**It should emphasize more on fixed deposit**

SCB generally discourage fixed deposit and in worst-case scenario they try to put the deposit in STD account. It should encourage customer more on FDR.

**Preserving to regain customer goodwill:**

When customers have been disappointed, one of the biggest challenges is to restore their confidence and preserve the relationship for the future. This may require perseverance to convince them that the actions are being taken to recurrence of the problem.



## **11. Conclusion**

## **Conclusion**

Standard Chartered Bank considers Corporate Banking an integral part of its overall success as because of its rapid growth and increasing importance as an input into many other areas of bank's activity. Corporate relationship also helps to develop consumer relationship and treasury relationship as well. Corporate banking has the potential for directing bank's progress across a broad front, much as the development of different sector. As a whole SCB enjoys a very good reputation in market as a foreign bank. If the weaknesses are address appropriately and opportunities are explored keeping in view the threats behind a stable and professional managements having regard to appropriate corporate governance and modern automation technology, I expect SCB to achieve it's desired target of a visionary bank.