

THESIS REPORT

ON

Current Status of SME Banking Activities: A Case Study of Four Commercial Banks in Bangladesh.

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Subject: Submission of Thesis Report on "Current Status of SME Banking Activities:

A Case Study of Four Commercial Banks in Bangladesh."

Dear Madam,

This is a great pleasure for me to submit the thesis report, which I was obliged to prepare

as a partial requirement of MBA program of Stamford University Bangladesh. The topic

that I have found was interesting, beneficial and insightful. I have tried my level best to

prepare and effective and creditable report. The report contains "Current Status of SME

Banking Activities: A Case Study of Four Commercial Banks in Bangladesh." To

fulfill the requirement of the report I have followed the instruction and guidelines in

writing the thesis report. All the data use in this report are taken from the respective banks

Annual & Financial reports, Business Magazines, Business portals, and archived

newspapers.

I would like to thank you for giving me this opportunity to prepare this report which will

help me to widen my knowledge on the SME Banking in Bangladesh and its important

roles in banking sectors as well in the economic development of our country. However, I

will be glad to clarify any discrepancy that may arise in this thesis report.

Sincerely

Md.Sakib Hassan

ID: MBA063-17124

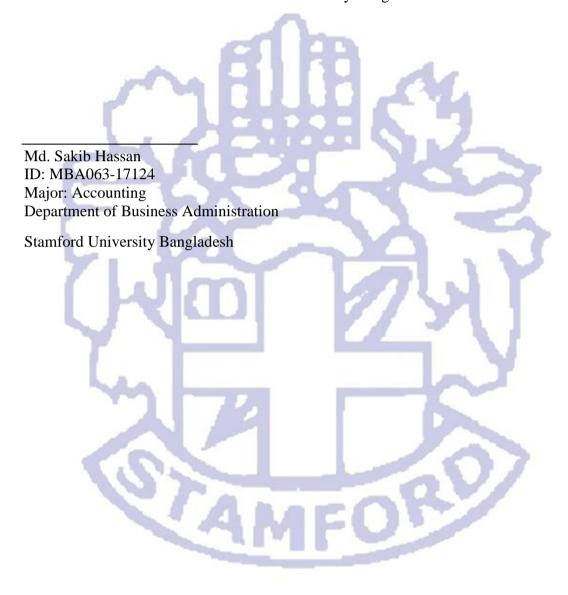
Major: Accounting

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Student's Declaration

I, Md.Sakib Hassan, a student of Business Administration, Stamford University Bangladesh, hereby declare that, the report entitled "Current Status of SME Banking Activities: A Case Study of Four Commercial Banks in Bangladesh." is an original work done by me under the supervision of Farjana Yeshmin Associate Professor of Dept. of Business Administration of Stamford University Bangladesh.



Supervisor's Certificate

This is certified that the Thesis report on "Current Status of SME Banking Activities: A Case Study of Four Commercial Banks in Bangladesh." submitted for the award of the degree of Bachelor of Business Administration in Accounting to the Stamford University Bangladesh is an authentic research carried out by Md.Sakib Hassan, ID: MBA063-17124, under my supervision. No part of this report has been submitted by him for any degree, diploma, title or recognition before She is permitted to submit the thesis report & I wish him every success in life.

Farjana Yeshmin

Associate Professor

Department of Business Administration

Stamford University Bangladesh

Acknowledgement

I would like to express my deep gratitude to all those who have been helpful in the preparation of this thesis report. It certainly would not have been possible without the help of many people and I would like to acknowledge my pleasure to all those who had helped me during this entire process.

At the very outset, I would like to praise my gracious and beneficent Almighty due to providing me with enough strength, patience, courage and ability to work on for this thesis report regarding on the comparison of SME Banking between BRAC Bank Ltd, Jamuna Bank Ltd, Mercantile Bank Ltd & Southeast Bank Ltd.

After that I would like to take this opportunity to express my heartfelt gratitude to my honorable supervisor Farjana Yeshmin, Associate Professor of Stamford University Bangladesh for her constant supervision and guidance to sort out all the problems that I have faced in preparing the thesis report. I am very thankful to her for her expert supervision, constant guidance and inspiration during the preparation of the thesis report.

EXECUTIVE SUMMARY

Bangladesh is a country of growing economy in the world. The economy of this country is mainly based on agriculture, Service oriented business and some manufacturing industry. SME Plays an important role is Bangladesh economy. SME financing is an important sector of banking activities. It is said that Small and Medium Enterprises (SME) account for about 50 percent of GDP and 60 percent of employments. SMEs are projected to contribute between 25 and 35 percent of world manufactured exports. Financial Institutes around the world are relentlessly trying to enhance the SME exposure in their groups. Currently Bangladesh Bank has asked all banks to put emphasis on SME banking activities and also gave some guidelines to facilitate the SME Banking.

As a partial requirement of MBA program from Stamford University Bangladesh, I have prepared my thesis report on the topic "Comparison of SME Banking between BRAC Bank Ltd, Jamuna Bank Ltd, Mercantile Bank Ltd, & Southeast Bank Ltd".

Firstly, the report consist a general overview of the selected banks, their vision, mission, product and services, operational area, capital, reserve, assets, liability, shareholders equity and profitability.

Then I have compared The SME Banking Performance of BBL, MBL, JBL and SEBL units last five years SME loan performance and based on this hope to fulfill my objectives for this report. This report discusses the operation performed by the selected banks in the area of SME. Through my analysis I hope that you will get a complete picture of last five years SME Banking and SME loan performance of the selected banks. The study portrays the current condition of the SME loans in Bangladesh and evaluation of the loan appraisal and process of SME loans of all the banks. It has also the analysis of the interest rates and processing fees of the SME loans which shows the current interests rates on SME loan of all the banks along with the durations of the loan provided to the SME customers in the current market. The report also shows the analysis of SME loan disbursement, SME loan disbursement Growth ratio, SME outstanding ratio, SME interest income ratio.

In the overall findings I have found that in the SME sector performance of BBL is much better than other banks with in terms of number of SME branches, Service points, clients, growth in SME outstanding, disbursement of SME, SME interest income ratio.

List Of Acronyms

A/C	Account	
ADB	Asian Development Bank	
ADC	Alternative Distribution Channel	
BBL	BRAC Bank Ltd	
CC	Cash Credit	
CIB	Credit Information Bureau	
CD Account	Current Deposit Account	
DD	Demand Draft	
DPS	Deposit Pension Scheme	
ERC	Export Registration Certificate	
FDR	Fixed Deposit Receipt	
GDP	Gross Domestic Product	
JBL	Jamuna Bank Ltd	
LC	Letter of Credit	
LG	Letter of Guarantee	
MBL	Mercantile Bank Ltd	
MOA	Memorandum of Association	
MOU	Memorandum of Understanding	
MOU	Memorandum of Understanding	
MTDR	Mudaraba Term Deposit Receipt	
NRB	Non-Resident Bangladeshi	
OD	Overdraft	
P.O	Pay Order	
PC	Packing Credit	
SB Account	Saving Account	
SEBL	Southeast Bank Ltd	
SME	Small & Medium Enterprise	
SND	Special Notice Deposit	
SOD	Secured Over Draft	

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CHAPTER: 1

Introduction

1.1 Background of the Study

Small and Medium Enterprises (SMEs) all over the world have been playing a crucial role in promoting economic development as well as industrial production. In particular, SMs provide the necessary foundations for sustained growth and rising income in the less developed and transitional economies. SME financing is a topic of significant research interest to academics and an issue of great importance to the policymakers of Bangladesh and around the world. Economic as well as technical and social arguments warrant the promotion of SMEs as they create large scale, low-cost employment opportunities, use available inputs and technologies, mobilize small and scattered private savings develop entrepreneurship, and correct the regional imbalance in development that exists in developing countries. Despite all these potentials, SMEs are disappearing, abandoning the potential role they could have played in economic development. So Bangladesh Bank has asked the all sectors bank to emphasis on SME Banking. These studies have identified the major SME facilities provided by the selected private banks and comparison of their SME banking facilities.

1.2 Objectives of the Study

The crucial Objective of the study is to development an understanding about the SME banking activities of the selected banks and to relate them with the theoretical knowledge acquired from the banks and other sources.

1.1.1 Broad Objective

The main objective of the study is to highlight the present current status of SME banking activities of commercial banks in Bangladesh

1.1.2 Specific Objective

However, the specific objectives of the study are as follows:

- To become familiar with the SME product policy guidelines maintained by selected commercial banks.
- To analysis the SME Banking facilities offered by the Selected Banks.
- To observe SME Lending activities of Selected Banks.
- To state the present condition of SME financing of Selected Banks.
- To analyze the overall SME performance of Selected Bank over last 5 years.
- To give some suggestions to overcome the problem of SME.

1.3 Methodology of the study: The mythology of study is preparing for the reason of MBA requirement.

1.3.1 Sample selection:

State Owned Commercial Banks

Agrani Bank Limited | Janata Bank Limited | Rupali Bank Limited | Sonali Bank Limited Bangladesh | Development Bank | BASIC Bank Limited | Bangladesh Krishi Bank Private Commercial Banks: AB Bank Limited | Bangladesh Commerce Bank Limited | Bank Asia Limited BRAC Bank Limited | City Bank Limited | Dhaka Bank Limited | Dutch-Bangla Bank Limited | Eastern Bank Limited | IFIC Bank Limited | Jamuna Bank Limited | Meghna Bank Limited | Mercantile Bank Limited | Midland Bank | Modhumoti Bank Limited Mutual Trust Bank Limited | National Bank Limited | National Credit & Commerce Bank Limited | NRB Bank Limited | NRB Commercial Bank Limited | NRB Global Bank Limited | One Bank Limited | Premier Bank Limited | Prime Bank Limited Pubali Bank Limited | South Bangla Agriculture & Commerce Bank Limited | Southeast Bank Limited | The Farmers Bank Limited | Trust Bank Limited | United Commercial Bank Limited | Uttara Bank Limited |

Sonali Bank, Agrani Bank, Janata Bank, Rupali Bank, Pubali Bank, Uttara Bank Among the private commercial banks in Bangladesh four banks have been chosen as our sample by using purposing sampling technique. The banks are: BRAC Bank Ltd, Jamuna Bank Ltd, Mercantile Bank Ltd & Southeast Bank Ltd.

- * BRAC Bank Ltd
- * Jamuna Bank Ltd
- * Mercantile Bank Ltd
- * Southeast Bank Ltd.

In this study we select the sample of BRAC Bank Ltd, Jamuna Bank Ltd, Mercantile Bank Ltd & Southeast Bank Ltd.

1.3.2 Data collection: Analysis has been made on the basis of the objectives mentioned before in the context of

—A comparative study among selected commercial bank's SME banking. The paper will be written on the basis of information collected from primary and secondary sources.

Primary Sources

No primary data used in this report. All data are collected from secondary sources.

Secondary Sources

- Annual report.
- Selected Bank's Web site.
- Books, journals & magazines.
- Bangladesh Bank website.
- Brochures and leaflets of the bank

The study is conducted on the basis secondary data. The source of data include Bangladesh Bank Bulletin. Scheduled Bank Statistics, Economic trend published by Bangladesh, different publication of the ministerial of finance, different books and journals at home and abroad.

1.3.3 Data analysis: Interest Income from SME Loan, Graphical analyzed, Ratio Analyzed and Sowt analyzed. The collected data has been processed and analyzed both manually and with the help of electronic device such as calculator, computer. Both qualitative analysis have been made. The quantities analysis has been made using the following ratio:

- * Graphical analyze
- * Ratio Analyze
- *SWOT analysis
- *Cash position indicator
- *Liquid Securities Indicator
- *Capacity Ratio
- *current Account and other account index
- *Term deposit index
- *Composition of asset according to maturity profile
- *Loan to deposit ratio
- *Operating asset to operating liabilities

The data will be duly analyzed and interpreted as to achieve the desired objectives.

1.4 Scope of the study

The report will provide some opportunities to learn various aspects of SME banking. This was the opportunity to learn the total concept of SME banking, its procedures and its impact in overall economy of Bangladesh. The area of concentration of this report is confined in making comparison among different types of SME's loan products and services of between BBL, JBL, MBL, SEBL. All the selected banks provide various feature of SME loan as a complicated area of finance. It bestows me to study the present performance level of the selected Bank and gets opportunity to gain knowledge about SME banking industry in Bangladesh.

1.5 Limitations of the study

On the way of the study, I have faced the problems that are given below that may be terms as the limitation or shortcoming of the study.

Short Time Period

The first obstruct is time itself. Due to the time limitation, the scope and dimension of the study has been curtailed. For an analytical purpose adequate time is required. But I got a short time period for prepare the report.

Data Insufficiency

It was very difficult to collect the data of four banks and all of the employees are very busy. For the time limitation they could not able to supply my topic related data.

Lack of Records

Sufficient books, publications, facts and figures narrowed the scope of accurate analysis. If this limitation were not been there, the report would have been more useful and attractive.

Poor Library Facility

Most of the commercial banks have its own modern, rich and wealthy collection of huge and various types of banking related books, journals, magazine, papers, case studies, term papers, assignment etc but the library of selected banks are not well ornamented and decorated.

Lesser Experience

Experience makes a man efficient. I am doing such kind of research activity for the first time.

CHAPTER: 2

Literature Review

2.1Literature Review

Rosen (2003) mentioned that SMEs make up the largest portion of the employment base in many developing countries and, indeed, are often the foundation of the local private sector. The entrepreneurs behind them could and should play a much larger role in development, but too often are held back by a lack of ready access to financing from local formal sector financial institutions.reference: Baglione, L. (2012). Writing a Research Paper in Political Science. Thousand Oaks, California: CQ Press.

The Daily Star in its editorial (2006) mentioned that many SME owners are to face difficulties when they require bank loans. In fact, SME financing has recently been identified by experts as one of the major problems faced by SMEs in Bangladesh.

A World Bank survey (2002) on Bangladesh's SMEs identified lack of finance as the major issue, with 55% SMEs reporting it. Bribes (21%), orders/marketing of product (28%), lack of knowledge (12%), and license for work (8%), along with new technology (8%) were also considered as major issues. Without the much vital capital, they have little chance of growth or even sustenance in this mobile world. This study has tried to pinpoint, through empirical research, the major, problems faced by SMEs and banks in Bangladesh in relation to financing and has provided recommendations based on the findings to improve the situation. Baglione, L. (2012). Writing a Research Paper in Political Science. Thousand Oaks, California: CQ Press

Bhattacharya and Chowdhury (2003) mentioned that Bangladesh Bank encourages banks to give loans to projects for diversified industrial development. From the point of view of limiting the credit risk exposures of the banks having a higher level of classified loan, the new rule is justified. However, to consider large loans as risky loans (by the new rule) is not reasonable. Moreover, for increasing the volume of lending to the SME sector, this sort of supply-side policy is not adequate. In fact, under both directed lending (before 1990) and deregulated lending (after 1990) regimes, the demand-side factors were not considered; consequently, resource allocation suffered.

http://chipbruce.wordpress.com/2010/06/21/navigating-the-corridor-of-inquiry/ - website accessed 5/24/11

Chowdhury et. al (2013) have made a study on "Problems and Prospects of SME Financing in Bangladesh". The Study found that SMEs contributes significantly in poverty reduction programs and potential contribution to the overall industrial and economic growth and suggested Venture Capital, Bank Syndication Scheme, HRD in

financial institutions and in Government offices, Training and Development etc as potential tools of eliminating the constraints of SMEs financing. Shields, Patricia M. 1998. "Pragmatism as a Philosophy of Science: A Tool for Public Administration." *Research in Public Administration* Vol. 4 pp.195-225

Aboagye and Acheampong (2013) conducted a study on "Wealth Creation through Micro Financing: Evidence From Small Scale Enterprises in Ghana". They found that personal sources were the main sources of funding for Small Scale Enterprises (SSEs) start-up and expansion. They concluded that MFIs should ensure that they understand the business of their clients to be able to design products and services that fit their needs.

Shamsuddoha and Nasir (2011) have made a study on "Micro Credit Program of Selected NGOs: An Empirical Study on Rural Poor Women" and evaluated the entrepreneurial program of reputed Non- governmental organization (NGO) and identifies Difficulty in getting loans, Inadequate and unintegrated supply of fund, Higher rate of Interest, Premature recovery loan are the major problems facing the selected women entrepreneurs. http://newforums.com/title-list/featured-authors/pat-shields/ Website accessed July 12, 2014

Alam and Ullah (2006) in their study "SMEs in Bangladesh and their financing: An analysis and some recommendations" found that lack of medium to long-term credit, limited access to market opportunities, technology, and expertise and business information. Lack of suitable incentives, inefficient and limited services from relevant government agencies as well as poor capacity of entrepreneurs are other reasons for the slow growth of SMEs. Study recommend that flourish, SMEs will create new entrepreneurs, generate more jobs and contribute to a great extent to the national economy. http://www.aspaonline.org/swpa/current_awards.html - website accessed 5/31/11

Chowdhury and Ahmed (2011) have made a working paper on "An Appraisal of the Problems and Prospects of Small and Medium Enterprises (SMEs) Financing in Bangladesh: A Study on Selected Districts". They observed that non availability of adequate credit, complex loan granting procedure, inadequate infrastructure facilities, problems of collateral requirements, paucity of working capital, non availability of skilled work force; poor salary structure, lack of coordination among SME related organizations, lack of appropriate marketing strategies etc. are the major hindrances to the development of the SMEs in Bangladesh. They recommended easy loan application and disbursement

procedure, fix the minimum salary, adequate finance for modernization, expansion and technological advancement of SMEs etc for the development of SMEs. Reference http://www.aspanet.org/scriptcontent/PDFs/interviewShields.pdf - website accessed 5/18/11

Hossain (1998) found that the most critical constraint that small and medium scale manufacturers mention is the lack of sufficient capital to operate the business. In most of the cases, businesses started using own savings and borrowing from friends and relatives, while banking source come after that. It is not so easy to rise fixed and working capital from banks, since banks are not so willing to provide loan of small size for high monitoring cost. On the other hand, potential small scale entrepreneurs are also not so much interested due to procedural hazards and requirement of long time, which may make the necessity of taking loan futile. Thus, the way to get bank loans needs to be simplified for the small enterprises.

Reference: http://www.sagepub.com/journals/Journal201730/boards Website accessed July 9, 2014

CHAPTER: 3 Background of the Organizations

3Historical Background of SME Banking

After Liberation of Bangladesh, intensive efforts were undertaken to accelerate the rate of industrialization in the country. At the beginning, import substitution and subsequently export-led economic growth strategy was pursued for industrialization. In order to attain this objective, large amount of industrial credit was funneled to the industrial sector. But the whole exercise of industrialization came to a halt with the massive diversion of resources to other non-priority sectors. Policy makers, of late, have come to recognize the contribution of SME sector towards economic development in the country. Small and medium enterprises have been recognized as one of the most important means for providing better economic opportunities for the people of least developing countries like Bangladesh. A developing economy like that of ours suffers from many peculiar problems such as disproportionate pressure of population on agriculture due to lack of rural industrialization, unemployment and underemployment of human and materials resources, unbalanced regional development etc. The contribution of small and medium enterprises in the solution of these problems is beyond doubt, provided they are organized and run on scientific basis.

Small and medium enterprises are particularly suitable for densely populated countries like Bangladesh where SME sector can provide employment with much lower investment per job provided. Out of 11% employment of the civilian labor force provided by the manufacturing sector, about two thirds are estimated to be provided by the small and cottage industries sector. Again, development of small industries facilitates the effective mobilization of capital and labor resources. They also help in raising standards of living of people in rural areas. Contribution of SME sector to GDP remained above 4% during the period from 1985-86 to 1999-00. Moreover, the present contribution of SME sector to GDP is approximately 5% and SME sector employs 25% of the total labor forces, thus this sector is the present available sector for creation of jobs (Saha, Sujit R. 2007).

Research papers developed by Bakht, Zaid (1998) and Ahmad, Salahuddin et al. (1998) described that the policy environment within which SMEs in Bangladesh operate accompanies legal, regulatory and administrative constraints to employment creation by SMEs. The robustness of SME contributions to employment generation is a common phenomenon in most developing countries in that the magnitude varies between 70% to 95% in Africa and 40% to 70% in the countries of the Asia-Pacific region (Ahmed,

M.U. 1999).Liberalization of industrial and trade regimes along with globalization are likely to have had significant effects on Bangladesh's SMEs (Ahmed, 2002; Bhattacharya et. al., 2000).

The recent private sector survey estimates the contribution of the micro, small, and medium enterprises (MSMEs) is 20-25% of GDP (Daniels, 2003). While SMEs are characteristically highly diverse and heterogeneous, their traditional dominance is in a few industrial sub-sectors such as food, textiles and light engineering and wood, cane and bamboo products. Despite these contributions in the economy of the country, Banking sectors are not interested in financing the small and medium enterprises; rather there is a decline in the amount of advances by the Banking sector. There are approximately 52 Banks operating in our country and all are serving large enterprises rather than SMEs though only the small enterprise's contribution is 5% in GDP of Bangladesh in 2007

3.1BRAC Bank

3.1.1Background of BRAC Bank Limited (BBL)

BRAC Bank is a private commercial bank in Bangladesh focused on Small and Medium Enterprises (SME).BRAC Bank Limited (BBL) is a Commercial Bank in Bangladesh. The Bank is mainly owned by the largest NGO in Bangladesh- BRAC .The Bank has positioned itself as a new generation Bank with a focus to meet various financial needs a growing and developing economy. Since this sector had huge potential, BBL introduced SME Banking Division in 2001 to target this niche market (Masud, 2014). SME Banking Division is a business division of BBL that deals with small and medium sized Entrepreneurs involved in different types of business. SME banking division primarily provides loans to small and medium sized trading, manufacturing, service, agriculture, non-farm activities and agro-based industries located across the country.

BRAC started as a development organization dedicated to alleviating poverty by empowering the rural poor of Bangladesh and to bring about change in their own lives. It was founded in 1972 and over the course of time, it has established itself as a pioneer in recognizing and tackling the many different realities of poverty of which BBL is one of the largest operational commercial venture with a vision. BRAC Bank Limited has established in Bangladesh under the Banking Companies Act, 1991 and mainly owned by the largest NGO in Bangladesh- BRAC. It started its journey from July 4, 2001 which focuses on pursuing unexplored market niches in the Small and Medium Enterprise Business, which until now has remained largely untapped within the country. The Chairman of the Bank is Sir FazleHasan Abed. Now the Managing Director & CEO of the bank is Mr. Selim R. F. Hussain. The Bank has positioned itself as a new generation Bank with a focus to meet diverse financial need a growing and developing economy. Within the 174 branches there are 105 of Retail Banking branches and 69 are SME Banking branches. There is over 450 plus ATM Booths, 450 plus SME Unit Offices, and 41 plus Cash Deposit Machine (CDM), total staff 8000plus human in financial industry. In addition to small business lending, BRAC Bank has fast growing remittance, savings mobilization and consumer lending businesses. BRAC Bank's operation now cuts across all segments and services in financial industry. With more than 2.5Million Customers, the bank has already proved to be the largest SME financier in just 14.5 years of its operation in Bangladesh and continues to broaden its horizon into Retail, Corporate, SME, Probashi and other arenas of banking. In the year: 2010, BBL has been recognized as Asia's most

Sustainable Bank in Emerging Markets by the Financial Times and IFC. The following section covers corporate vision, mission and value of BRAC Bank collected from the bank's website.

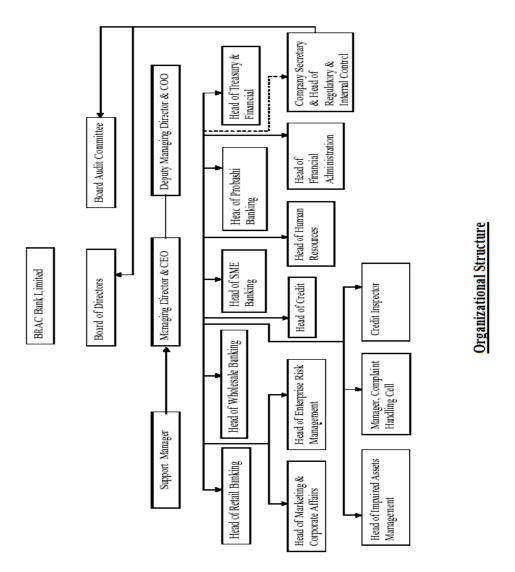
3.1.2Vision of the Bank

Building profitable and socially responsible financial institution focused on Market and Business with Growth potential, thereby assisting BRAC and stakeholders to build a just, enlightened, healthy democratic and poverty free Bangladesh".

3.1.3Mission of the Bank

- Sustained growth in Small & Medium Enterprise sector.
- Continuous low-cost deposit Growth with controlled growth in retail assets.
- Corporate Assets to be funded through self-liability mobilization. Growth in Assets through syndications and investment in faster growing sectors.
- Continuous endeavor to increase non-funded income.
- Keep our debt charges at 2% to maintain a steady profitable growth.
- Achieve efficient synergies between the bank's branches, SME unit offices and BRAC field offices for delivery of remittance and Bank's other products and services.
- Manage various lines of business in a full controlled environment with no compromise on service quality.
- Keep a diverse, far flung team fully controlled environment with no compromise on service quality.

3.1.4 Organization Structure



3.1.5 Product and Services

3.1.5.1SME Banking

BBL has almost 69 SME banking outlets and 450 plus SME unit offices all over Bangladesh. SME is an additional and specialized horizon of the bank which serves the bank's special focusing promoting broad based participation by catering to the small and medium entrepreneur. The network of SME has already been established throughout Bangladesh.

Deposit Product	Loan Products
Pronti Comment Assessed	AnonnoRin
Prapti Current Account	ApurboRin
	ProthomaRin (only for woman)
Prabhuji Fixed Deposit	ShomriddhiRin
	ShompodRin
Shonchoy SME Deposit	ShoktiRin

TABLE 3: PRODUCT AND SERVICES UNDER BBL SME BANKING

3.2 Retail Banking

BBL has almost 105 retail banking outlets and 450 plus ATMs all over Bangladesh. The bank also offers a wide range of financial solution to meet its client's everyday needs. In retail banking operation the bank has a slogan that "Be it home loan, car loan or simply a quick loan-simply drop an application and we shall do the rest while you enjoy life".

Deposit Product		Loan Products
Current Accounts	Term Deposits	Personal Loan
Current Classic Account	DPS	Lifestyle Plus Loan
Current Plus	Fixed Deposit General	Auto Loan
Campus Account	Flexi DPS	Home Loan
Salary Account	Interest First Fixed Deposit	Nijer Bari
Resident Foreign Currency Deposit(RFCD)Account	Freedom Fixed Deposit(FFD)	Motorcycle Loan
Foreign Currency(FC)Account	Abiram Fixed Deposit	Personal Loan for Landlord

	Unit Fixed Deposit	Personal Loan for Doctors
Savin	gs Accounts	Secured Loan/Overdraft
Triple Saving Accounts	Aporajita Account	Executive Study Loan
Savings ClassicAccount	Future Star Account	

TABLE 4: BBL'S RETAIL BANKING DEPOSIT AND LOAN PRODUCTS

Wholesale Banking

BBL offers a full collection of Financial Services to Corporations and Institutions. Having access to the deepest end of the country, BRAC Bank's There Assist Businesses In Bangladesh. With us on your side, you have the power of local knowledge with capabilities global standard.

Corporate Banking		Cash Management
Corporate Loan Products:	Term Loan	Cash & Trade
		Overview
Overdraft	Project Finance	Liability Products
Short Term Loan	Bill Purchase	Securities Services
Lease Finance	Bank Guarantees	
Loan against Trust Receipt	Trade Finance:	
Work Order Finance	Letter of Credit(LC)	Custodial Service
Emerging Business	Letter of Guarantee(LG)	ProbashiBiniyog

TABLE 5: BREAKDOWN OF SERVICES OF CORPORATE BANKING AND CASH MANAGEMENT

3.2.1 Probashi Banking

Every month, Probashi Banking executes around 200,000 transactions; this has made BRAC Bank one of the largest players among private commercial banks in channelizing inward remittance in the Bangladesh. With the help of

ELDORADO, now anyone can withdraw money from any of the Eldorado member banks in addition to BRAC Bank outlets.

Accounts & Deposits	Investments	Remittance
Probashi Current Account	Wage Earner's Development Bond (WEDB)	Western Union Money Transfer
Probashi Savings Account	US Dollar Investment Bond	Money Gram
Probashi Fixed Deposit	US Dollar Premium Bond	Klinnk
ProbashiAbiram	Process Flow	International Remittance Through bKash
Probashi DPS	ProbashiBiniyog	Exchange Houses

TABLE 6: BBL'S PROBASHI BANKING PRODUCT & SERVICES

3.2.2e-Banking

BRAC Bank Limited offers its clients a wide range of financial solutions with 174 outlets, over 450 plus ATMs in the market, to meet their everyday needs. Customers can transfer money easily with internet banking without going bank.

e-Banking		
BRAC Bank Smart Opener	Internet Banking	Mobile Top-up
BRACBANK Mobile	24 Hour Call Center	iWallet Services
		Phishing Alert(Important Security
E-Commerce	SMS Banking	Message)

TABLE7: FACILITIES PROVIDED UNDER BBL E-BANKING

3.2.3Bank Operational Area

As a full-fledged bank in Bangladesh, BRAC Bank extended all banking services including wide range of saving and investment products, foreign exchange and ancillary services with the support of sophisticated IT and professional management. The investment portfolio of the bank comprises of diversified areas of business and industry sectors. The sectors include textiles, edible oil, ready-made garments, chemicals, cement, telecom, steel, real estate and other service industry including general trade finance. The bank has given utmost importance to acquire quality assets and is committed to retain good customers through customer relationship management and financial counseling. At the same time efforts have been made to explore/induct new clients having good potentiality to diversify and create a well established structured investment portfolio and to minimize overall portfolio risk.

Investment: Bank's investment portfolios are segmented under the following heads:

- Small and Medium Enterprise investment
- Retail/Consumers investment.
- Micro enterprise investment.
- Large and Corporate investment.
- Syndicate investment.

3.2.4Achievement

BRAC Bank wins prestigious 'Sustainable Marketing Excellence Award' from CMO Asia BRAC Bank has been awarded with 'Sustainable Marketing Excellence Award' from CMO Asia. The award is as part of Global Brand Excellence Awards of CMO Asia, the most prestigious brands award in Asia. The award was handed over to BRAC Bank at World Brand Congress at The Pan Pacific, Singapore on July 31, 2014.

BRAC Bank wins prestigious 'Best Bank in Bangladesh Award' from FinanceAsia

BRAC Bank Limited has won prestigious 'Best Bank in Bangladesh Award' from FinanceAsia as part of Country Awards for Achievement 2013.

BRAC Bank wins The Best Managed Bank Award from The Asian Banker,MD & CEO wins The Leadership Achievement Award

BRAC Bank has won prestigious "The Best Managed Bank Award" and its Managing Director & CEO Mr. Syed Mahbubur Rahman has been accorded with "The Asian Banker Leadership Achievement Award" for Bangladesh for achievement in the period 2011-2013.

BRAC Bank Wins the Award for Best Retail Bank in Bangladesh by The Asian Banker

BRAC Bank has been named the sole winner for Best Retail Bank in Bangladesh at the 10th International Excellence in Retail Financial Services Awards Programmed 2011.

BRAC Bank Limited has received ICAB National Award

BRAC Bank Limited has received ICAB National Award for Best Published Accounts and Reports 2010 as joint third position under banking category. Commerce Minister Mr. Muhammad Faruk Khan formally hands over the award to Deputy Managing Director of BRAC Bank Mr. Mohammad Mahmudur Rashid at Pan Pacific Sonargaon Hotel in Dhaka on October 4, 2011.

BRAC Bank awarded prestigious FT Sustainable Bank of the Year 2010

BRAC Bank has been awarded as the Sustainable Bank of the Year 2010 at the FT Sustainable Banking Awards 2010. The award was jointly announced by Financial Times newspaper and IFC at the award ceremony on 3rd June 2010 in London.

BRAC Bank received National Award as the Highest VAT payer for the financial year 2007-2008

BRAC Bank Limited has recently received the prestigious award for being the highest VAT paying organization in national level in service industry.

BRAC Bank received ICAB National Award

BRAC Bank Limited has been awarded ICAB National Award from Institute of Chartered Accountants of Bangladesh (ICAB) for one of the Best Published Accounts & Reports 2007 recently.

• Fastest growing bank in the country for the last two years.

- Leader in SME financing through 350 offices.
- Biggest suit of personal banking & SME products.
- Large ATMs (Automated Teller Machine) & POS (Point of Sales) network.

List of Branches

At present the Bank is operating its business by 174 Branches. Within the 174 branches there are 105 of Retail Banking branches and 69 are SME Banking branches. There is over 450 plus ATM Booths, 450 plus SME Unit Offices, and 41 plus Cash Deposit Machine (CDM), total staff 8000 plus human in financial industry.

3.2.5 Capital and Reserve

The Capital and reserve of Bank is the sum of Tier-I and Tier-II Capital.

Tier-I:Tier-I capital is the core measure of a bank's financial strength from a regulator's point of view. It is composed of core capital, which consists primarily of common stock and disclosed reserves (or retained earnings), but may also include non-redeemable non-cumulative preferred stock.

Tier-II:Tier 2 capital is the secondary component of bank capital, in addition to Tier 1 capital, that makes up a bank's required reserves. Tier 2 capital is designated as supplementary capital, and is composed of items such as revaluation reserves, undisclosed reserves, hybrid instruments and subordinated term debt.

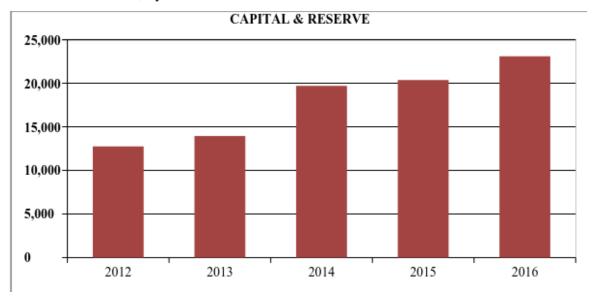


Figure 1: CAPITAL & RESERVE OF BBL

BBL authorised capital is 12,000 million and Paid- up capital is 7,140.37 million as on 31 December 2016. BBL Capital and reserve stand BDT 23,095 million in 2016 compared to BDT 20,375 million in 2015.BBL consolidated capital adequacy ratio is 12.26% as on 31 December 2016.

3.2.6 At a glance Profitability position of the bank for last 5 years

BBL showed the continuous growth in operating profit from 2012 to 2016. BBL's operating profit increased to BDT 9,267 million in 2016 compared to BDT 7,799 million in 2015.



Figure 2:OPERATING PROFIT OF BBL

3.26Net PROFIT OF BBL

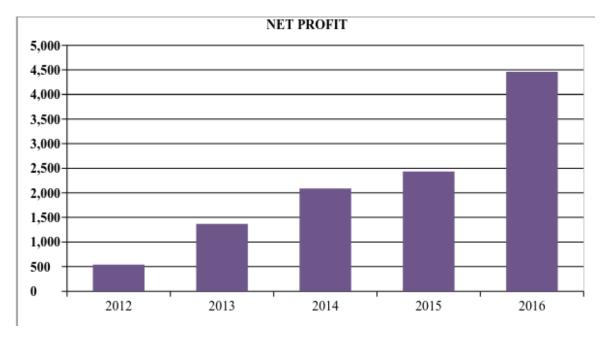


Figure 3: NET PROFIT OF BBL

BBL has showed a tremendous growth in Net profit from 2012 to 2016. In last 5 years BBL net profit has increased by 8 times. BBL Net profit increased to BDT 4,460 million in 2016 compared to BDT 2,436 million in 2015.

3.2.7 Total Assets position of the Bank for last 5 years

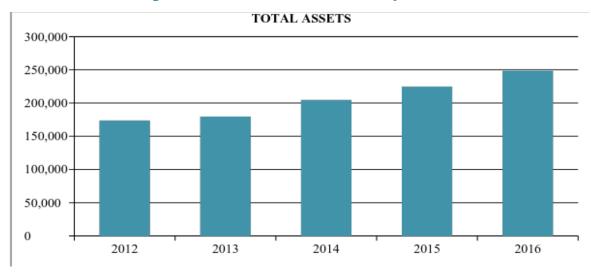


Figure 4: TOTAL ASSETS OF BBL

BBL total assets showed a 13.84% growth in 2014. BBL total assets in 2016 increased to BDT 248,605 million compared to BDT 224,492 million in 2015.

3.2.8 Total Liability & Shareholder equity position for last 5 years

BBL Shareholder equity increased to BDT 21,441 million in 2016 compared to BDT 18,815 million in 2015 & Total Liabilities increased to BDT 227,165 million in 2016 compared to BDT 205,677 million in 2015.



Figure 5: SHAREHOLDERS EQUITY & TOTAL LIABILITY OF BBL

Jamuna Bank Limited (JBL)

3.1.1 Background of Jamuna Bank Limited

Jamuna Bank Limited. (JBL) is a Banking Company registered under the Bank Companies Act, 1991 and incorporated as Public Company limited by Shares under the Companies Act, 1994 in Bangladesh. The Bank started its operation from 3rd June 2001 as a scheduled Bank. JBL is the youngest commercial bank in Bangladesh. JBL came into being as a highly capitalized new generation Bank started its operations with an Authorized Capital and Paid-up Capital of Tk.2424.00 million and Tk.1313.00 million respectively. JBL is the only private commercial bank was established by a group of winning local entrepreneurs conceiving an idea of creating a model banking institution with different outlook to offer the valued customers, a comprehensive range of financial services and innovative products for sustainable mutual growth and prosperity. The sponsors are reputed personalities in the field of trade, commerce and industries. The Bank is being managed and operated by a group of highly educated and professional team with diversified experiences in finance and banking The bank has already ranked at top of the quality service providers & is known for its reputation. JBL is now trying to expand its borders by targeting all the potential sectors. With an extensive range of financial products and services the bank is committed to provide high quality financial services to its valued clients. JBL also aims to contribute to the growth of GDP of the country through stimulating trade & commerce, accelerating the pace of industrialization, boosting up export, creating employment opportunity for the educated youth, alleviating poverty, raising standard of living of limited income group and expand over all sustainable socioeconomic development of the country. To keep pace with time and in harmony with national and international economic activities and for all modem services, JBL, as a financial institution automated all its branches with online computer network in accordance with the competitive commercial demand of time. Moreover, considering its forthcoming future the infrastructure of the Bank is being upgraded whenever felt necessary. Since its setting up the Bank's footprint has grown to 93 branches across the country. The expectation of all class businessmen, entrepreneurs and general public is much more to JBL.

3.1.1Vision of the Bank

To become a leading banking institution and to play a significant role in the development of the country.

3.1.1Mission of the Bank

The Bank is committed for satisfying diverse needs of its customers through an array of products at a competitive price by using appropriate technology and providing timely service so that a sustainable growth, reasonable return and contribution to the development of the country can be ensured with a motivated and professional work force.

Objectives

- To earn and maintain CAMEL Rating 'Strong'
- To establish relationship banking and improve service quality through development of Strategic Marketing Plans.
- To remain one of the best banks in Bangladesh in terms of profitability and assets quality.
- To introduce fully automated systems through integration of information technology.
- To ensure an adequate rate of return on investment.
- To keep risk position at an acceptable range (including any off balance sheet risk).
- To maintain adequate liquidity to meet maturing obligations and commitments.
- To maintain a healthy growth of business with desired image.
- To maintain adequate control systems and transparency in procedures.
- To develop and retain a quality work-force through an effective human Resources
 Management System.
- To ensure optimum utilization of all available resources.
- To pursue an effective system of management by ensuring compliance to ethical norms, transparency and accountability at all levels.

3.1.1.1Corporate Banking

Corporate Banking of Jamuna Bank Limited offers customized corporate banking solution for both its local Business Houses as well as Multinational Companies.

Corporate Banking offers

JBL Corporate Banking offers a wide range of financial solutions through both Conventional and Islamic Banking products that include-

Project Finance is allowed for both new project and expansion of existing project by financing mainly capital machinery at a desired debt-equity in the form of Term Loan preferably up to 5 years, Hire Purchase, Lease Finance.

Working Capital Finance is the preferred area for JBL Corporate Banking. It offers wide range of products for meeting the working capital requirement of all types of industrial units, trading houses and commercial houses. Various working capital modes of Finances that JBL offers for those business houses that procure raw materials/ Stocks-intrade from local market are as follows:

- Cash Credit (Hypothecation) popularly known as CC (Hypo) that requires
 mainly for financing local procurement of raw materials/ Stocks-in-trade.
 CC(Hypo) is revolving in nature given for one year and is renewed for further
 period based on satisfactory turnover.
- **Time Loan** is a preferred mode of working capital finance for procuring local raw materials/stocks-in-trade. Time Loan is given for a specific period matching with the operating cycle i.e. 30 to 60 days for trading and 90 to 180 days for manufacturing houses.

Cash Credit (Pledge) known as CC (Pledge) is offered for those business houses which cannot offer adequate/requisite collateral security. In this case, the Bank allows finance for purchasing raw materials/stocks-in-trade from local market allowing drawing through Pay Order directly in the name of supplier(s).

3.1.1.1 Offers for Importers

Various supports that JBL offers for importers are as follows:

Import Support: JBL Corporate Banking extends all out supports to Importers by allowing Irrevocable Letter of Credit both sight and deferred term basis advising and even confirming the same through its wider correspondent network.

Post Import Finance:

Loan against Trust Receipt popularly known as LTR is allowed as post import
working capital finance for a period of mainly 45 days to 90 days for trading and
90 days to 180 days for manufacturing houses. This is a preferred mode of finance
since it is a short-term facility.

• Time Loan is allowed in very special cases considering the creditworthiness, reputation and/or security position of the customer for supporting a part of duty structure against high volume imported consignment.

3.1.1.1 Offers for Exporters

Various Supports that JBL Offers for Exporters are as follows:

- Back-to-Back Letter of Credit facility is allowed against confirmed Master (Export Order) LC/Contract of well-reputed buyers for procuring various raw materials from both local and international markets.
- Packing Credit popularly known as PC is allowed at 7% interest rate for financing cutting and manufacturing expenses. PC is allowed at 10% to 20% of export bill considering other financial obligations of the customer(s). However, it is allowed at the pre-shipment stage but when raw materials against respective export order is available at warehouse.
- Overdraft popularly known as OD is allowed to Exporters for meeting any emergency working capital requirement.
- Foreign Documentary Bill Purchase (FDBP) is allowed at the request of the exporter against complied export documents.
- Local Documentary Bill Purchase (LDBP) is allowed as finance against
 Accepted deferred Export Bills of deemed Exporters, this is the most preferred
 mode of finance for JBL and JBL offers concessional rate of interest on this
 finance.

3.1.1.1 JBL offers to Contractors/Suppliers

Various supports that JBL offers to Contractors/Suppliers are as follows:

- **Bid Bond** is allowed for helping Contractors/Suppliers for participating in different Tenders.
- Overdraft (Pay Order) is allowed where Contractors/Suppliers are required to submit Pay Order in lieu of Bid Bond. JBL extends 90% finance in the form of Overdraft after depositing 10% cash margin by the Contractors/Suppliers for issuance of the Pay Order.
- **Performance Guarantee** (**PG**) is allowed for ensuring Contractors' /Suppliers' performance of the Contract.

- Advance Payment Guarantee (APG) is allowed for helping Contractors' /Suppliers' receipt of advance against the work from the Employer/Work Order awarding Agency.
- Overdraft (Work Order) is allowed as working capital for smooth execution of the work under a specific Work Order against assignment of entire bills under the Work Order. Finance is allowed for any construction work up to 20-30% of Work Order value, which is disbursed in phases based on satisfactory progress of work and for any Supply Order up to 60-70% of Supply Order value.
- Security Bond (Payment Guarantee) is allowed in favor of various utility providing authorities, customers, shipping agents, Airlines, IATA, or any other purpose as per requirement within the purview of regulatory rules & regulations.
- JBL also provides Guarantee against Counter Guarantee of any good rated foreign bank.

3.1.1.1 Islamic Banking

Besides conventional banking, Jamuna Bank Limited is carrying Islamic Banking activities based on Islamic Shariah principles. The first Islami Banking branch of the Bank opened on October 25, 2003 at Nayabazar in Dhaka. Afterwards it's second branch opened on November 27, 2004 at Jubilee Road in Chittagong. Jamuna Bank Limited is committed to conduct business of its Islamic Banking branches strictly complying Shariah requirements. To achieve this goal a Shariah Supervisory Committee has been constituted with renowned Islamic scholars of the country and senior banker having Islamic Banking experiences in depth knowledge of conventional and Islamic Banking. All activities of Islamic Banking branches are carried out under the guidance of this Committee. A separate division has also been created at Head Office.

Mode of Deposit

Islamic Banking branches receive deposits under two principles:

- i) Al-Wadeeah principle.
- ii) Mudaraba principle.
- **Mode of Investments**

Investment in Imports:

1. Import under the Bai-Murabaha system

- 2. Import under the Bai-Muajjal mode of investment
- 3. Import under diminishing proprietorship method (under ShirkatulMelk- HPSM)
- 4. Import under Musharaka mode of investment
- 5. Import under Mudaraba mode of investment

! Investment in exports:

1. Investment at Pre-Shipment stage as per Islamic Shariah:

- Back to Back Letter of Credit (Back to Back L/C)
- Bai-Murabaha TR (Trust Receipt)
- Bai-Salam
- Musharaka

2. Post-Shipment Investment:

Bank provides post-shipment investment facilities through Negotiation (FBN) and purchase of export bills. It normally negotiates or purchases the export documents if the documents/bills prepared by the exporter are found in order/correct in all respect. The bank adjusts the liabilities against FBN/FBP after receiving the export proceeds and earns exchange income from this. This mode of investment is in compliance with the Islamic Shariah.

3.1.1.1 International Banking

JBL maintaining correspondent banking relationship with 328 international Banks around 82 Countries in 897 different strategic locations worldwide to ensure the best and steadfast trade services. Presently we are maintaining 20 Nostro Accounts in different Major Currencies like USD, GBP, EUR, JPY, CHF, SAR, AED & ACU Dollar with various world reputable Banks. They provide the following services smoothly:

- LC Advising
- LC Confirmation
- Bank Guarantee
- Hajj Guarantee
- Purchasing /Discounting /Negotiating Export Bills
- Offshore Banking Services
- Trade Payment Settlement
- Foreign Remittance

3.1.1.1 Trade Finance

International Trade forms the major business activity undertaken by Jamuna Bank Ltd. The Bank with its worldwide correspondent network and close relationships with key financial institutions provides an extensive trade services network to handle your transactions efficiently. JBL can offer you professional advice on all aspects of International Trade requirements, namely:

- Issuing, advising and confirming of Documentary Credits.
- Pre-shipment and post-shipment finance.
- Negotiation and purchase of Export Bills.
- Discounting of Bills of Exchange.
- Collection of Bills.
- Foreign Currency Dealing etc.

3.1.1.1 Offshore Banking

Jamuna Bank Limited offers the following range of Offshore Banking Services:

- Foreign Currency Deposits(Non Resident entities and NRBs)
- Loan in Foreign Currencies
- Credit Facilities including Trade Financing
- Negotiation/Purchase of Export Bills
- Discounting of Export Bills
- Corporate Treasury Services.
- Competitive interest rates
- Easy international transfers.

4.1.1.1 NRB Banking

Deposit P	Loan Product		
NRB Monthly Savings	NRB Advance Earning	NDD A ami au ltuma	
Scheme	Deposit Scheme	NRB Agriculture	
NRB Monthly Benefit	NFCD A/C	NRB Real Estate	
Scheme	NPCD A/C	Financing	
NRB Double Growth Benefit	NRB Monthly FC Savings	NRB Retail Loan	
Scheme(DBS)	Scheme (FC-MSS)		
NRB Triple Growth Benefit	NRB FC Term Deposit	NRB SME	

Scheme (TBS)			
NRB Kotipoti Deposit	NRB Offshore FC Term	Transfast Remittance	
Scheme	Deposit A/C	LLC	
NRB Millionaire Deposit	NRB Women/ Housewife	Al Ansari Exchange	
Scheme	Deposit Scheme		
NRB Monthly pension	NRB Future Plan Deposit	RIA Financial Services	
Deposit Scheme	Scheme	KIA Financiai Services	
NRB Pension Term Deposit	Money Gram	Aftab Currency	
Scheme	Wioney Grain	Exchange Ltd	
NRB Home travel Deposit	Western Union Money	Monoy Link II V I td	
Scheme	Transfer	Money Link U.K. Ltd	
NRB Property Deposit	Moneygram Payment	A177 E 1	
Scheme(Land/Apartment)	System	Al Zaman Exchange	
NRB Wage Earners Deposit	Xpress Money Services	UAE Exchange Malaysia	
Scheme	Ltd	SDN. BHD	
NRB Home Car Deposit	Dlacid NV Corneration	Rumana Money Services	
Scheme	Placid NK Corporation	Rumana Woney Services	
NRB Education Saving	Progoti Exchange	ZENJ Exchange Co.	
Scheme	Company	(Turbo Cash)	
NRB Student deposit Scheme	Instant Cash FZE	Valutrans Spa Money	
	IIIStant Cash FZE	Transfer	
	Wall Street Exchange	Al Bader Exchange	

TABLE 10: NRB BANKING OF JBL

3.1.1.2 Cards & Alternative Distribution Channel Cards

- Visa Classic Credit Card
- VISA Gold Credit Cards
- VISA Dual Gold Credit Card
- VISA Electron Debit Card
- Protection Plus
- Corporate facility

Alternative Distribution Channel (ADC)

- ATM
- SMS & Mobile Banking Services
- Mobile Financial Services

3.1.1.1 Others

- Locker Services
- Online Banking Services
- Student File
- BACH- The BACH has two Components
- Bangladesh Automated Cheque Processing System (BACPS)
- Bangladesh Electronic Funds Transfer Network (BEFTN)

•

3.1.2 Bank Operational Area

JBL's Operation area covers the followings:

- 1. Spinning
- 2. Textile
- 3. Garments
- 4. Garments Accessories
- 5. Iron & Steel
- 6. Cement
- 7. Building Materials
- 8. Furniture & Furniture materials
- 9. Edible Oil
- 10. Food & Beverage items
- 11. Various Trading
- 12. Ship Building
- 13. Ship Breaking
- 14. Infrastructure Building & Construction
- 15. Electronics & Electrical Equipments
- 16. Agro & Agro Products
- 17. Transport

- 18. Real Estate
- 19. Telecommunication

3.1.3 Achievement

- Jamuna Bank Limited has received the best "Performing Bank" Award 2015-16from Ms. SmrutiShanu Singh, Regional Head (Europe & Bangladesh), International Financial Institutions Group, ICICI Bank Limited.
- ICAB awarded Jamuna Bank Limited for its best presented Annual Reports 2012 in the Private Sector Banking Organizations category.
- Jamuna Bank Limited Managing Director ShafiqulAlam received the "Gold Trade Award-2014" from MaumerMesak, Relationship Manager, Financial Institutions, Commerzbank AG at a program recently for excellent partnership in Trade Finance in the year 2014.

3.1.4 List of Branch

Jamuna Bank has 112 branches as of December, 2016. Its head office is located at Hadi Mansion, 2, Dilkusha C/A, Dhaka-1000, Bangladesh. Jamuna Bank Ltd is a 3rd generation private commercial bank, was established by a group of local entrepreneurs. The bank, aside from conventional, also provides Islamic banking through designated branches. The Bank has real-time online banking branches (of both urban and rural areas) network to provide online banking

3.1.5 Capital & Reserves

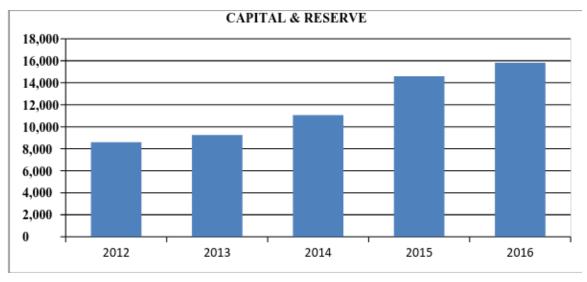


Figure 6: CAPITAL & RESERVE OF JBL

JBL authorised capital is 10,000 million and Paid- up capital is 6.141.19 million as on 31 December 2016. BBL Capital and reserve stand BDT 15,809 million in 2016 compared to BDT 14,597 million in 2015.

3.1.6 At a glance Profitability position of the bank for last 5 years

JBL Operating profit showed a downtrend in 2013 but after that JBL showed the continuous growth in operating profit from 2014 to 2016. JBL operating profit increased to BDT 4,180 million in 2016 compared to BDT 3,629 million in 2015.



Figure 7: OPERATING PROFIT OF JBL

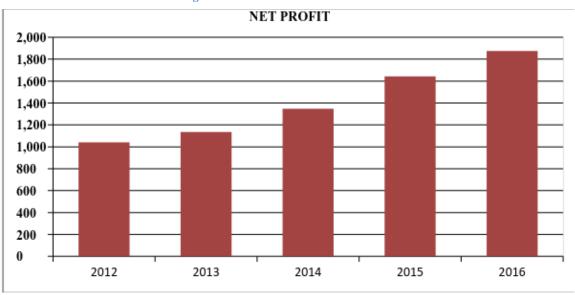


Figure 8: NET PROFIT OF JBL

JBL has showed a gradual growth in Net profit from 2012 to 2016. In last 5 years JBL net profit has increased by 1.8 times. JBL Net profit increased to BDT 1,876 million in 2016 compared to BDT 1,642 million in 2015.

3.1.7 Total Liability and Shareholder equity position for last 5 years

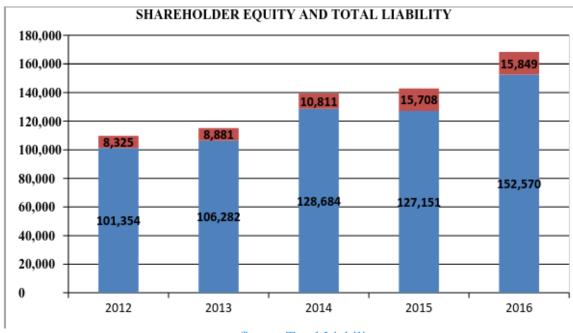


figure: Total Liability

JBL Shareholder equity increased to BDT 15,849 million in 2016 compared to BDT 15,708 million in 2015 & Total Liabilities increased to BDT 152,570 million in 2016 compared to BDT 127,151 million in 2015

3.2 Mercantile Bank Limited (MBL)

3.2.1 Background of the Organization

Mercantile Bank Limited emerged as a new commercial bank to provide efficient banking services and to contribute socio-economic development of the country. The Bank commenced its operation on June 2, 1999 with a view to improving the socio-economic development of the country. The philosophy of Mercantile Bank Ltd is not to carry coal to the new castle'. The main target is to make credits available to the poor people and their activities are aimed at comprehensive growth where people from all economic strata will enjoy the benefits of better living standard, dignity of labor and self worth. The Bank

determined to build a long-term customer relationship with its corporate & general clients. As a part of this, Mercantile Bank ltd. is trying to expand their business with the market leaders of each sector of business. Mercantile Bank ltd. emphasizes not only on customer satisfaction but also emphasizes general banking and credit management system. So that customer can get better service from every side of overall banking. Mercantile Bank Ltd is always ready to maintain the highest quality services by upgrading Banking technology, well management system and applying high standard of business ethics through its established commitment and heritage and is representing itself with true concept as "Banglar Bank".

3.2.2 Vision of the Bank

"Would make finest corporate citizen"

MBL dreams to become the bank of choice of the general public that includes both the consumer and the corporate clients. They want to build such an image that whenever people will think of a bank, they will think of Mercantile Bank Limited. MBL have created a cadre of young professionals (YP) in banking profession. This has helped boosting productivity in the bank.

3.2.3 Mission of the Bank

Will become most caring, focused for equitable growth based on diversified deployment of resources and nevertheless would remain healthy and gainfully profitable bank.

Objectives

Strategic objectives

- To increase shareholders' value
- To achieve economic value addition
- To be market leader in product innovation
- To be one of the top three financial institutions in Bangladesh in terms of efficiency
- To be one of the top five financial institutions in Bangladesh in terms of market share in all significant market segments we serve.

3.2.4 Product & Services

3.2.4.1 SME Banking

Small and Medium Enterprises (SME) is considered as thrust sector of the economy. SME is the Engine of Growth as this sector churns out 20%-25% of the country's GDP growth. In order to promote the SMEs, MBL has following arrays of products befitting the requirements of the diversified segments and sectors of the economy.

Loan Products	Details	
CHAKA (Term Loan)	To make business expansion and procure capital machinery and other fixed assets of the business.	
SAMRIDDHI (Continuous Loan)	To meet up any acceptable working capital requirement of the business.	
MOUSUMI (Short Term Seasonal Loan)	To meet up short term seasonal need of the business.	
ANANNYA (Women Entrepreneur's Loan)	To meet up working capital requirement, procurement of capital machinery and other fixed assets for the Women Entrepreneurs.	
SANCHALAK (A mix of Term, Time & Continuous Credit)	Designed to ensure performance based borrower's evaluation and facilitation to promote and foster sustainable growth of the business with competitive edge where performance of the borrowing concern will get preference over any other considerations.	

UNMESH (Trade Finance)

Designed for foreign trade financing facilities of the entrepreneurs in diversified sectors towards optimum utilization of their inherent entrepreneurship capacity.

TABLE 11: SME BANKING PRODUCT OF MBL

3.2.4.2 Retail Banking

Deposit Products	Loan Products	Cards	Others
Current Deposit	Consumers Credit	Student Cards	Online
Account	Scheme	(International)	Banking
Savings Bank	Doctors Credit Scheme	Treatment	Mobile
Account		Cards	Banking
		(International)	
Special Noticed	Rural Development	Virtual Cards	My Cash
Deposit Account	Scheme	(International)	
Fixed Deposit	Lease Financing	Dual Card (Two	SMS Banking
Account		in One)	
Double Benefit	Any Purpose Loan	Debit Card	Locker
Deposit Scheme			Services
Family Maintenance	Education Loan	Pre-Paid Card	
Deposit			
Monthly Savings	Car Loan	Supplementary	
Scheme (MSS)		Card	
Quarterly Benefit	Home Loan	MBL VISA	
Deposit Scheme		Hajj Card	
1.5 Times Benefit	House Furnishing Loan		
Deposit Scheme			
School Banking	Cottage Loan		
Education Planning	Overseas Employment		
Deposit Scheme	Loan		

Super Benefit Deposit	ETP/Biogas/Solar	
Scheme	Energy Loan	
	Krishi / Polli Loan	

TABLE 12: RETAIL BANKING DEPOSIT AND LOAN PRODUCTS OF MBL

3.2.4.3 Corporate Banking

Corporate Banking of Mercantile Bank Limited offers customized corporate banking solution for both its local Business Houses as well as Multinational Companies

3.2.4.4 Short Term Finance

Short-term loans are used to finance inventory, account receivables or other current assets i.e. to finance the working capital requirement. Forms of short-term loan are given below:

- Cash Credit (CC)
- Secured Overdraft (SOD General)
- Secured Overdraft (SOD)
- Bill Discounted & Purchased

3.2.4.5 Long Term Finance

Long-term loans are used to finance equipment, real estate and other fixed assets. The forms of long-term loan are given below:

- Lease Financing
- Hire Purchase
- Term Loan
- Term Loan for NBFIs

3.2.4.6 Real Estate Finance

House Building Loan (Commercial): This form of credit facilities is allowed to individuals /groups/ Developers for construction of building and completion of finishing works to be used for commercial purposes.

3.2.4.7 Import/Trade Finance

- Letter of Credit (L/C)
- Loan against Trust Receipt (LTR)

3.2.4.8 Work Order Finance/ Construction Finance

This form of credit facilities is allowed to contractors to participate in tenders under different authorities and to complete their awarded works. The following types of facilities fall under this category –

- Earnest Money Financing Scheme- SOD (EMF)
- Bid Bond
- Performance Guarantee (PG)

3.2.4.9 Treasury Product

MERCANTILE Bank Treasury deals with the follies Money Market, Capital Market and Forex Market Instruments for managing fund, statutory requirement, liquidity and investment.

Money Market

- Money at call
- Money at short notice
- Term Placement
- REPO/Reverse REPO

• Fixed Income Securities

- Treasury Bill: 91 days, 182 days & 364 days
- Treasury Bond: 02 Years, 05 Years, 10 Years, 15 Years & 20 Year
- Bangladesh Bank Bill
- Commercial Paper
- Subordinated Bond

Capital Market

- Share
- Bond

• Foreign Exchange

- Spot
- Forward
- SWAP
- Term replacement

• DIBOR quoting

3.2.4.10 NRB Banking

Deposit Product	Investment	Exchange Houses
Private Foreign Currency	U.S. Dollar Premium Bond	Western Union Money
(FC) Deposit Account	U.S. Donai Fremium Bond	Transfer
Non-resident foreign		Manayaram Daymant
Currency Deposit (NFCD)		Moneygram Payment
Account		System
Persons/concerns eligible for		Xpress Money Services
opening private FC and		Ltd
NFCD accounts		Ltu
Resident Foreign Currency		Placid NK Corporation
Deposit Account (RFDC)		racid tvix Corporation
		Trans fast Remittance
		LLC
		Instant Cash Worldwide
		Prabhu Money Transfer

TABLE 13: NRB BANKING PRODUCT OF MBL

3.2.4.11 Card & Alternative Distribution Channel

Cards

- Student Cards (International)
- Treatment Cards (International)
- Virtual Cards (International)
- Dual Card (Two in One)
- Debit Card
- Supplementary Card
- MBL VISA Hajj Card

Alternative Distribution Channel (ADC)

- ATM
- SMS & Mobile Banking Services
- Mobile Financial Services

3.2.4.12 Others

- Locker Services
- My Cash

3.2.5 Bank Operational Area

MBL's Operation area covers the followings:

- 1. Education (School/College, University, Research institute)
- 2. Health
- 3. Agriculture
- 4. Commodities (Sugar/ Edible Oil/ Wheat/ Rice/ Dal/ Peas/ Maize etc),
- 5. Food & Beverage
- 6. Trade Finance
- 7. Transport
- 8. Shipping
- 9. Textile (Excluding IDBP)
- 10. Textile (IDBP)
- 11. Readymade Garments (RMG) [excluding IDBP]
- 12. Readymade Garments (RMG) [IDBP]
- 13. Telecommunication
- 14. IT & Computer/Trade
- 15. Power & Fuel

3.2.6 Achievements

Date	Details	
20-May-99	Incorporation of the Bank	
2-Jun-99	Commencement of Business	
29-Oct-00	Opening of 10th Branch	
3-Jul-02	Opening of 15th Branch	
30-Jun-03	Publication of Prospectus for IPO	
21-22 Oct, 2003	Subscription for Shares	
24-Dec-03	Opening of 20th Branch	
16-Feb-04	Listed in Dhaka Stock Exchange	
26-Feb-04	Listed in Chittagong Stock Exchange	

29-Dec-04	Opening of 25th Branch		
5-Dec-06	Opening of 30th Branch		
17-Dec-07	Opening of 40th Branch		
24-Nov-08	Opening of 42nd Branch		
6-Jun-09	Mercantile Bank Brokerage House Operation		
22-Oct-09	Opening of 45th Branch		
30-Dec-09	Opening of 50th Branch		
2-Aug-10	Opening of 55th Branch		
30-Dec-10	Opening of 65th Branch		
14 Con 11	Separate Operation of Mercantile Bank Securities Ltd.		
14-Sep-11	(MBSL)		
6-Dec-11	Mercantile Exchange House (UK) Limited		
29-Dec-11	Opening of 75th Branch		
20-Sep-12	Opening of Mercantile Exchange House (UK) Limited,		
20-зер-12	London Branch		
27-Dec-12	Opening of 86th Branch		
29-Dec-13	Opening of 91th Branch		
29-Dec-14	Opening of 100th Branch		
31-Dec-15	Opening of 109th Branch		
22-Dec-16	Opening of 119th Branch		

TABLE14: ACHIEVEMENTS OF MBL

3.2.7 List of Branch

Mercantile Bank has 119 branches as of December, 2016. Its head office is located at 61, Dilkusha C/A, Dhaka-1000,Bangladesh. Mercantile Bank Ltd is a 3rd generation private commercial bank. The Bank has real-time online banking branches (of both urban and rural areas) network to provide online banking.

3.2.8 Capital & Reserves

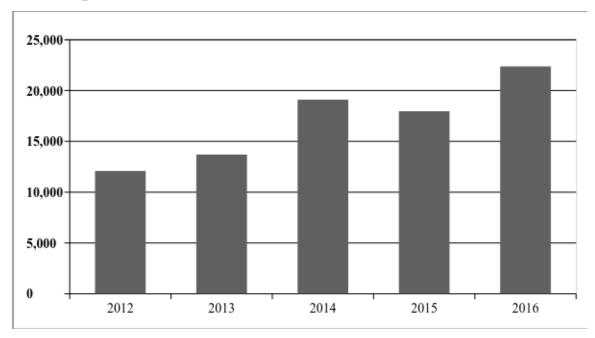


Figure 11: CAPITAL & RESERVE OF MBL

MBL authorized capital is 12,000 million and Paid- up capital is 7,761.15 million as on 31 December 2016. MBL Capital and reserve stand BDT 22,367 million in 2016 compared to BDT 17,972 million in 2015.

3.2.9 At a glance Profitability position of the bank for last 5 years

MBL Operating profit level fluctuates over period to period. MBL operating profit increased to BDT 4,436 million in 2016 compared to BDT 3,936 million in 2015.



Figure 12: OPERATING PROFIT OF MBL

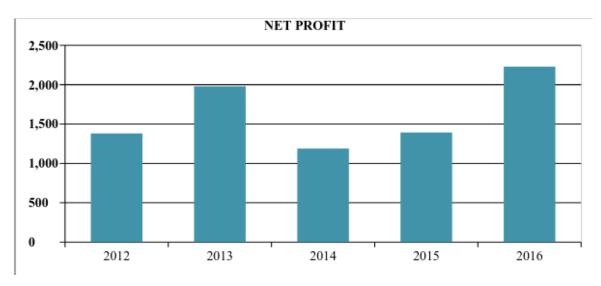
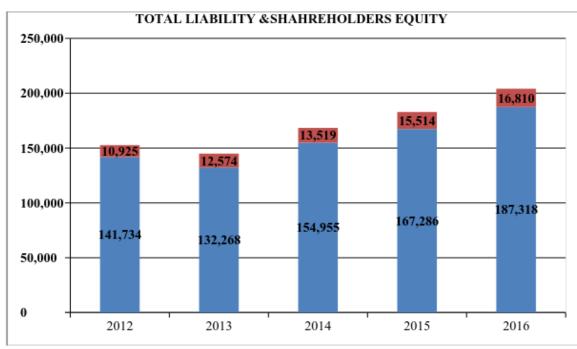


Figure 13: NET PROFIT OF MBL

MBL has showed a turmoil growth in Net profit from 2012 to 2016. In last year MBL net profit has increased by 1.63 times. MBL Net profit increased to BDT 2,227 million in 2016 compared to BDT 1,393 million in 2015.



3.2.10 Total Assets position of the Bank for last 5 years

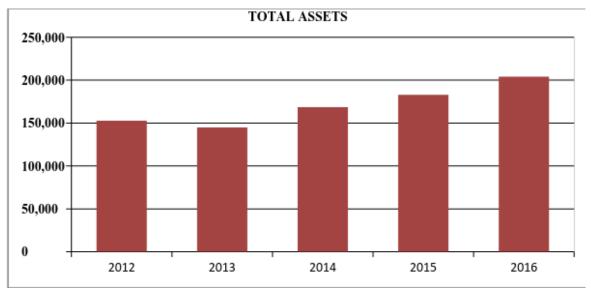


Figure 14: TOTAL ASSETS OF MBL

MBL total assets showed a11.66% growth in 2016. MBL total assets in 2016 increased to BDT 204,127 million compared to BDT 182,800 million in 2015.

3.2.11 Total liability & Shareholder equity position for last 5 years

Figure: TOTAL LIABILITY & SHAHREHOLDER EQUITY

MBL Shareholders equity increased to BDT 16,810 million in 2016 compared to BDT 15,514 million in 2015 & Total Liabilities increased to BDT 187,318 million in 2016 compared to BDT 167,286 million in 2015.

3.3 Southeast Bank Limited (SEBL)

3.3.1 Background of the Organization

Southeast Bank Limited was established in 1995 with a dream and a vision to become a pioneer banking institution of the country and contribute significantly to the growth of the national economy. The Bank's journey began when it was incorporated as a Public Limited Company on March 12, 1995. In the Registrar of Joint Stock Companies and Firms issued the Certificate of Commencement of Business of the Bank on the same date. The Southeast Bank received its Banking License from the Bangladesh Bank on March 23, 1995. e Bank's First branch was opened by Late M. SaifurRahman, the then Honorable Finance Minister of the Government of the People's Republic of Bangladesh as the Chief Guest at the commercial hub of the country at 1, Dilkusha Commercial Area, Dhaka on May 25, 1995 The Bank was established by leading business personalities and eminent industrialists of the country with stakes in various segments of the national economy. The incumbent Chairman of the Bank is Mr. AlamgirKabir, FCA, a professional Chartered Accountant. Southeast Bank is run by a team of efficient professionals. They create and generate an environment of trust and discipline that encourages and motivates everyone in the Bank to work together for achieving the objectives of the Bank. The culture of maintaining congenial work - environment in the Bank has further enabled the staff members to benchmark themselves better against management expectations. A commitment to quality and excellence in service is the hallmark of their identity.

3.3.2 Vision of the Bank

To be a premier banking institution in Bangladesh and contribute significantly to the national economy.

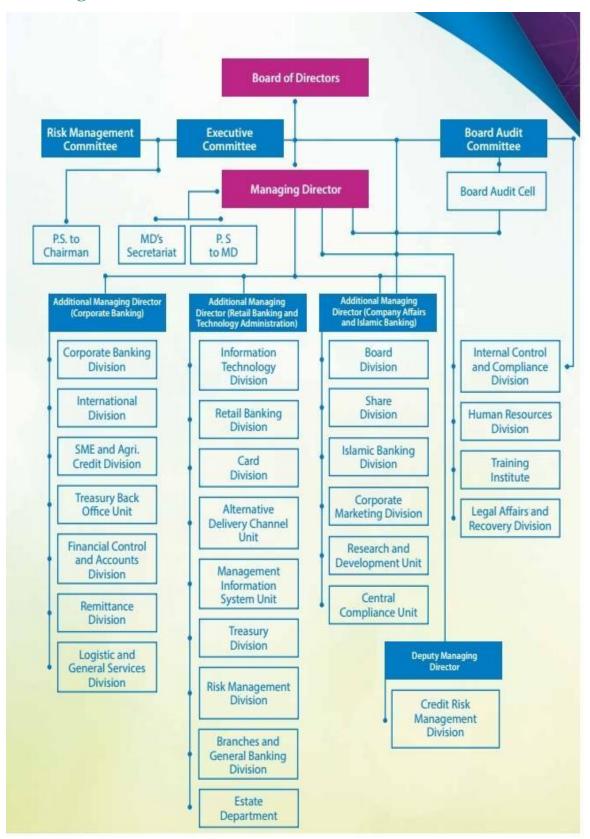
3.3.3 Mission of the Bank

- High quality financial services with state of the art technology
- Fast customer service
- Sustainable growth strategy
- Follow ethical standards in business
- Steady return on shareholders' equity
- Innovative banking at a competitive price
- Attract and retain quality human resource

Core Values

- Integrity
- Respect
- Fairness
- Harmony
- Team Spirit
- Courtesy
- Commitment
- Enthusiasm for Work
- Business Ethics

3.3.4 Organization Structure



3.3.5 Product & Services

3.3.5.1 SME Banking

Loan Product	Details
	"Southeast Supernova is a loan facility for small and medium
	sized trading, manufacturing, service, agriculture, non-farm
Courth aget Chumnara	activities, and agro -based industries etc. which are operated by
Southeast Shuprova	women entrepreneur. The product offers terminating loan
	facilities for the purpose of working capital finance and/or fixed
	assets purchase.
	This Is A Small- Scale Loan Designed to finance any SEBL
	Client Meeting definition criteria and target group criteria of
Southeast Shikor	southeast bank's SME credit policy. usually this Kind of loan is
Southeast Sinkor	given to any justifiable business purpose such as small scale
	trading, Manufacturing And Service Ventures, Especially to aid
	the purchase Of Fixed assets, And to finance working capital.
	In order to help our SME borrowers for financing working
	capital or to purchase fixed assets, Southeast Bank offers Shop
Southeast Shopan	an. It caters to the need of entrepreneurs who are operating in
	trading, manufacturing, service, agriculture, non-farm activities,
	agro- based industries and other sectors of our economy.
	Southeast Shopnil Account is an interest bearing account only
	for business Enterprise for SME and Retail Banking. This
Southeast Shopnil	product has been set in away to encourage small & medium
	entrepreneur to enter into the wide range of modern banking
	facilities of Southeast t Bank Limited.
	This is a loan designed to meet the needs of small and medium
Southeast Apurbo	sized private educational institutions, such ask in derogates,
	schools and colleges etc

TABLE 15: SME LOAN PRODUCTS OF SEBL

3.3.5.2 Conventional Banking

Savings Bank (SB) Account

Savings Bank (SB) Account is designed for individual savers who want to save a small part of their income which may be used in the near future and also intend to have some profitable returns on such savings. They can deposit a small amount and can withdraw whenever they desire but the total numbers of withdrawals over a period of time are limited.

Current Deposit (CD) Account

Current Deposit (CD) Account is a transactional account where there is no restriction on number of transactions in the account. Current Deposit (CD) Account can be opened for individuals and business concerns including non-profit organizations.

Fixed Deposit Receipt (FDR

Fixed Deposit Receipt (FDR) Account offers the customers the opportunity to invest a fixed amount for a fixed period at a fixed rate of interest. The customers have the option to re - invest their funds both principal amount and interest amount on maturity or principal amount and the interest amount being paid into their SB or CD accounts.

Special Notice Deposit (SND)

Special Notice Deposit (SND) Account is an interest bearing deposit where advance notice of 7 to 30 days required for amount withdrawal. SND A/C is usually opened by Firms, Corporate Financial Institution.

Monthly Savings Scheme (MSS)

Your dream's may turn into reality through Southeast bank's Monthly Savings Scheme (MSS).

Pension Savings Scheme Offers

Pension Savings Scheme Offers clients to save their hard earned money every month for a secured future.

Monthly Income Scheme (MIS) Account

Receive monthly fixed income on your deposited amount.

Millionaire Deposit Scheme (MDS) Account

Millionaire Deposit Scheme (MDS) Account is a time specified monthly deposit scheme for clients where the deposited money will become one million on maturity.

Double Benefit Scheme (DBS) Account

Double Benefit Scheme (DBS) Account is a time specified deposit scheme for clients where the deposited money will be doubled on maturity.

3.3.5.3 Loan & Advances

Southeast Bank Limited offers customized Loan and Advances for both its local Business Houses as well as Multinational Companies.

Working Capital Finance

This is a loan facility designed to meet day to day operation of business concerns and manufacturing companies.

Overdraft

This is a demand credit facility to meet day to day operational requirements.

Project Finance

This is a term loan facility provided by the Bank for acquisition of fixed assets and machinery for any Project.

Syndicate Loan

Large projects are financed through raising funds through participation of more than one banks by joint financing against a set of common terms and conditions laid down in a loan agreement.

Packing Credit

We provide pre - shipment finance in the form of Export Packing Credit (PC) to assist cash flows for manufacturing or packing goods for export from Bangladesh.

Loan Against Export Bill

This is a demand loan facility for the exporters in the form of negotiation or acceptance of export bills by the Bank.

Loan Against Trust Receipt

We provide post shipment finance i.e. LTR to manage immediate liquidity of importers.

3.3.5.4 Islamic Banking

Mudaraba Savings Bank (SB) Account

Mudaraba Savings Bank (SB) Account is designed for savers who want to save a small part of their income to be used in the near future and also intend to have some income on such savings. They can deposit a small amount and can withdraw whenever they desire but the total numbers of withdrawals over a period of time are limited.

Al - Wadiah Current Deposit (CD) Account

Al - Wadiah Current Deposit (CD) Account is a transactional account where there is no restrictions on number of transactions in the account. It is an easy - to - use cash account.

Mudaraba Special Notice Deposit (MSND) Account

Mudaraba Special Notice Deposit (MSND) Account is an interest bearing deposit where advance notice is required for withdrawal. MSND Account is very much similar to CD Account

Mudaraba Term Deposit Receipt (MTDR) Account

Mudaraba Term Deposit Receipt (MTDR) Account offers the customers the opportunity to invest a fixed amount for a fixed period at a fixed rate of profit. The customers have the option to re - invest their funds both principal amount and profit amount on maturity or principal amount and the profit amount being paid into their Mudaraba SB or Al - Wadiah CD accounts

Mudaraba Pension Savings Scheme

Mudaraba Pension Savings Scheme Offers clients to save their hard earned money every month for a secured future.

Mudaraba Monthly Savings Scheme (MSS)

Your dream's may turn into reality through Southeast bank's Monthly Savings Scheme (MSS)

Mudaraba Monthly Income Scheme (MIS) Account

Receive monthly income on your deposited amount.

Mudaraba Millionaire Deposit Scheme (MMDS) Account

Mudaraba Millionaire Deposit Scheme (MMDS) Account is a time specified monthly deposit scheme for clients where the deposited money will become millions on maturity.

Double Benefit Scheme (DBS) Account

Double Benefit Scheme (DBS) Account is a time specified deposit scheme for clients where the deposited money will be doubled on maturity

3.3.5.5 Foreign Trade

Export

Southeast Bank Limited offers a wide range of export services. Routing all export related transactions through Southeast Bank Limited could eliminate many of exporting hassles. With our expertise and experience, we can structure and customize solutions for specific requirements.

- Export LC Advising: Southeast Bank Limited allows prompt advising of export letter of credit from a wide international network.
- Export Packing Credit: We provide pre shipment finance in the form of Export Packing Credit (PC) to assist cash flows for manufacturing or packing goods for export from Bangladesh. Export finance requirements are carefully taken by the Bank and allowing to enjoy competitive interest rates and timely credit.
- Export Bill Negotiation: We negotiate export bills drawn under Letter of Credit, if the documents are found to be strictly in terms with LC conditions. Southeast Bank Limited facilitates its customers with FOREIGN DOCUMENTARY BILL PURCHASE (FDBP) and FOREIGN DOCUMENTARY BILL FOR COLLECTION (FDBC) for export bill negotiation. All these facilities come to at competitive rates and world class service standards
- Provide confirmation (If LC issuing Bank is not well known) to the exporter.
- Retention quota facility for the exporter.
- Provide complete documentation, lower cost, faster processing.
- Export LC transfer facility (full or partial) is available with competitive fee.
- Bank Guarantee facility is available

3.3.5.6 Import

Southeast Bank Limited offers a wide range of import services. Routing all import related transactions through Southeast Bank Limited could eliminate many of importing hassles. With our expertise and experience, we can structure and customize solutions for specific requirements.

- Import Services: Southeast Bank Limited offers comprehensive range of Import services. Southeast Bank Limited is highly respected in the world of international finance and cross border transactions. Through our expertise and experience, we can structure and customize solutions suited to specific business requirements
- Import Letters of Credit: We issue Import Letters of Credit on behalf of our customers. Our experts can advise in drafting the LC terms and conditions so as to protect customers' interests.
- Import Collection Bill Services: Documentary Collections are a common and flexible method of payment for goods purchased from suppliers in abroad. Rely on our expertise in efficient and prompt handling of Import collection documents.

- Supply advance payments towards Imports.
- Shipping Guarantee & Bank Guarantee are also available.
- Post shipment finance such as LIM, LTR etc for your immediate liquidity.
- Back to Bank L/C facility against Export LC.

3.3.5.7 Remittance

Southeast Bank Limited is continuously striving to build its remittance business by rendering quality services through a network of reputed banks and exchange houses around the globe along with an extensive network in the country to deliver money to the beneficiaries in the safest form and quickest possible time.

Western Union Money Transfer Services	Italy based Money Transfer Company	Xpress Money Services	Sultanate of Oman based Money Transfer Companies
Continental Exchange Solution (Ria Financial Services)	K.S.A (Kingdom of Saudi Arabia) based Banking Partners	Trans-Fast Remittance LLC	USA based Money Transfer Companies
MoneyGram International	UAE based Money Transfer Companies	UK based Money Transfer Companies	

TABLE16: LIST OF REMITTANCE EXCHANGE HOUSES OF SEBL

3.3.5.8 Cards & Alternative Distribution Channels

Cards

- Credit Card
- Travel Card
- SEBL/ Debit Card
- Virtual Card
- Dual Currency VISA Credit Cards
- Southeast VISA Platinum
- Southeast my Remit Card

Alternative Distribution Channel (ADC)

- ATM
- SMS & Mobile Banking Services

3.3.5.9 Others

- Locker Services
- SWIFT Services
- Telecash

3.3.6 Bank Operational Area

SEBL's Operation area covers the followings:

- 1. Education (School/College, University, Research institute)
- 2. Health
- 3. Agriculture
- 4. Commodities (Sugar/ Edible Oil/ Wheat/ Rice/ Dal/ Peas/ Maize etc),
- 5. Food & Beverage
- 6. Trade Finance
- 7. Transport
- 8. Shipping
- 9. Textile (Excluding IDBP)
- 10. Textile (IDBP)
- 11. Readymade Garments (RMG) [excluding IDBP]
- 12. Readymade Garments (RMG) [IDBP]
- 13. Telecommunication
- 14. IT & Computer/Trade
- 15. Power & Fuel
- 16. Real Estate
- 17. Cement
- 18. Chemicals
- 19. Leather & Leather products
- 20. Plastic & Plastic products
- 21. Electrical & Electronic goods
- 22. Paper & Packaging
- 23. Jute & Jute products
- 24. Glass & Glass products
- 25. Ceramics (Table ware, Sanitary ware, Tiles etc.)
- 26. Iron & Steel
- 27. Engineering & Construction
- 28. Contractor Finance
- 29. Capital Market Intermediaries
- 30. Backward Linkage
- 31. Consumer & Retail Products

3.3.7 Achievements

- Southeast Bank Limited receives award from Alexander Rost, Regional Head, Indian subcontinent, Commerzbank, for excellent relationship between the two organizations at Bank's Head Office on 26th February, 2014.
- August 01, 2013, Southeast Bank Limited signed a Memorandum of Understanding (MoU) with Central Procurement Technical Unit (CPTU), IMED, Ministry of Planning. Mr. S.M.Mainuddin Chowdhury, The Deputy Managing Director of Southeast Bank Limited and Mr. Amulya Kumar Debnath, Director General of CPTU, IMED signed the agreement on behalf of their respective organizations.
- Southeast Bank Limited has been awarded with "Certificate of Merit Award" in '13th ICAB National Awards for Best Presented Annual Reports 2012' by the Institution of Chartered Accountants of Bangladesh (ICAB) in recognition of presenting of annual report-2012 of the Bank in a most transparent way with full disclosures about Bank's operational results and standard of corporate governance. Hon'ble Finance Minister, AMA Muhith, handed over the award to Shahid Hossain, Managing Director, Southeast Bank Limited, in a ceremonious way in a local hotel on December 21, 2013.

3.3.8 List of Branch

Southeast Bank has 132 branches as of December, 2016. Its head office is located at 1, Dilkusha C/A, Dhaka - 1000, Bangladesh. Southeast Bank Ltd is a 3rd generation private commercial bank. The Bank has real-time online banking branches (of both urban and rural areas) network to provide online banking.

3.3.9 Capital & Reserves

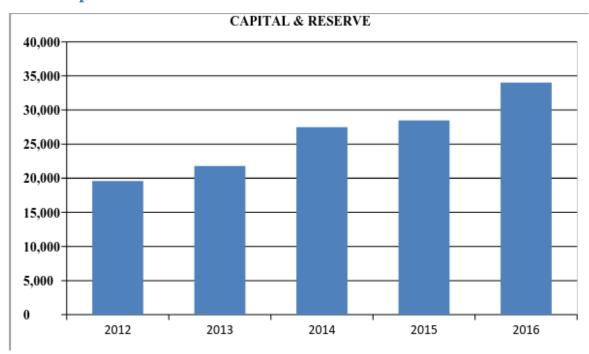


Figure 16: CAPITAL & RESERVE OF SEBL

SEBL authorized capital is 15,000 million and Paid- up capital is 9,169.50 million as on 31 December 2016. BBL Capital and reserve stand BDT 34,021 million in 2016 compared to BDT 28,482 million in 2015

3.3.10At a glance Profitability position of the bank for last 5 years



Figure 17: OPERATING PROFIT OF SEBL

SEBL showed the continuous growth in operating profit from 2012 to 2014. But in 2015 there Operating profit decreased by 256 Million. SEBL operating profit increased to BDT 8,503 million in 2016 compared to BDT 8,034 million in 2015.

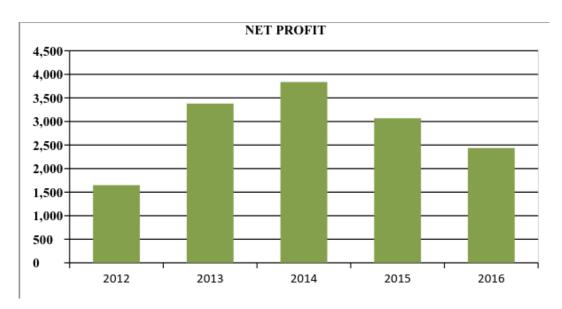


Figure 18: NET PROFIT OF SEBL

SEBL has showed a tremendous growth in Net profit from 2012 to 2014. But from 2015 it gradually falls. SEBL Net profit Decreased to BDT 2,435 million in 2016 compared to BDT 3,069 million in 2015.

3.3.11 Total Assets position of the Bank for last 5 years

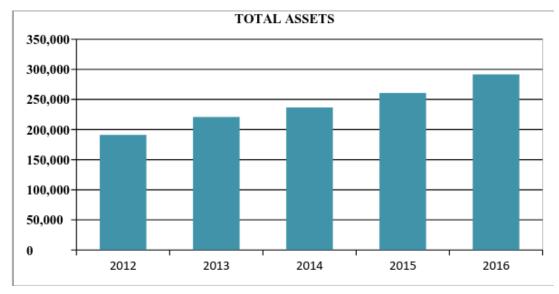


Figure 19: TOTAL ASSETS OF SEBL

SEBL total assets showed an 11.92% growth in 2016. SEBL total assets in 2016 increased to BDT 291,798 million compared to BDT 260,718 million in 2015.

3.3.12 Total liability & Shareholder equity position for last 5 years

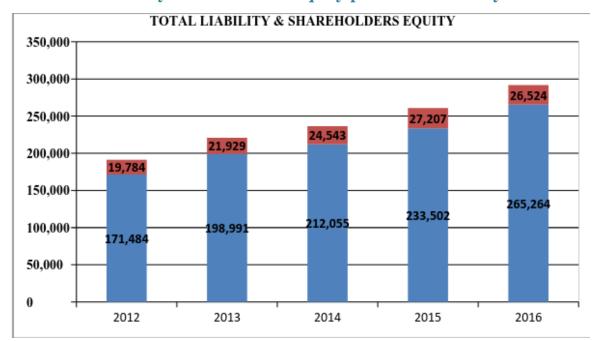


Figure 20: TOTAL LIABILITY AND SHAREHOLDERS EQUITY OF SEBL

SEBL Shareholder equity increased to BDT 26,524 million in 2016 compared to BDT 27,207 million in 2015 & Total Liabilities increased to BDT 265,264 million in 2016 compared to BDT 233,502 million in 2015.

CHAPTER: 4 Overview of SME Banking Activities

4.1SME Definition

SMEs are now normally defined in Bangladesh according to the definition used in the National Industry Policy of 2010, as follows:

Business Size	Criteria
Small	Manufacturing: Fixed asset value* between Tk5m and Tk100m (US\$62,500 to 1.25m) or 25 to 99 employees
	Service and Trading: Fixed asset value* between Tk. 0.5m and Tk.10m (US\$6,250 to 125,000) or 10 to 25 employees
Medium	Manufacturing: Fixed asset value* between Tk100m and Tk300m (US\$62,500 to 3.75m) or 100 to 250 employees
	Service and Trading: Fixed asset value* between Tk10m and Tk150m (US\$125,000 to 1.875m) or 50 to 100 employees

TABLE 17: SME DEFINITION & CRITERIA

The same definition has been adopted by Bangladesh Bank (BB), the regulator of the banking sector in Bangladesh. As covered in this report, banks are required to report their lending to SMEs to BB. However, whilst the above definition is now widely acceptable, other definitions still prevail with a variety of criteria used by different countries or even by different agencies within other countries. Apart from the number of employees or assets, others use the volume of sales or loan sizes to define SMEs. Therefore, as the World Bank Group has noted in recent reports, a major challenge in collecting cross-country comparable data on access to finance by SMEs is the lack of consensus across countries in how SMEs are defined.

^{*} Fixed asset value is excluding the value of land and building (so that the SME's choice of whether to rent or own premises is not decisive).

4.1.1Role of SMEs in Bangladesh

SMALL and medium enterprises (SMEs) are treated as the engines of growth and drivers of innovation worldwide. They play a significant role in driving economic growth and generating jobs. In Bangladesh, the sector is actually changing the face of the economy. SMEs are playing a vital role for the country's accelerated industrialization and economic growth, employment generation and reducing poverty. SMEs now occupy an important position in the national economy. They account for about 45 percent of manufacturing value addition, about 80 percent of industrial employment, about 90 percent of total industrial units and about 25 percent of the labor force. Their total contribution to export earnings varies from 75 percent to 80 percent. The industrial sector makes up 31 percent of the country's gross domestic product (GDP), most of which is coming from SMEs. The total number of SMEs in Bangladesh is estimated to be 79,754 establishments. Of them, 93.6 percent are small and 6.4 percent are medium. The 2003 Private Sector Survey estimated that there are about 6 million micro, small and medium enterprises, with fewer than 100 employees. About 60 to 65 percent of all SMEs are located outside the metropolitan areas of Dhaka and Chittagong. The country's SME sector has created 15 lakh jobs between 2009 and June 2014. Now, private and foreign banks disburse half of all farm loans and a third of these are going to SMEs. Potential of SMEs Every year about 2 million young people join the country's workforce. Half of them find jobs at home or abroad. So, it has become a challenge to create more jobs so that the rest can be employed. SMEs can be an answer to the problem. The target of achieving double-digit growth hinges largely on the performance of the small and medium enterprises. In a labor surplus country like Bangladesh, SMEs can play a substantial role in providing the impetus to the development of the modern manufacturing sector and the job creation outside the agriculture and informal sectors. In Bangladesh, people exhibit lesser ability in processing capital and machinery. SMEs are labor intensive but relatively low capital intensive. For a developing country like Bangladesh, SMEs are a cost effective way towards the reduction of unemployment. Since Bangladesh has not yet displayed adequate performance in large-scale industries that are predominantly owned and operated by public bodies, the country can solve its unemployment situation by encouraging SMEs. Seasonal and disguised unemployment can also be solved to a substantial extent by SMEs. SME can reduce the urban migration in the capital and other major cities, increase cash flow in rural areas, and thereby enhance the standard of living of the rural people.

SMEs are widely distributed all over the country which means developing SMEs will play a major role in bridging the urban-rural income gap and contribute towards inclusive growth. In a way, inclusive growth can only be achieved through a vibrant SME sector in a country like Bangladesh.

4.1.2General SME Guideline by Bangladesh Bank

Bangladeshi SME sector is guided by general SME Guideline of Bangladesh Bank given follow-

- Each bank/financial institution shall follow a separate business strategy in financing SME loan with least formalities in executing documentation to ensure easy and speedy loan sanction and disbursement process
- Priority shall be given to small entrepreneurs
- For small entrepreneurs credit limit will be ranged from Tk. 50,000 (Fifty thousand) to Tk. 50,000 (Fifty lacs)
- For more participation of women entrepreneurs in industrial development of the country and for conducting business activities by women entrepreneurs in large number, priority shall have to be given to potential women entrepreneurs in respect of SME credit disbursement
- Banks & Financial Institutions shall put highest priority in receiving loan application from small and medium women entrepreneurs and settle the loan disbursement process within very reasonable time from the date of acceptance of the application
- Each bank and financial institution shall establish a separate _Women Entrepreneurs' Dedicated Desk' with necessary and suitable manpower, provides them training on SME financing and suitably appoints a lady officer as chief of dedicated desk. Branch wise list of Women Entrepreneurs.
- Dedicated Desk should be sent to SME and special Programs Department of Bangladesh Bank within two months from the date of declaration of this policy and program.
- Entrepreneurs against Banks and financial institutions may sanction up to Tk.
 25,00,000 to women personal guarantee. In that case, group security/social security may be considered

4.2SME Products of BRAC Bank Limited

SME Product details of BRAC Bank Limited

BBL has almost 69 SME banking outlets and 450 plus SME unit offices all over Bangladesh.SME is an additional and specialized horizon of the bank which serves the bank's special focus on promoting broad based participation by catering to the small and medium entrepreneur. The network of SME has already been established throughout Bangladesh.

- **1. AnonnoRin:** ANONNO is a loan facility for the entrepreneurs involved in small sized trading, manufacturing, service, agriculture, non-firm rural activities, agrobased industries, etc. This is an unsecured loan without any collateral/security.
- 2. ApurboRin: APURBO is a loan facility for Small Entrepreneurs. To meet any kinds of business needs, APURBO is offering BDT 1 million to BDT 30 million loan against registered mortgages.
- 3. ProthomaRin (Only for Women):Proteomes is a term loan for small scaled business operated by women entrepreneur, Maximum BDT 1 million is offered to meet business needs.
- **4. ShomriddhiRin:**Prothoma is a term loan for small scaled business operated by women entrepreneur, Maximum BDT 1 million is offered to meet business needs.
- **5. ShompodRin:**SOMPOD is a business loan facility starting from BDT 1 million to BDT 35 million against home or business premise mortgage.
- 6. ShoktiRin:Business loan under which you can avail BDT 1 million to BDT 10 million to meet your any kind of business needs. Loan against partial cash security.

4.2.1At a glance SME product details of BRAC Bank Limited

Name	Purpose	Eligibility of Borrower	Key Features	Required Documents
AnonnoRin	Any kind of Business Needs	* Minimum 3 years experience * Age: 21-60 yrs	*Loan Amount : 2 to 10 Lac * Loan validity : 36 months * Installment/Tenure basis * Attractive interest rate	* Valid trade license * Latest TIN certificate * Sales statement of 1 year * Bank Statement * Daily statement of debit credit * Other documents *Voter ID Card
ApurboRin	Any kind of Business Needs	*Who have property/Building/ Land *Age: 21-60 yrs	*Loan Amount: 10 Lac to 3orer *Easy installment and	* Valid trade license * Latest TIN certificate * Sales statement of 1 year * Bank Statement * Daily statement of debit credit * Other documents *Voter ID Card
ProthomaRin (Only for Women)	Any kind of Business Needs	*Minimum Experience 2 years *Age: 21-60 yrs	*Loan Amount: Maximum 10 lacs *Interest Rate below 10% *Easy processing	*Valid trade license * Latest TIN certificate * Sales statement of 1 year * Bank Statement * Daily statement of debit credit * Other documents *Voter ID Card
ShomriddhiRin	Import/ Export Related Expenses	*Minimum Experience 3 years *Age: 21-60 yrs	*Loan Amount : Maximum 5 Corer *Convenient Interest *Easy processing	*Valid trade license * Latest TIN certificate * Sales statement of 1 year * Bank Statement * Daily statement of debit credit * Other documents *Voter ID Card * Utility Bill
ShompodRin	working capital or any kind of business needs	*Minimum experience 3 years in Dhaka & Chittagong Metropolitan area *Age: 21-60 yrs.'	*Loan Amount: 10 lac to 3.5 Crore *Term Loan with EMI facility up to 10 years *Easy processing *Loan against home or business premise mortgage.	* Valid trade license * Latest TIN certificate * Sales statement of 1 year *Voter ID Card * Utility Bill
	working	Minimum	*Loan Amount : 10 lac to 1	* Valid trade

	capital or	experience 3	Corer	license
ShoktiRin	any kind	years in Dhaka &	*EMI loan facility up to 60	* Latest TIN
	of	Chittagong	months	certificate
	business	Metropolitan area	*Cash collateral security is	* Sales statement
	needs	Age: 21-60 yrs	required	of 1 year
				*Voter ID Card
				* Passport
				* CIB report
				* Utility Bill

TABLE 18: AT A GLANCE SME PRODUCT DETAILS OF BBL

At a glance Overall SME Banking of BRAC Bank Limited

S	Particulars	Year/Amount/No.
L	1 at uculars	Teat/Amount/No.
01	Bank Opening Year	2001
02	SME Operation Year	2001
03	SME Division Opening Year	2001
04	Number of SME Branch	69
05	Number of SME Unit Office	448
06	Number of SME Service Center	0
07	Number of SME touch point	60
08	Number of SME Customer till 2016	324,788
09	Total Number of SME Product	09
10	Number of SME Deposit Product	03
11	Number of SME Investment Product	06
12	SME Investment Outstanding as on 2016	61,185.42 Million

TABLE 19: AT A GLANCE OVERALL SME BANKING OF BBL

SME Products of Jamuna Bank Limited

5.1 SME Product details of Jamuna Bank Limited

- JamunaBonik: Now Jamuna SME clients are being involved in foreign trade, their network has been expanded throughout the world. To facilitate the foreign trade transactions of the SME clients, Jamuna Bank is offering a product named 'JamunaBonik'.
- 2. JamunaChalantika:To operate your business with extra ease, term loan is not always the only solution. Keeping this capital requirement for your business,

- Jamuna Bank is offering a package of working capital solution [50% term loan & 50% revolving credit (cash credit) facility] to run the business smoothly.
- **3. JamunaGreen:**To save our beloved earth from the disaster of Green House Effect, Jamuna Bank is offering ECO friendly product 'Jamuna Green'. Under this product, you can get finance for ETP plants in different sectors, Eco friendly vehicles, Eco friendly fields (reduce CO₂ emission), Bio Fertilizer, Bio gas plants.
- **4. JamunaJantrik:** When any SME client wants to purchase any machine or vehicle for business, Jamuna Bank is there with the offer of 'JamunaJantrik' through which the client can get a lease finance facility.
- 5. JamunaNariuddogh: About fifty percent of our total population is women and many of them have succeeded as a business entrepreneur. To give our incomparable ladies some extra ease and to help them to get financial freedom, Jamuna Bank Ltd. is offering a product 'JamunaNariUddogh'. To make your dream come true, we are always with you as a true friend.
- 6. Jamuna NGO Sohojogi:From the very beginning, one of the goals of Jamuna Bank Ltd. is to provide services to the under privileged people of remote areas. Keeping that idea in mind, the Jamuna Bank Ltd. has come forward with a product for SME customers named 'Jamuna NGO Shohojogi'. 'Jamuna NGO Shohojogi' ensures wholesale financing through the reputed NGOs in the country whose past records are remarkable, repayment behaviors are satisfactory, growth rates are significant and above all loan monitoring & recoveries are above 95%.
- **7. JamunaShachchondo:** Who does not want 'Shachchondo' in life? For the financial ease in your business, Jamuna Bank is offering 'JamunaShachchondo' product through which you can enjoy both overdraft and term loan facilities.
- 8. JamunaSommridhi:Jamuna Bank is offering you four times loan facility against your encashable securities like FDR! To avoid encashment of your long held savings Jamuna Bank is with you with this amazing product 'Jamuna Sommriddhi'. Suppose, you have Tk. 5 lac deposit as FDR with our bank and now you want some capital in your business. But you intend to avoid encasement of your long held savings. If so, do not think anything else, just grab this offer
- **9. JamunaSwabolombi:**As an entrepreneur, definitely you need working capital to run your business smoothly. To get this working capital generally you need to keep some collateral security like land as mortgage to the Bank. But you do not

have any landed property or any cash security of your own. So? Would it be the end of your dream? Never. Jamuna Bank will never let you stop because your business is our responsibility. Jamuna Bank Ltd. has 'JamunaSwabolombi' – Collateral free Term Loan in its basket. Just come with proper documents & get it.

5.1.1At a glance SME product details of Jamuna Bank Limited

Name	Purpose	Eligibility of Borrower	Key Features	Required Documents
Jamuna Bonik	Foreign trade payment & import document retirement line/ Import Financing	* Minimum 2 yrs experience *Age: 20-60 yrs	*Loan Amount:5 to 50 lac. *Loan validity For each LC 04 months ,For each LTR 06 months *Negotiable L/C margin and commission	* Last twelve months sales statement. * Last twelve months bank statement. * Valid Trade License of * last two years. * National Voter ID/ Passport of the borrower. * Photographs of the borrower and the guarantors.
Jamuna Chalantika	To meet up working capital requirement of the business	*Having business at least 2 years in the same line. *Age Limit of the Borrower: 20 years to 60 years.	*Loan Amount:5 to 50 lac. *Tenure: For Term Loan- Maximum 36 months. *Interest Rate: Competitive interest rate *Registered Mortgage of Property is required	* Last twelve months' sales statement. * Last twelve months' bank statement. * Valid Trade License of last 2 years. * National Voter ID/ Passport of the borrower. * Photographs of the borrower and the guarantors. * Utility bills of business.
Jamuna Green	To facilitate establishment of eco friendly projects.	*Minimum Experience 2 years *Age: 20-60 yrs	* Loan Amount: Max. 300 lac. * Tenure: Max. 60 months. * Interest Rate: *Competitive interest rate.	* Last twelve months' sales statement. * Last twelve months' bank statement. * Valid Trade License of last two years. * National Voter ID/ Passport of the borrower. * Photographs of the borrower and the guarantors.
JamunaJantrik	To procure machinery or vehicle for SME	*Minimum Experience 3 years *Age: 20-60	*Loan Amount:5 to 50 lac *Tenure: 60	* Last twelve months' sales statement. * Last twelve months' bank statement.

	business	yrs	months	* Valid Trade License of last
	purpose		*Convenient Interest *Easy processing	two years. * National Voter ID/ Passport of the borrower. * Photographs of the borrower and the guarantors.
JamunaNariuddogh	Any justifiable business purpose.	*Minimum experience 2 years *Age: 25-60 yrs	*Loan Amount: 3 lac to 50 Lac *Tenure: 42- 60 Months *Interest rate : Below 10% *Up 25 lac loan is collateral	* Utility bills of business * Last twelve months' sales statement. * Last twelve months' bank statement. * Valid Trade License of last two years. * National Voter ID/ Passport of the borrower. * Photographs of the borrower and the guarantors.
Jamuna NGO Sohojogi	To provide loan facility to the small enterprise through wholesale lending to the NGOs	* NGO having certificate from Micro Credit Regulatory Authority *Having business at least for 5 years in the same line *Age 20-60 Years	*Loan Amount : Max 500 lacs *Tenure: Max. 48 months *Monthly installment basis.	* Utility bills of business *Personal guarantee of all the directors
JamunaShachchondo	To meet up working capital requirement of the business	*Business Experience minimum 5 years *Age: 30-55	*Amount :15.00 lac to BDT 50.00 lac *Tenure: For 1st time loan- 12 months to 30 months. For *Repeat Loan- 36 moths to 48 months. *Collateral assets required	*Last twelve months' sales statement. *Last twelve months' bank statement. Valid Trade License of last two years. *National Voter ID/ Passport of the borrower. *Photographs of the borrower and the guarantors. *Utility bills of the concerned business.
JamunaSommridhi	Any justifiable business purpose	*Business Experience minimum 2 years *Age: 20-60	*Loan Amount Max 50 Lac *Tenure: 48 Months *Competitive interest rate. *Lien of FDR of 25% of the total	*Last twelve months' sales statement. *Last twelve months' bank statement. *Valid Trade License of last two years. *National Voter ID/ Passport of the borrower. *Photographs of the *borrower and the guarantors.

			loan amount	*Utility bills of the concerned business.
JamunaSwabolombi	Any justifiable business purpose	*Business Experience minimum 2 years *Age: 20-60 yrs.'	*Loan Amount: BDT 5.00 lac to BDT 25.00 lac *Tenure: 36 Months *Competitive interest rate. *Up to BDT 25.00 lac is collateral Free	*Last twelve months' sales statement. *Last twelve months' bank statement. *Valid Trade License of last two years. *National Voter ID/ Passport of the borrower. *Photographs of the borrower and the guarantors. *Utility bills of the concerned business.

TABLE 20: AT A GLANCE SME PRODUCT DETAILS OF JBL

5.1.2At a glance SME Overall Banking of Jamuna Bank Limited

SL	Particulars	Year/Amount/No
01	Bank Opening Year	2001
02	SME Operation Year	2005
03	SME Division Opening Year	2009
04	Number of SME Branch	07
05	Number of SME Unit Office	00
06	Number of SME Service Center	02
07	Number of SME touch point	00
08	Number of SME Customer as on 2015	1,94,310
09	Total Number of SME Product	09
10	Number of SME Deposit Product	0
11	Number of SME Investment Product	09
12	SME Investment Outstanding as on 2016	14,439.12 Million

TABLE 21: AT A GLANCE OVERALL SME BANKING IF JBL

5.1 SME Products of Mercantile Bank Limited

5.1.1 SME Product details of Mercantile Bank Limited

- 1. CHAKA (Term Loan):Small and Medium Entrepreneurs of our country are striving to play significant role in the steady growth of GDP through profitable expansion of existing business as MBL 11 as setting up new venture in the competitive business world. But most of the times they fail to address the same due to dearth of capital. With a view to overcome this situation and for achievement of justified level of business growth, Mercantile Bank Ltd is assisting SME customers offering CHAKA' loan facility
- 2. SAMRIDDHI (Continuous Loan):Small and Medium Entrepreneurs need working capital at anytime to penetrate into prevailing business opportunity and to run the existing business smoothly. For the purpose of helping SME customers to operate their business uninterruptedly, Mercantile Bank Limited has introduced continuous loan facility under the name & style SAMRIDDHI.

- 3. MOUSUMI (Short Term Seasonal Loan):Seasonal products/crops as well as religious and cultural festivals create short-term additional business opportunity for Small and Medium Entrepreneurs of our country. As such, they require special business arrangements in addition to run day-to-day business activities to cope up with seasonal demand which may increase sales and profit. In order to patronize SME customers for capturing this seasonal business opportunity, Mercantile Bank Ltd has introduced single payment loan facility under the name & style MOUSUMI.
- **4. ANANNYA** (Women Entrepreneur's Loan): About 50% of our total populations are women but their active role as entrepreneur is not at all significant. For balanced & sustainable economic growth with inclusiveness of all classes people of the society, active involvement of women in the business is immediately required and our bank has given highest priority for financing to the Women Entrepreneurs offering a loan facility under the name & style ANANNYA
- 5. SANCHALAK (A mix of Term, Time & Continuous Credit): Designed to ensure performance based borrower's evaluation and facilitation to promote and foster sustainable growth of the business with competitive edge where performance of the borrowing concern will get preference over any other considerations.
- **6. UNMESH** (**Trade Finance**):Designed for foreign trade financing facility(ies) of the entrepreneurs in diversified sectors towards optimum utilization of their inherent entrepreneurship capacity

At a glance SME product details of Mercantile Bank Limited

Name	Purpose	Eligibility of Borrower	Key Features	Required Documents
CHAKA (Term Loan)	To make business expansion and procure capital machinery and other fixed assets of the business.	* Minimum 2 yrs.' experience *Age: 21-60 yrs.' *The project must be financially, economically and commercially viable	*Loan Amount : 0.5 lac to 100 lacs *Tenure 12-60 Months *Collateral free loan up to 8 lac.	*Valid trade license * Latest TIN certificate * Sales statement of 1 year * Bank Statement * Daily statement of debit credit * Other documents *Voter ID Card * Utility Bills
SAMRIDDHI	To meet up	* Minimum 2	*Loan Amount:0.5 lac to	*Valid trade license
(Continuous	any	yrs.'	100 lacs	* Latest TIN

Loan)	acceptable	experience	*Tenure 12 Months	certificate
Loan)	working	*Age: 21-60	(Renewable)	* Sales statement of 1
	capital	yrs.'	(Refie wable)	year
	requirement	*The project		* Bank Statement
	of the	must be		* Daily statement of
	business.	financially,		debit credit
		economically		* Other documents
		and		*Voter ID Card
		commercially		* Utility Bills
		viable		MXX 111 . 1 11
		* Minimum 2		*Valid trade license * Latest TIN
		yrs.' experience		certificate
		*Age: 21-60		* Sales statement of 1
	To meet up	yrs.'	*Loan Amount : 0.5 lac to	year
MOUSUMI	short term	*The project	100 lacs.	* Bank Statement
(Short Term Seasonal Loan)	seasonal need of the	must be	*Tenure Maximum 09 Months	* Daily statement of
Seasonai Loan)	business	financially,	Wolldis	debit credit
	business	economically		* Other documents
		and		*Voter ID Card
		commercially		* Utility Bills
ANANNYA	To meet up	viable * Minimum 2	*Loan Amount : 0.5 lac to	*Valid trade license
(Women	working	years	50 lacs@ 10% Interest	* Latest TIN
Entrepreneur's	capital	experience	P.A	certificate
Loan)	requirement,	*Age: 21-60	*Tenure 12-60 Months	* Sales statement of 1
	procurement	yrs.'	*Collateral free loan up to	year
	of capital	*The project	8 lac.	* Bank Statement
	machinery	must be		* Daily statement of
	and other	financially,		debit credit
	fixed assets for the	economically		* Other documents *Voter ID Card
	Women	and commercially		* Utility Bills
	Entrepreneurs	viable		Ounty Dins
	Entrepreneurs	* Minimum 2		*Valid trade license
		years		* Latest TIN
		Experience		certificate
		*Minimum 03		* Sales statement of 1
		months		year
	Financing	banking	*Loan Amount : 50 lac to	* Bank Statement
	acquisition of fixed assets	relationship with MBL	300 lacs	* Daily statement of debit credit
SANCHALAK	related to	*Age: 21-60	*Interest: 13.50 – 15.00%	* Other documents
(A mix of	promotion of	yrs.'	P.Q	*Voter ID Card
Term, Time &	the business	*01 (one)	*Tenure: Maximum 48	* Utility Bills
Continuous Credit)	interest /	personal	Months	
Cicuit)	horizontal &	guarantee from	*Security/Collateral	
	vertical	well	Required	
	expansion	experienced		
		business person with		
		sound financial		
		net worth and		
		reputation		
UNMESH	To Import	*Minimum 01	*Loan Amount Max 300	L/C Margin, Shipping
(Trade	permissible	(one) year	lac.	Documents,
Finance)	goods	successful	*Interest Rate 13% to 16%	Acceptance,
	industrial raw	track record of	P.A	Payments, Plant and
	materials,	import	*Collateral/ Security	*Valid trade license

traded	items	*Minimum 03	required	* Latest TIN
and	other	months	*Tenure Maximum 1 Year	certificate
commo	dities.	banking	for L/C	* Sales statement of 1
		relationship		year
		with MBL		
		* Age: 21 – 60		
		Years		

Table 22: At a glance sme product details of Mbl

At a glance overall SME Banking of Mercantile Bank Limited

SL	Particulars	Year/Amount/No
01	Bank Opening Year	1999
02	SME Operation Year	2007
03	SME Division Opening Year	2006
04	Number of SME Branch	05
05	Number of SME Unit Office	00
06	Number of SME Service Center	00
07	Number of SME touch point	00
08	Number of SME Customer till 2016	2,57,521
09	Total Number of SME Product	06
10	Number of SME Deposit Product	0
11	Number of SME Investment Product	06
12	SME Investment Outstanding	1,4542.98 Million

TABLE 23: AT A GLANCE OVERALL SME BANKING OF MBL

5.2SME Products of Southeast Bank Limited

5.2.1 SME Product details of Southeast Bank Limited

- 1. South east Shuprova: "Southeast Shuprova" is a loan facility for small and medium sized trading, manufacturing, service, agriculture, non-farm activities, and agro-based industries etc. which are operated by women entrepreneur.
- 2. South east Shikor: This is a small-scale loan designed to finance any SEBL client meeting definition criteria and target group criteria of south east bank's SME credit policy. Usually this kind of loan is given to any justifiable business purpose such as small scale trading, manufacturing and service ventures, especially to aid the purchase of fixed assets, and to finance working capital.

- 3. South east Shopan: In order to help our SME borrowers for financing working capital or to purchase fixed assets, Southeast Bank offers Shopan. It caters to the need of entrepreneurs who are operating in trading, manufacturing, service, agriculture, non-farm activities, agro-based industries and other sectors of our economy.
- 4. Southeast Shopnil:Southeast Shopnil Account is an interest bearing account only for business Enterprise for SME and Retail Banking. This product has been set in a way to encourage small & medium entrepreneur to enter into the wide range of modern banking facilities of Southeast Bank Limited.
- Southeast Apurbo: This is a loan designed to meet the needs of small and medium sized private educational institutions, such as kindergartens, schools and colleges etc.

5.2.2 At a glance SME product details of Southeast Bank Limited

5.2.2	At a glance SME product details of Southeast Bank Limited Eligibility of Var Factorian Bank Limited				
Name	Purpose	Borrower	Key Features	Required Documents	
Southeast Shuprova	Establishment of new business Purchase of fixed assets. Working Capital. Expansion of existing business Import of machinery / raw materials/ goods	* Minimum 2 yrs.' experience *Age: 22-50 yrs.' *The project must be financially and commercially viable 50% women partnership	*Loan Amount: 2 to 50 lac. *Tenure 12-60 Months *Collateral free loan up to 8 lac.	*Valid trade license * Latest TIN certificate * Bank Statement * 2 personal Guarantors * Other documents *Voter ID Card * Utility Bills	
Southeast Shikor	Establishment of new business Purchase of fixed assets. Working Capital Expansion of existing business Import of machinery / raw materials/ goods	* Minimum 2 yrs.' experience *Age: 22-50 yrs.' *The project must be financially and commercially viable	*Loan Amount: 2 lac to 50 lac. *Tenure 12 -60 Months *Interest: 13-16%	*Valid trade license * Latest TIN certificate *Partnership Deed, MOA & AOA (if any) * Bank Statement * Other documents *Voter ID Card * Utility Bills	
Southeast Shopan	Establishment of new business Purchase of fixed assets Working Capital	* Minimum 2 yrs.' experience *Age: 21-60 yrs.' *The project must be financially, economically and commercially viable	*Loan Amount: 2 lac to 8 lac. tenure 12-60 Months Interest: 15-16%	*Valid trade license * Latest TIN certificate *Partnership Deed, MOA & AOA (if any) * Bank Statement * 2 Personal Guarantors * Other documents *Voter ID Card * Utility Bills	
Southeast Shopnil	Working Capital Transport/Delivery van /Renovation shop/office/business premises	* Minimum 2 yrs.' experience *Age: 20-50 yrs.' *The project must be financially, economically and commercially viable	*Loan Amount : 10 to 50 lac. tenure 24-60 Months Competitive Interest rate Collateral assets required	*Valid trade license * Latest TIN certificate *Partnership Deed, MOA, AOA (if any) * Bank Statement * 2 Personal Guarantors * Other documents *Voter ID Card * Utility Bills	
Southeast Apurbo	Working capital Fixed assets Delivery Van / Transport for business purpose Renovation of shop / office / business premises.	* Minimum 2 yrs.' experience *Age: 20-50 yrs.' *The project must be financially, economically and commercially viable	*Loan Amount: 50 to 300 lac. Interest 13.50 – 15.00% P.Q tenure 12-60 Months Security/Collateral assets Required	*Valid trade license * Latest TIN certificate *Partnership Deed, MOA, AOA (if any) * Bank Statement * 2 Personal Guarantors * Other documents *Voter ID Card * Utility Bills	

TABLE 24: AT A GLANCE SME PRODUCT DETAILS OF SEBL

At a glance SME Banking of Southeast Bank Limited

SL	Particulars	Year/Amount/No
01	Bank Opening Year	1995
02	SME Operation Year	2009
03	SME Division Opening Year	2009
04	Number of SME Branch	15
05	Number of SME Unit Office	00
06	Number of SME Service Center	00
07	Number of SME touch point	00
08	Number of SME Customer till 2016	3,11,587
09	Total Number of SME Product	05
10	Number of SME Deposit Product	0
11	Number of SME Investment Product	05
12	SME Investment Outstanding	41,287 Million

TABLE 25: AT A GLANCE OVERALL SME BANKING OF SEBL

5.3 Application and Approval Process

5.3.1 Application and Approval Process of BRAC Bank Limited

In BBL Customer Relationship Officers (CRO's) are the person who helps the bank to perform the loan documentation process and approval. The CRO prepares loan presentation based on the information collected and provided by the entrepreneur about their business, land property. Also the CROs collect confidential information about the client from various sources. When the CRO decided to provide loan to the client then he/she help the client to open a bank account, where BBL will disburse the loan through this account and the client can also repay by this account. The CRO also give a (CIB) form to the client and the client fill and sign in it. In some cases, if the client is illiterate then the CRO fill the form on behalf of the client. Then CROs end the filled and signed form to the SME, Head Office. At the Head Office they check whether the required documents are in order or not. If the documents are in order they send the file to the Credit support & information (CSI). In CSI all the documents are checked very carefully. If the documents are found in order, CSI calculates Debt Burden Ratio through

verification report. If the report in the verification is found in order then approval checklist is prepared by the CSI.Otherwise the loan application can be deferred of declined. After approval the application is send to Asset Operations Department (AOD) for disbursement of loan. Sometimes some condition may beincluded in approval checklist.AOD checks all the condition of approval and finally disburse the loan to customer account. They update customer information about the loan in company database.

4.4.2Application and Approval Process of Jamuna Bank Limited

When a party approaches JBL for a loan, a loan proposal is prepared at branch level by sending the relationship officer at onsite, which includes credit risk assessment report, credit risk grading report besides recommended amount of loan that can be disbursed. This proposal is sent to the Head Office for approval. If Credit Administration Department of Head Office sanctions the proposal then the amount is disbursed to that party. Monitoring the loan after disbursement is the branch's responsibility. All loan applicants are required to submit financial statements of past three years. Relevant financial performance indicators are put into a spreadsheet to assess the credit risk. JBL has a credit policy guideline which is in line with the guideline provided by Bangladesh Bank. Different weights are given to different factors like industry profitability, company size, debt burden ratio, previous loan performance etc.

4.4.2Application and Approval Process of Mercantile Bank Limited

First of all Bank has to know the customer. If the applicant is new to us then MBL let the client open bank account and continue transaction for a certain time and upon good reflection of transaction MBL will precede with the loan proposal. Having an account or opening an account is must to proceed for any loan request from any customer. Whatever MBL want to facilitate the customer depends on our knowledge on the client. And an account helps up to enrich our knowledge on our client. And if the transaction in the customer account reflects healthy and sound views then MBL proceed with the loan application to the next step as follows: Bank first find out why the customer asking for the loan then ask him the required papers and financial data and 2 acceptable guarantors. To analyze the provided data bank send customer relationship officer of SME department at least twice in a day and 3 hours in every visit. The customer relationship officer takes

to note of customer dealing, sales per day, inventory, stock, selling price, credit sales and payment behavior. Mercantile Bank Limited collects CIB report from the department of —Credit Information Bureau of Bangladesh Bank regarding the proposed loan applicants. Approval will be accorded subject to receipt of clean CIB report from Bangladesh Bank. In case of existing liability satisfactory (unclassified loan status) CIB report will serve the purpose then MBL drafts the proposal for the loan facility to the customer and send this proposal to the Corporate Office through Zonal Head. And this proposal is send to head office along with Risk Grade Score Sheet, Copy of Land valuation report, FSS, Copy of audited accounts of the applicant, copy of feasibility report of the project and other relevant documents. Proper documentation and approval from head office are necessary prior to the disbursement of loan facilities.

4.4.2Application and Approval Process of Southeast Bank Limited

Any credit proposal or pre-sanction Inspection report/call report/visit report is to be originated from the Branch/SME Service Center. The client shall have to open account with the relevant SEBL Branches. The client shall fill up the Request for Credit Facility, Net worth Statement, and other perform correctly and completely. The client shall provide Credit Information Bureau (CIB) undertakings, Financial Statements, other information or papers or documents required by the concerned official of the SEBL Branch/SME Service Center. The concerned official of the SEBL Branch/SME Service Center shall evaluate client's proposal with due diligence, accomplish the relevant tasks carefully and prepare the Credit Appraisal Form as per the prescribed format. Any requirement for further information regarding a particular credit proposal shall have to be communicated to the client within 03(three) working days from the date of submission of the application by the client. If a particular credit proposal is found suitable, the SEBL Branch/SME Service Center shall assign a unique identification number to the borrower and submit the credit proposal along with the required documents, such as Visit Report, Stock Report, CPV Report, Valuation Report etc. to the Head Office for approval. At the Head Office, the assigned Credit Officers shall appraise the proposal in line with Bank's credit policies and guidelines of Central Bank & other regulatory authorities and place the proposal to the competent approval authority for decision.

In comparison of the approval and application process for SME loan all bankshave the almost same criteria and process, but overall BRAC Bank Limited's application and approval process are easier than other banks.

4.5 Interest Rate & Processing Fees

4.5.2Interest Rate and Processing Fees of BRAC Bank Limited

During the 2015 the rate of interest for SME loan of was 23.75% on all categories SME loan. But currently the interest rate on the SME loan has reduced to 19% for all the new customers and this new interest rate took place in the middle of March 2016. There other interest rates such as; for Agricultural loan the interest rate is 10%, for Prothoma loan the interest rate is 10%. There are some special offers in order to get some discount in the interest rate of BBL, for in stand if the customer is a GP star subscriber than he or she will be waived with 2% on the interest rate. And if the loan is a top-up loan meaning if the customer has taken another loan against its previous one than he or she will be waived with 2% on its interest rate. The processing fee of BBL is 1% on the total loan amount taken. If the customer is a GP star subscriber then the processing is 0.5%. There are some special offers too just like the interest rate such as: if the loan of the customer is been approved or disbursed in between the 1st day up to 20th day of the month than the customers will get 0.5% reduction on their processing fees, and also there are other offers like if the customer can get their loan in the middle of the month or even taking consecutive loans with good amounts can get some reductions in their processing fees.

4.5.3Interest Rate and Processing Fees of Jamuna Bank Limited

Currently JBL interest rate for SME loan is between 16%-19%. These changes of interest rate take place in the form of rise by maximum of 1% to 2% or minimum of 1% to 2% depending on the fulfillment of the bank's loan or profit target. Bank charges 2% +VAT as processing fees. They are also offering "JamunaNariUddogh" SME loan at below 10% interest rate.

4.5.1 Interest Rate and Processing Fees of Mercantile Bank Limited

The interest rates of SME Loan in the bank is average in comparison with others.MBL imposes 12%-15% interest rate with 2% extra utilization fee imposes. The bank charges

different high interest rate comparison with other Commercial Bank. The Bank also offers Ananya- Women entrepreneurship loan at 10% interest rate.

4.5.2 Interest Rate and Processing Fees of Southeast Bank Limited

During the 2015, the rate of interest of SEBL for SME loan was 17.5% this and this interest rate changes in every six months. Currently the interest rate for SME loan is 13-16%. These changes of interest rate take place in the form of rise by maximum of 1% to 2% depending on the fulfillment of the bank's loan or profit target. SEBL too have different sector SME loans such as: for an Agricultural loan the interest rate is 13% and for Term loan for medium industry is 15%. And there no processing fees for any SME loans. But there is a documentation charge which may vary from customer to customer according to their loan amounts. The SME loan interest rate is higher in BBL compared to SEBL, and also there is an extra charge which is charged to customer by BBL in the form of processing fees where SEBL don't charge it from the customers.

In comparison of the Interest rate and processing fee for loan all banks have the almost have competitive rate, but overall Southeast Bank limited is preferable because they do not charge the utilization, processing or any hidden cost.

Comparison of the SME Products of Selected Banks

Topic	BRAC Bank Ltd	Jamuna Bank Ltd	Mercantile Bank Ltd	Southeast Bank Ltd
Loan Size	2 lac- 3.5 Corer	5 lac- 3 Corer	50,000- 3. Corer	2 lac- 3 Corer
Maximum Rate of Interest	19	15.50	15	14.50
Minimum Rate of Interest	14	13	12	11.50
Interest rate for women entrepreneur	Below 10%	Below 10%	10%	10%
Period of Loan	36-60 Months	12-60 Months	12-60 Months	12-60 Months
Loan Processing	1.00%	0.50-1.50	0	0

Fees				
Documentation	2000*	2000*	2000* 114.5	2000*+VAT
Fees	+VAT	+VAT	2000*+VAT	
Utilization	1 000/	0	0	0.50 1.000/
Fees	1.00%	0	0	0.50-1.00%
	Collateral	Collateral		Collateral
Co over!4	free up to	free up to	Collateral free up to a certain	free up to a
Security	a certain	a certain	amount	certain
	amount	amount		amount
Minimum				
Income of the	30000	30000	25000	30000
Borrower				
Minimum Age				
of the 21		21	21	21
Borrower				
Minimum Age 2 years 2 years		2 voors	2 voors	2 110000
of the Business	2 years	2 years	2 years	2 years
Eco Friendly	Not	Not	Jamuna Green	Not
Loan	specified	Specified	Janiuna Green	Specified
Repayment	EMI/	EMI/	EMI/ Installment	EMI/
Schedule	Installment	Installment	EMI/ Instanment	Installment

TABLE 26: COMPARISON OF SME PRODUCT OF SELECTED BANKS

4.6 Comparison of Overall SME Banking of the Selected Banks

Topic	BRAC Bank Ltd	Jamuna Bank Ltd	Mercantile Bank Ltd	Southeast Bank Ltd
Bank Opening Year	2001	2001	1999	1995
SME Operation Year	2001	2009	2007	2009
SME Division Opening Year	2001	2009	2006	2009
Number of SME Branch	69	07	05	15
Number of SME Unit Office	450	0	0	0
Number of SME Service Center	0	02	0	0
Number of SME touch point	60	0	0	0
Number of SME Customer	324,788	194,310	257,521	311,587
Total Number of SME	09	09	06	05

Product				
Number of				
SME Deposit	03	0	0	0
Product				
Number of				
SME	06	09	06	05
Investment	00	09	00	03
Product				
SME	61,185.42	14,439.12		41,287
Investment	Million	Million	1,4542.98 Million	Million
Outstanding	WHIIIOH	WIIIIOII		IVIIIIIOII

TABLE 27: COMPARISON OF OVERALL SME BANKING OF SELECTED BANKS

CHAPTER: 5

Analysis and Findings

5.5Analysis of last 5 years SME Banking performance

5.5.1Analysis of SME Loan Disbursement of Selected Banks

After the new monetary policy 2010 Bangladesh bank has ask private banks to emphasis on SME loan. BB has also set yearly achievement target for the individual banks. The SME loan distribution of private banks continuously increased from the 2010 as BB set the achievement target for every financial year. The SME loan disbursed amount of selected banks for last 5 years given below:

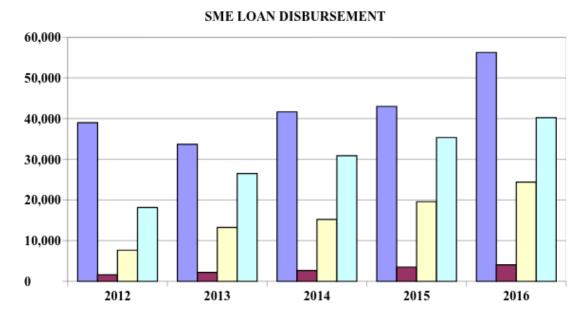


Figure 21: SME LOAN DISBURSEMENT OF SELECTED BANKS

BBL has disbursed BDT 39,000 million SME loan in 2012 and with a gradual growth in SME Loan disbursement in 2016 BBL has disbursed BDT 56,270 million SME loan toward its clients. BRAC bank is the only Private bank which has almost 50% SME loan in its portfolio.

JBL has disbursed BDT 1,581 million in 2012 and with a gradual growth in 2016 JBL has disbursed BDT 4,070 million towards its clients. The loan disbursement rate or JBL is poor comparing its overall portfolio.

MBL has disbursed BDT 7,643 million in 2012 and with a 73.37% growth in SME loan disbarment it disbursed 13250 million in 2013. In 2016 MBL had disbursed BDT 24,410 million.

SEBL has disbursed BDT 18,126 million in 2012 and with a gradual growth it has disbursed BDT 40,206 million in 2016. Among the four selected banks BBL and SEBL have the remarkable SME loan in their portfolio.

In SME loan disbursement BBL and SEBL have remarkable SME loan in their portfolio.

5.5.2Time Series Analysis of SME Loan Disbursement

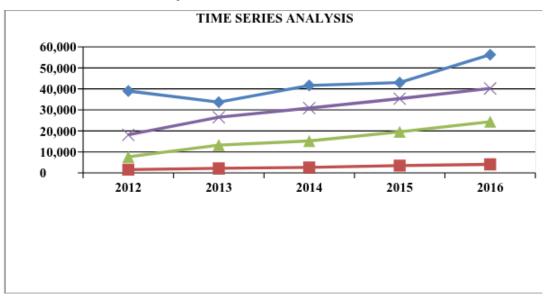


Figure 22: TIME SERIES ANALYSIS OF SME LOAN DISBURSEMENT

In 2013 all selected bank except BBL showed growth in SME loan disbursement. From the period of 2014-2016 all selected bank have gain the growth of SME loan disbursement. BBL and SEBL provide the remarkable SME loans comparing other two banks .Jamuna Bank has the poor performance in SME loan disbursement.

5.5.3Analysis of Outstanding SME loan of the selected Banks

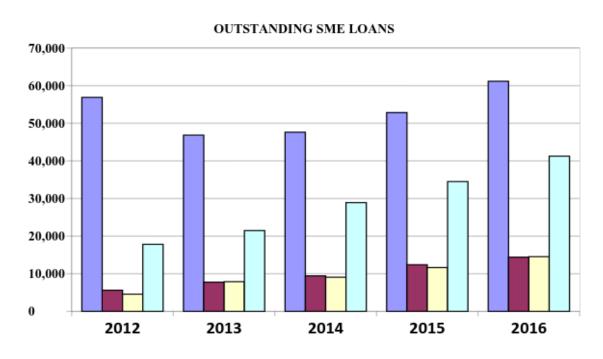


Figure 23: OUTSTANDING SME LOANS OF THE SELECTED BANKS

In 2012 BRAC Bank had BDT 56,891 million SME outstanding loan which is 54.90% & Southeast Bank had BDT 17,818 million SME outstanding loan which is 13.97% of their total loan and advances. JBL and MBL had 10.22 & 4.86% SME outstanding comparing their total Outstanding.

In 2016 BRAC Bank has BDT 61,185 million SME outstanding loan which is 35.24% & Southeast Bank has BDT 41,287 million SME outstanding loan which is 21.80% of their total loan and advances. JBL and MBL has 12.33% & 9.64% SME outstanding comparing their total Outstanding.

Where BBL has remarkable decline in their SME outstanding all other bank has gradual growth in SME outstanding. But SEBL has a significant growth in their SME outstanding.

3,000 4,000 1,000 2012 2013 2014 2015 2016

5.5.4Analysis of Interest Income from SME Loan

Figure 24: SELECTED BANK'S INTEREST INCOME FROM SME LOAN

In 2012 BBL SME Interest income was 8,154 Million which 48.79% of their total interest income is. JBL, MBL, SEBL had 8.73%, 6.25%, 13.97% respectively.

In 2016 BBL SME Interest income decreased to 8,017 Million which is 44.93% of their total interest income. JBL, MBL, SEBL SME interest incomes are 18.44%, 12.10%, 21.80% respectively.

BBL interest income's significant percentage comes from SME loan but their interest income ratio from SME loan decreasing every year. That might be the result of decreased

interest rate as per government guideline to facilitate the SME. Where rest three banks SME interest income increasing every year.

5.1.1SWOT Analysis & Ratio Analysis

5.1.2SWOT Analysis

SWOT analysis is an important tool for evaluating the company's Strengths, Weaknesses, Opportunities and Threats. It helps the organization to identify how to evaluate its performance and scan the macro environment, which in turn would help organization to navigate in the turbulent ocean of competition

5.1.1.1SWOT Analysis of BBL's SME Division

Streangth of BBL SME division:

Company reputation: BRAC bank has already established a favorable reputation in the banking industry of the country particularly among the newcomers.

Sponsors: BBL has been founded by a group of eminent entrepreneurs of the country having adequate financial strength. The sponsor directors belong to prominent resources persons of the country. BBL has a strong financial strength and it built upon a strong foundation.

Top Management: The top management of the bank is also major strength for the BBL has contributed heavily towards the growth and development of the bank. **Facilities and equipment:** BBL has adequate physical facilities and equipment's to provide better services to the customers. The bank has computerized and online banking operations under the software called MBS banking operations.

Interactive corporate culture: BBL, has an interactive corporate culture. Unlike other local organization, BBL's work environment is very friendly, interactive and informal.

Weakness of BBL SME division:

Advertising and promotion of SME loan: This is a major setback for BBL and one of its weakest areas. BBL's advertising and promotional activities are satisfactory but it SME loan is not advertised well. It does not expose its SME product to general public and are not in lime light.BBL does not have neon sign or any advertisement for SME loan in the city. As a result people are not aware of the existence of this bank.

NGO name (BRAC): BRAC is one of the largest NGO of the world and it is operating its activities in Bangladesh. BRAC bank is not a NGO bank but many people of counter them i consider it as a NGO bank like Grameen bank which is not correct.

Low remuneration package: The remuneration package for the entry and the mid-level management is considerably low. The compensation package for BBL entry level positions is even lower than the contemporary banks. Under the existing low payment structure, it will be very difficult to attract and retain high performing employees in BBL. Specially CRO's are not satisfied with compensation package provided to them.

Opportunity of BBL SME division:

Growing Market: The SME sector in Bangladesh is still growing and the Government of Bangladesh is focusing strongly on this sector. This ample market growth opening is a big opportunity for BRAC Bank Ltd.

Mobile Banking: Mobile banking or money transfer via mobile phone is already a popular choice among the mass. BRAC Bank also with its subsidiary bKash doing good, but there is a huge opportunity to grab the untapped market to bring it within their banking network.

ATM: This is the fastest growing modern banking concept. BBL should grab this opportunity and take preparation for launching ATM. Since BBL is a local bank, they can form an alliance with other contemporary banks in launching the ATM.

Large Customer Base: BRAC Bank Ltd has an existing large customer base which gives them a clear head start against their competitors.

Threats of BBL SME division:

Upcoming banks: The upcoming private local banks can also pose a threat to the existing private commercial banks like BBL. It is expected that in the next few years more local private banks may emerge. If that happens the intensity of competition will rise further and banks will have to develop strategies to compete against an on slaughter of foreign banks.

Contemporary banks: The contemporary banks of BBL such as Dhaka bank, prime bank and Dutch Bangla are its major rivals. Prime bank and other banks are carrying out aggressive campaign to attract lucrative clients as well as big time depositors.

Inherent Risk of Business: The SME consists 60% of BRAC Bank Ltd.'s activity where other Bank and financial institutions generally prefer large enterprise clients because of lower transition costs, and greater availability.

5.1.1.1 SWOT Analysis of JBL's SME Division

Streangth of jBL SME division:

Dynamic Human Resource: Jamuna Bank has Dynamic Human Resource. They have qualified and skilled human resources.

Countrywide distribution network and coverage: Jamuna bank is the of the private banks who has countrywide distribution network and coverage

Continuous development in creating innovative products: Jamuna Bank has already proved them in continuous development and creating innovative products.

Fast Loan approval process and monitoring: Jamuna Bank SME Loan processing is fast and strong and appreciable monitoring units.

Skilled risk management system: Jamuna bank has a skilled risk management system. They have qualified and skilled risk management employee.

Weakness of jBL SME division:

JBL is yet to establish itself as a brand: Jamuna Bank has not yet proved themselves as a powerful brand in SME banking sector.

SME Loan portfolio lacks sectorialdiversification: They have less SME loan in portfolio and there is a lack of sectorial diversification.

Customer perception: The customer satisfaction level about the Bank or it's service is not satisfactory

Opportunity of jBL SME division:

New geographic territories for SME operation: Jamuna bank has the opportunity to expand its geographical presence for SME Operation as they have countrywide network and coverage.

Workshops and trainings for the SME Officers: Workshops and trainings for the SME Officers can improve their SME performance.

Provision rate:Jamuna Bank provision for SME unclassified loan in 0.25%. Management of the Bank is giving priorities to enlarge the SME Loan exposure for less provisioning than the traditional CC Loans.

Lower Interest Rate: Offering lower interest rate than other banks can give and edge to JBL SME

Customer Service and Relationship: Raising the customer service can help JBL attract more SME customers

Threats of jBL SME division:

Competitive Market :Current market of SME is too competitive and JBL might lose a big portion of **its prospective** clients to other banks and NBFIs.

Political Condition :Current political situation is too vulnerable and the proprietors are currently reluctant unavailing SME loans.

Approval and Monitoring: Approval loan to the wrong applicant and Lack of proper monitoring for SME loans might become a threat for Bank's overall performance in the long run.

Global Market recession: Global Market recession is a big threat for all banks

5.1.1.2 SWOT Analysis of MBL's SME Division

Streangth of MBL SME division:

Variety SME Loans: MBL offers a wide variety of loans for the SMEs to meet specific needs of the customers. The products include Overdraft, Term Loan, Work Order Finance, Lease Finance, Trade Finance, etc.

Flexibility: The bank is very flexible in terms of security against the facilities it offers to the client. It comprises various cash flow of the business as security against loan like assignment of bill in the work order finance, account receivables etc.

Lower Charges/Fees: The pricing of the products is comparatively lower than other financial institutions. This becomes possible because the value of non-performing loan is very low and that leads a small amount for provisioning.

Good Reputation: MBL has the reputation of being the provider of good quality services to its potential customers.

Weakness of MBL SME division:

No Fixed Sales: There is no fixed sales force in the Bank for the marketing of SME finance.

Lacks of experienced employees: Many people who are now working in SME financing in the branch level have lack of in-depth knowledge in this line.

Few SME Branches: At Dhaka most of the branches are corporate customer oriented and there is no sufficient number of SME booths in the city. So marketing and expanding the SME loan products in the city area has become very difficult.

Advertisement & Promotion: MBL is avoiding the marketing campaign for their new services. This is why the customers do not know about them fully what they are offering.

Opportunity of MBL SME division:

Utilization of rural and urban branches: MBL has many rural and semi urban branches where there are many business communities which are yet to be penetrated by the formal financial institutions. So there is a huge scope for expanding the business in these areas.

Relation with Multinational organizations: It has good relation with various multinational organizations like South-Asia Enterprise Development Facility (SEDF), USAID, World Bank, etc. that can provides assistance for developing and expanding this sector.

E-Banking : Emergence of E-banking will open more scope for MBL to reach the clients not only in Bangladesh in Bangladesh but also in global banking arena. Introducing any branch banking through online is great opportunity to them

Credit Cards: Since MBL deals mostly with credit commerce related business, Credit card division would allow them to make a huge profit in near future.

Threats of MBL SME division:

Other Commercial Banks: Other commercial banks like BRAC Bank Limited, Eastern Bank Limited and foreign Bank like Standard Chartered Bank are aggressively marketing the SME financing products and services.

Interest Rate competition: Nationalized banks very often offer the loans at lower cost in the form of corporate loan without properly distinguishing the loan type and business aspect.

Uncertainty in Recovery : Most of the SMEs are proprietorship concerns and in many cases they lack in ready successors. So in the case of the death of the proprietor the recovery of the loan will be in jeopardy.

5.1.1.3 SWOT Analysis of SEBL's SME Division

Streangth of MBL SME division

Goodwill: Southeast bank LTD has already established a favorable reputation in the banking industry of the country particularly among the newcomers. Within a period of 5 years, SEBL has already established a firm footing in the banking sector having tremendous growth in the profits and deposits. All these have leaded them to earn a reputation in the banking field.

Sponsors: SEBL has been founded by a group of eminent entrepreneurs of the country having adequate financial strength. The sponsor directors belong to prominent resources persons of the country. Therefore, SEBL has a strong financial strength and it built upon a strong foundation.

Efficient Management: The top management of the bank is also major strength for the SEBL has contributed heavily towards the growth and development of the bank. The top management officials have all worked in reputed banks and their years of banking experience, skills, expertise will continue to contribute towards further expansion of the bank. At SEBL, the top management is the driving force and the think tank of the organization where policies are crafted and often cascaded down.

Facilities and equipment:SEBL has adequate physical facilities and equipment's to provide better services to the customers. The bank has computerized and online banking operations under the software called MBS banking operations. Counting machines in the teller counters have been installed for speedy service at the cash counters. Computerized statements for the customers as well as for the internal use of the banks are also available.

Weakness of MBL SME division:

Lack of advertising and promotion of SME loan: This is a major setback for SEBL and one of its weakest areas. SEBL" s advertising and promotional activities are satisfactory but it SME loan is not advertised well. It does not expose its SME product to general public and are not in limelight. As a result large numbers of people are not aware of the existence of this bank.

Remuneration: The remuneration package for the entry and the mid-level management isconsiderably low. The compensation package for SEBL entry level positions is even lower than the contemporary banks. Under the existing low payment structure, it will be difficult to attract and retain higher educated employees in SEBL. Especially CROs are not satisfied with compensation package provided to them.

Opportunity of MBL SME division:

ATM:SEBL always tries to provide excellent services to its customers. By considering this thing SEBL provides ATM card to its customers and also provide available ATM booth in different locations in whole country.

Diversification:SEBL can pursue a diversification strategy in expanding its current line of business. Currently they are providing loan to the large industries. They should expand in SME industry.

Product line proliferation:In this competitive environment SEBL must expand its product line to enhance its sustainable competitive advantage.

Available Branches:With its proper and useful operational network, there is an opportunity for SEBL to further expand its SME Banking facilities to the branches of urban and rural areas.

Threats of MBL SME division:

Competition: Competition is the threat of any business. At the age of modern business the competition is increasing. Every bank has an intention to provide better services compared to others for capturing the customers.

Multinational banks: The emergence of multinational banks and their rapid expansion poses a potential threat to the new growing private banks. Due to the booming energy sector, more foreign banks are expected to arrive in Bangladesh.

Upcoming banks: The upcoming private local banks can also pose a threat to the existing private commercial banks like SEBL. It is expected that in the next few years more local private banks may emerge. If that happens the intensity of competition will rise further and banks will have to develop strategies to compete against an on slaughter of foreign banks.

Contemporary banks: The contemporary banks of SEBL such as Dhaka bank, prime bank and Dutch Bangla Bank are its major rivals. Prime bank and other banks are carrying out aggressive campaign to attract lucrative clients as well as big time depositors.

5.1.2 Ratio Analysis

5.1.2.1 SME Loan Disbursement Growth Ratio

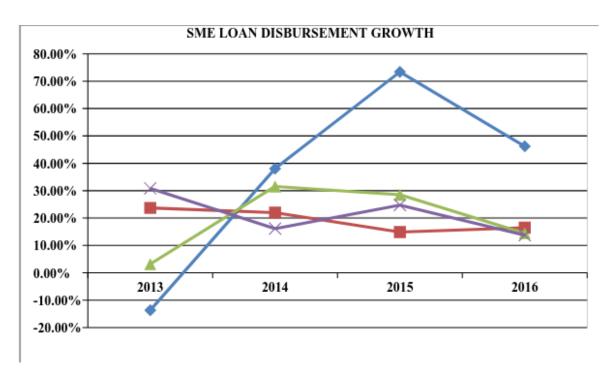


Figure 25: SME LOAN DISBURSEMENT GROWTH RATIO

In 2013 BBL SME loan disbursement growth decline by 13.65% where MBL achieved a tremendous growth of 73.37%. JBL and SEBL growths are 38.06% 46.22% respectively In 2014 BBL SME disbursement growth was 23.72%. JBL, MBL, SEBL growths are 22.00%, 14.88%, 16.50% respectively.

In 2015 JBL SME Disbursement growth was 31.57%. BBL, MBL, SEBL growths are 3.21%, 28.54%, 14.49% respectively.

In 2016 BBL SME Disbursement growth was 30.86%. JBL, MBL, SEBL growths are 16.17%, 24.76%, 13.74% respectively.

SME Loan Outstanding Growth Ratio

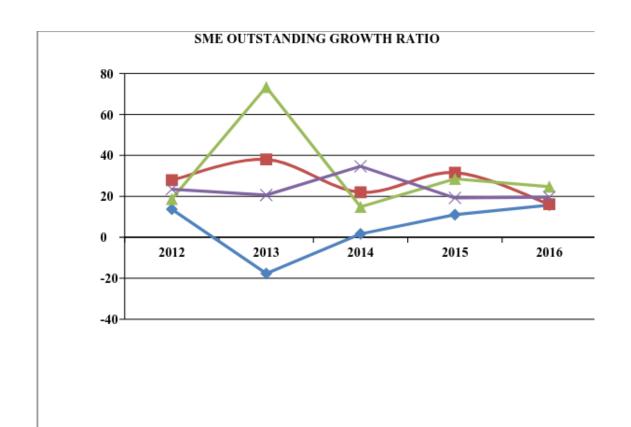


Figure 26: SME LOAN OUTSTANDING GROWTH RATIO

In 2012 JBL SME outstanding increased by 27.91% followed by SEBL 23.49%, MBL 18.77%, BBL 13.70%

In 2013 MBL SME outstanding increase by 73.37% followed by JBL 38.06%, SEBL 20.63%, BBL SME outstanding decreased by 17.66%

In 2014 SEBL SME outstanding increased by 34.67% followed by JBL 21.99%, MBL 14.88% BBL 1.67%

In 2015 JBL SME outstanding increased by 31.57% followed by MBL 28.54%, SEBL 19.23%, 11.50%.

In 2016 MBL SME outstanding increased by 24.60% followed by SEBL 19.62%, JBL 16.10%, BBL 15.70%

Overall in last 5 years Mercantile bank SME outstanding loan ratio increased more than rest three banks.

5.1.2.2 SME Outstanding to Total Outstanding

Year	BBL	JBL	MBL	SEBL
2012	54.90%	10.22%	4.86%	13.97%
2013	45.60%	11.44%	8.08%	15.84%
2014	39.06%	12.13%	7.75%	19.56%
2015	35.87%	14.24%	9.23%	20.38%
2016	35.24%	12.33%	9.64%	21.80%

TABLE 28: SME OUTSTANDING RATIO

BRAC Bank: In 2012, BBL's 54.90% of total outstanding was SME outstanding and in last five years it falling down. In 2016 BBL's 35.24% of total outstanding is SME outstanding.

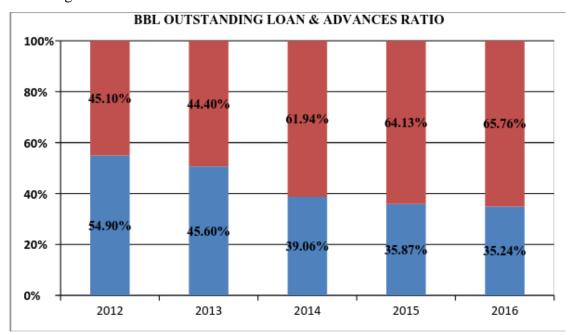


Figure 27: BBL OUTSTANDING LOANS & ADVANCES RATIO

Jamuna Bank: In 2012, JBL's 10.22% of total outstanding was SME outstanding and in it showed gradual increase in last 5 years. In 2016, 12.33% of total outstanding is SME outstanding.

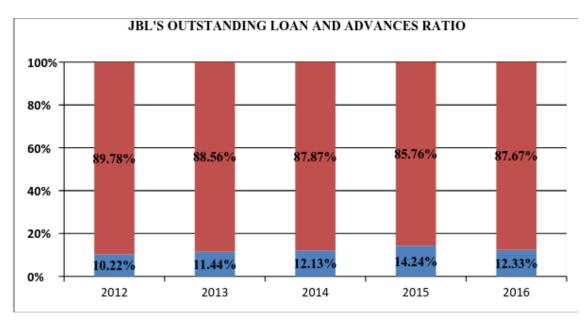


Figure 28: JBL'S OUTSTANDING LOAN & ADVANCES RATIO

Mercantile Bank: In 2012, 4.86% of total outstanding was SME outstanding and in its shows gradual increase in last 5 years. In 2016, 9.64% of total outstanding is SME outstanding.

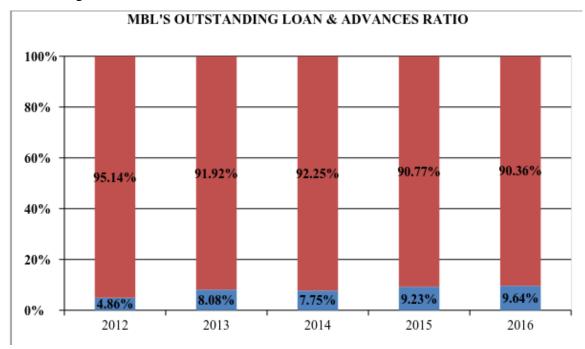


Figure 29: MBL'S OUTSTANDING LOAN & ADVANCES RATIO

Southeast Bank Limited: In 2012, 13.97%% of total outstanding was SME outstanding and in its shows gradual increase in last 5 years. In 2016, 21.80% of total outstanding is SME outstanding.

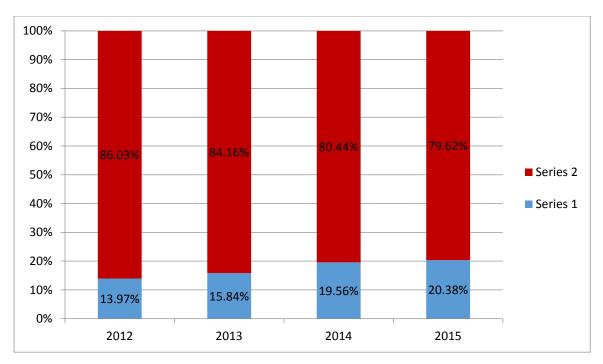


Figure 30: SEBL'S OUTSTANDING LOAN & ADVANCES

In last 5 years BBL SME outstanding ratio gradually decreased but rest 3 banks SME outstanding increased. Despite that BBL has the most SME outstanding ratio in their total outstanding.

5.1.2.3 SME Interest Income to Total Interest Income

Year	BBL	JBL	MBL	SEBL
2012	48.79%	8.73%	6.25%	13.97%
2013	46.88%	10.74%	8.14%	15.84%
2014	30.35%	12.99%	11.51%	19.56%
2015	42.08%	15.66%	10.17%	20.38%
2016	44.93%	18.44%	12.10%	21.80%

TABLE: SME INTEREST INCOME RATIO

5.1.2.3.4 BRAC BankLimited: In 2012, BBL's 48.79% interest income came from SME interest income and in 2016 SME interest contributed 44.93% of its total interest income.

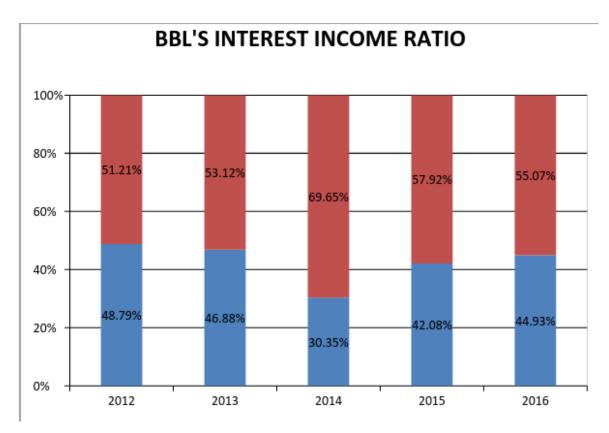


Figure 31: BBL'S SME INTEREST INCOME RATIO

Jamuna Bank Limited: In 2012, JBL's 8.73%% interest income came from SME interest income and with a gradual increase in every years SME interest contributed 18.44% of its total interest income in 2016.

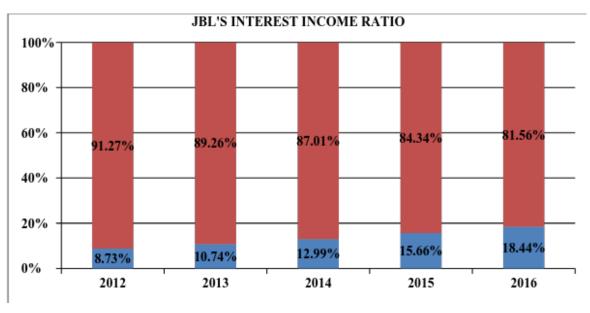


Figure 32: JBL'S SME INTEREST INCOME RATIO

Mercantile Bank Limited: In 2012, MBL's 6.25% interest income came from SME interest income and with a gradual increase in every years SME interest contributed 12.10% of its total interest income in 2016.

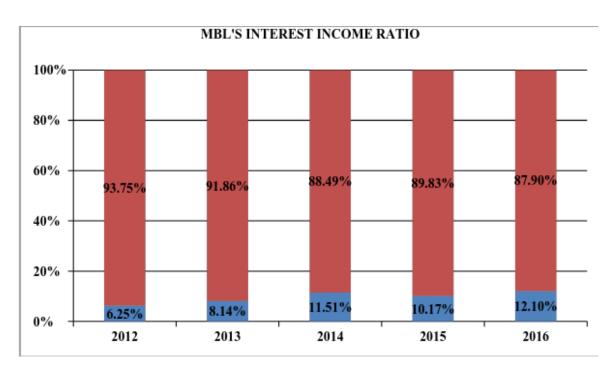


Figure 33: MBL'S SME INTEREST INCOME RATIO

Southeast Bank Limited: In 2012, SEBL's 13.97% interest income came from SME interest income and with a gradual increase in every years SME interest contributed 21.80% of its total interest income in 2016.

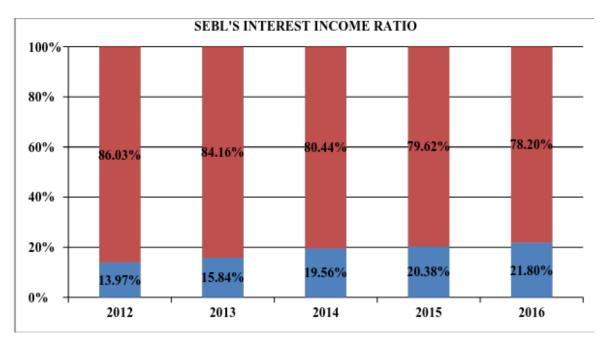


Figure 34: SEBL'S SME INTEREST INCOME RATIO

5.2 Findings and Discussion

5.2.1 Findings and Discussion of BRAC Bank Limited

- BRAC Bank has strong customer base in SME Banking.
- BRAC Bank is the only private bank which has more than 50% o SME loan in its portfolio.
- Theirs interest rate is between 14-19% and to encourage and facilitate women entrepreneur offers interest rate below 10%.
- The application and approval process of BBL is easiest than other banks but they charges additional fees which is higher than other banks.
- BBL 40%+ interest income comes from SME Banking.
- BBL focuses SME banking more than other banks do.

5.2.2 Findings and Discussion of Jamuna Bank Limited

- JBL's SME investment is very low comparing total investment.
- JBL SME authority should carefully choose the proprietors while disbursing the SME loan because overly aged persons cannot pay the SME loans. The maximum age limit for taking any SME loan program is 60 years according to JBL SME policy.

- Inexperienced proprietors are not encouraged to get the SME loans. From the eligibility terms & condition, it was found that most of the proprietors have 2-5 years of experience who are currently getting the SME loan.
- JBL SME Banking Branch, Service point, Unit office number is very low.
- Compared to other banks JBL has not been successful in increasing their SME Portfolio over the years, and the growth they are showing is good.
- SME market is highly competitive and JBL might lose a big portion of its future client portion to the other banks, but JBL has a strong human resource and experienced SME team which can help the bank achieve the future targets successfully.

5.2.3 Findings and Discussion of Mercantile Bank Limited

- Mercantile Bank Limited follows the strict procedure to Borrower's assessment in SME loan. They have done different survey time to time before of giving loan. They research on the customer and collect some valuable information to judge examine the customer.
- MBL does not ensure less time consumption for sanctioning of SME loan. The Bank collects some information unofficially about the customer for sanction loan.
 To collect that types of information bank consumes little bit more time.
- The interest rates of SME Loan in the bank is high in comparison with others.MBL imposes 12%-14% interest rate with 2% extra utilization fee imposes where other banks only take 11% interest rate. The bank charges different high interest rate comparison with other Commercial Bank.
- Women Entrepreneur's loan is available without collateral security. Mercantile
 bank limited gives too much priority on the women Entrepreneur's loan. To
 establish women. As dependent and easy to access, the bank does not want any
 collateral security.
- The Loan repayment period is not reasonable to repay the SMEs loan by the Borrowers. The period of loan of the bank is Up to 1 year. Borrowers do not get enough time to repay the loan.
- SME loan facilities of the bank are not standard. Because they do not believe in profit from SME. They feel it is burden on them, so they do not put emphasize on it. Borrowers also face some ordinary problem because of it.

5.2.4 Findings and Discussion of Southeast Bank Limited

- Southeast Bank SME performance improving days by day.
- SEBL doesn't have enough SME branches, unit office to facilitate SME banking.
- From 2012-2016 they have showed continuous growth in SME loan disbursement, growth and Interest income from SME loan.
- SEBL suffers by lack of SME loan customer.

CHAPTER: 6

Recommendation & Conclusion

6.1Recommendation

6.1.1Recommendation for BBL

- Reduce the interest rate- Because many of their competitors are providing loans at a lower rate. For example most of the competitors banks providing loan at 12-16% interest rate. High interest rate is the result of high cost of fund, so they must source fund at lower cost.
- Train the Customer Relationship officers more comprehensively and realistically so that customers may not face any trouble while getting and repaying the loan.

6.2 Recommendation for JBL

- Regular checking of the SME portfolio should be made more successful Interest rate of SME should be made more competitive in order to expand the SME portfolio.
- Loan documentation process needs to be more effective in order to reduce guarantee risk and loan default.

6.3 Recommendation for MBL

- As the SMEs in Bangladesh are habituated to operating in a semi-formal manner and banks are probably one of the most formalized institutions in our country, a big gap has opened up. The first step for Mercantile Bank Limited would be to minimize this gap by relaxing bank some strict procedures or with given some more opportunities.
- The bank should ensure less time consumption for sanctioning of SME loan in easier way, even if in a limited manner, as soon as possible so that they should provide the loan within a short time to the SME clients.

6.4 Recommendation for SEBL

- The bank should ensure less time consumption for sanctioning of SME loan in easier way, even if in a limited manner, as soon as possible so that they should provide the loan within a short time to the SME clients.
- They should focus more on SME loan as currently they are large industry oriented.
- They should increase their SME branches, unit office and also adopt efficient human resources.

6.5 Conclusion

SME Bank has a mandated role to develop Small and Medium Sized entrepreneurs and becoming a centre for these SMEs, namely SME Hub by Year 2010, whereby the Credit Guarantee Scheme has its role to partly support this mission. Due to the relevancy of the scheme, the management of SME Bank has been provided the recommendations as explained in the research paper to improve it service and delivery of the scheme. In summary, the management could resolve these issues by revising the current policy and procedures on securities requirement for new set up, good existing customers and other potential borrowers. Priorities should be given to existing good rating customers that have good track records and history with SME Bank. A fast track for approval on the scheme is also recommended to the management as an appreciation by the Bank to its customers.

The Key Performance Indexes (KPIs) for every staff that involved should be revisited, whereby their KPIs must be tied back to the performance of the scheme. This will ensure that every staff will performed up to their very level best to achieve its objective and target. The client charter on deliver is also suggested to be revisited, particularly on the time frame of approval. The availability and appropriateness of resources must be considered to estimate the realistic time period to be proposed by the management.

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