Internship Report

on

Credit Management of Janata Bank Plc

Submitted to:

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Letter of Transmittal

26/10/2024

Dr. Nurul Mohammad Zayed

Department of Business Administration

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Subject: Letter regarding submission of internship report on “Credit Management of Janata Bank Plc.”

Dear sir,

I am glad to submit my internship report, Credit Management of Janata Bank Plc. This report was required as part of the BBA program at the Department of Business Administration. It is thorough, informative, and instructional, with logical facts, statistics, and data that I gained.

Thank you for allowing me to speak about one of these topics. I feel it was a refresher of my knowledge while also enhancing both my understanding and efficiency. I thank you for allowing me to compile this report and would be happy to address any questions you may have about it.

Sincerely yours,

…………………………………………

LABONNO ISLAM URME

ID: 213-11-1434

Major in Finance

Program: BBA

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Supervisor’s Declaration

This is to inform you that Labonno Islam Urme, BBA ID 213-11-1434, has successfully finished her internship report on the topic " Credit Management of Janata Bank Plc" under my supervision. The report was created under my supervision and is authentic work completed by at Janata Bank PLC, where he completed her internship. The report is written and cleared for submission after carefully following all requirements.

…………………………………………………..

Dr. Nurul Mohammad Zayed
Associate Professor
Department of Business Administration
Faculty of Business Entrepreneurship
Daffodil International University

Student’s Declaration

I am Labonno Islam Urme, a student pursuing an BBA at the Faculty of Business Administration at Daffodil International University. I am verifying that the report titled " Credit Management of Janata Bank Plc." has been arranged in the most effective manner possible to ensure the program's success.

As a result, I pronounce that every staff member in this report is a fabricated character. I also confirm that this report has never been submitted in part to any other university degree program.

Labon

……………………………………..

LABONNO ISLAM URME

ID: 213-11-1434

Major in Finance

Program: BBA

Daffodil International University.

Acknowledgment

I am Labonno Islam Urme. First of all, I want to sincerely thank Allah and everyone who supported me during the process of finishing my internship report. I am pleased to present my practicum report, entitled **" Credit Management of Janata Bank Plc."** I made an effort to collect as much information as I could to enhance this report. Working in the ready-made clothing industry was, in my opinion, a fascinating experience that improved both my knowledge and experience.

The report details the internship experience that was part of Daffodil International University's Bechelor of Business Administration (BBA) program in the Department of Business Administration. For three months, JBL was to be my internship location. The internship program's goals were to acquaint the student with the real-world application of the information that makes up the theoretical side of practical life.

Special thanks are required to my academic advisor Dr. Nurul Mohammad Zayed, who encouraged me a lot to complete this report and provided me with all the necessary help and guidance. He was a very kind and helpful individual and has always been there, wherever I requested.

In addition, who helped me during data gathering and interviews by providing insightful comments, critiques, and ideas, have my sincere gratitude. Lastly, I would like to sincerely thank the faculty, staff, and students who assisted me in finishing my internship report.

Executive Summary

The recent report is all about credit management in the largest everrunning commercial bank of Bangladesh. The research will examine the bank's loan processes, the way it operates, and its strategies to prevent financial instability and credit defaults. In credit management, the banks profit, gets run money, and this keeps the banks financially stable. The focus of this study has been placed on how JBL manages credit approval, distribution, and everything else.

Recent studies aimed at evaluating the way which loans are dealt with at Janata Bank found out that its managers are following their commercial credit management process which is in line with prudent banking regulations enforced by the central authorities. The process is kicked off with the credit appraisal and the borrower being reviewed and assessed to determine your total risk grade based on your income, job, and history followed by documentation and disbursement of your money under pre specified terms. Because the program prevents accidents it implements as part of the whole system that give both warning signals and operations to save lives. This establishment calculates the stress on their funding to be prepared for financial problems in their assets.

Recent research on JBL has established the fact that despite the existence of a good credit management policy, the country still faces problems in areas like bank's delaying in making defaults, job training, and use of technologies. The study put's emphasis on adopting modern creaming scroreing framewok too use I.D. card, to improve trazeaksi global system too use trazeaksi encrease with bank commerce, two much crisis unit staff training, and increasing money with internal auditing.

The report states that you must have a balance to get effective results. To suceed, JBL must shift its focus on buying exciting new features, forming close relationships, and focusing on sustainability. Most importantly this study reveal the how a bank can prevent or handle the losses in a community this way they can handle crisis more peacefully.

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Chapter 1 – Introduction

1.1 Introduction

The banking sector is an important part of a country's economy. It uses resources, provides credit, and does trading and hence enhances the economic growth of the nation. The banking sector of Bangladesh ensures financing of economic activities while keeping the economy stable. Janata Bank PLC provides a variety of banking services through state-owned commercial banks in Bangladesh. He also assists in the country's economic growth by contributing to industrial, agricultural and commercial development. The bank plays two important roles; domestic and international. It accepts deposits, gives credit and trade finance. Of these functions, the management of credit by the bank is the most important factor for the profitability, liquidity and stability of the bank.

This report has been titled "Credit Management of Janata Bank Plc" which is an analysis of the polices and practices and the effectiveness of the credit management system based on my experience at an internship at Raganigandha corporate branch. I plan to demonstrate how to put into practice what I learned in theory.

1.2 Background

Over the past few decades, the growth of Bangladesh's banking industry has never been seen before and there is increasing competition between private and public banks.

Amongst the state-owned banks, Janata Bank PLC has been tasked with facilitating economic development and providing balanced access to banking. Yet, the most visible, maybe the most threatening challenge banks face in the current economic situation is the management of credit risk, especially default risk.

Janata Bank PLC is a Government owned bank. The credit portfolio facility of Janata Bank PLC is broad-based covering a variety of sectors including agriculture, trade, industry, SME finance, etc. The banking capital preservation requires as much attention from the management as the profitability of the Bank. That's why I worked in the credit area and saw these actions first-hand. From my experience there, I expanded my knowledge of how to assess the creditworthiness of prospective borrowers and evaluate the loan application as well as the monitoring of the recovery...Thus, the paper focuses on the techniques Janata Bank PLC uses in the control of its lending portfolio.

1.3 Statement of the Problem

Modern banking unquestionably faces the complexity of the process of credit risk management. The Janata Bank PLC is still not under control in terms of loan defaults and asset quality despite being the second-largest bank in the country and owned by the government. The growth of NPAs is a general industry issue which indicates that problems in evaluating borrowers, controlling collateral and monitoring loan recovery remain unresolved in the industry.

The research is aimed at assessing the effectiveness of the credit management system of Janata Bank in dealing with credit risk, which is a major concern for the Bank as it needs to comply with its developmental objectives. Monitoring shows how well the Bank is following Bangladesh Bank guidelines, risk rating borrowers, and post-disbursement monitoring. Identifying the gap between the credit policy in principle and the credit policy in practice enables the understanding of the system's gaps, strengths and weaknesses.

1.4 Significance of the Study

There are different reasons as to why this report is important. It provides an opportunity to demonstrate the practical application of the concepts learned in the areas of finance, banking, and risk management and also the integration of different disciplines in the management of credit. It also shows the practical and theoretical aspects of credit management in a state-owned bank.

There is a social aspect to the findings of this study, as they could build understanding and inform future planners, researchers, and bankers about the way in which public sector banks handle social responsibility along with maintaining profitability. In the context of Bangladesh, the expansion of the financial sector further enhances the need for an understanding of economic credit management principles in order to promote stability and sustainable banking practices.

1.5 Objectives

The broad objective of this report is to analyze the Credit Management of Janata Bank Plc

The specific objectives are:

To gain an understanding of the loan sanctioning and disbursement processes of Janata Bank PLC.

To show the processes of borrower evaluation, collateral assessment, and associated documentation.

To evaluate the performance of the bank in terms of Credit Management.

To assess the credit department's most significant challenges.

To provide feasible measures for the bank's credit management to improve on this basis of the finding.

1.6 Methodology

The information in this study on the Credit Management System of Janata Bank Limited (JBL) has been derived from Secondary data sources.

Annual Reportsof JBL 2020

Annual Reportsof JBL 2021

Annual Reportsof JBL 2022

Annual Reportsof JBL 2023

Annual Reportsof JBL 2024

Secondary Data

We retrieved secondary data from Janata Bank Limited's annual reports, Bangladesh Bank circulars, related books, journals, articles, and official websites. The information provided assistance in understanding the policies, systems of credit risk grading, and recovery performance of the bank.

Data Analysis.

The research team did qualitative and quantitative analysis. The qualitative analysis was used to evaluate the policy and process while quantitative was done for the evaluation of loans growth, classified loans, and recovery performance.

1.7 Limitations of the Study

Some limitations are unavoidable in any study. There was a lack of time, as the internship only spanned twelve weeks, which limited exposure to a wide breadth of various banking functions. Certain information pertaining to defaulters, classified loans, and overall financial data was confidential and could not be shared. There were also some gaps in discussion due to the limited availability of officers. Additionally, the study was limited to a single branch, which means the results cannot be generalised to all of Janata Bank's branches across the country. Despite these things, the data collected still provides a solid basis for analysis.

Chapter 2 – Company / Organization Overview

2.1 General Overview

Janata Bank PLC is the largest state-owned bank in Bangladesh. It was established in 1972 when the bank was formed by the merger of the United Bank Limited and the Union Bank Limited. It now operates under the Bangladesh Bank and the Bank Companies Act 1991. In 2007 it was corporatised as a Public Limited Company. It now has greater operational autonomy and enhanced governance structures.

Janata Bank has over 900 domestic branches and several overseas branches, most notably in the United Arab Emirates. It has a diverse clientele comprising individuals, small and medium enterprises, and large corporations, and offers a wide range of financial products and services.

2.2 Mission, Vision & Values

Janata Bank PLC envisions "to be the most trusted, respected, and customer-focused financial institution contributing to the nation’s growth and stability."

Its mission is to provide all the banking services, promote entrepreneurship, provide sustainable profitability, and maintain the highest ethical standards.

The bank emphasises the values of integrity and professionalism, satisfaction of customers, and transparency, accountability, and social responsibility. These values guide every employee and every level and department of the bank in the pursuit of excellence and the preservation of stakeholder trust.

2.3 History and Current Operations

From the beginning, Janata Bank PLC has contributed to the rebuilding and modernisation of the economy of the country. The bank has contributed to industrialisation, export financing, and the development of small enterprises. In 2007, the bank was converted to a public limited company, after which the bank modernisation and corporate governance changes set in.

The bank carries out a number of functions including the mobilisation of deposits, lending, remittances, financing of foreign trade, and investments in government securities. The bank has also contributed to the digitisation of the country’s banking system which includes online banking, internet banking, and ATMs. Janata Bank, in spite of the challenges of rising NPLs and competition, has made and continues to make one of the largest contributions to the financial system of Bangladesh.

2.4 Services provided by JBL

Janata Bank PLC offers various banking services. For example, under its deposit services, the bank offers savings and current accounts and fixed deposits. Lending services include term loans, SME loans, agricultural credit, consumer finance, and a variety of loans and credit for foreign trade. For customer convenience, the bank also offers e-banking, ATMs, and mobile banking.

As a government-owned bank, it handles public sector transactions, including salary disbursement, utility payments, and government project financing. Its diversified service portfolio enables it to maintain a strong customer base and contribute effectively to economic development.

Chapter 3 – Internship Role and Responsibilities

3.1 MY Role

I did my internship at the Raganigandha Corporate Branch of Janata Bank PLC. To gain practical exposure, I worked at several departments. I helped with customer services, documentation, an admin job etc. I began with the General Banking Division where I learned account opening, cheque processing and clearing operation. Subsequently, I went to the Credit Department where I observed the process of loan application and assisted in the preparation of credit files and repayment tracking. By going through different departments, I was able to learn how banking works.

3.2 Rationale of the Role

My job was meant to combine my studies with practical work experience. As a student of business, you will need to understand how a commercial bank works – especially its credit management system. The job assignments that I went through in my position ranged from application of the bank's financial theory to risk assessment and customer relationship management. They all integrated into a full cycle of practical experience. Due to my job, I could directly work under officers of different sections. I was able to learn how the 5 C's of credit are used in practice to assess loan applicants. These are Character, Capacity, Capital, Collateral and Condition.

3.3 Examples of Tasks Completed

My internship involved me in various practical tasks that I successfully accomplished. In the Account Opening Section, I assisted clients with form-filling, documents verification, and entering data in the system. I updated dispatch logs of letters received and sent. Also, did their tracking with head office and other branches. I learned a lot while working at the Clearing Section, in which I had to handle cheques and ensure accuracy in transactions.

I worked with the Credit Department officer to check loan application documents, make sure they had the right documentation and prepare the credit proposals to sponsor those loans. I helped the company to organize client files, update loan repayments schedules and check information for borrowers. These tasks helped me see what kind of information has to be included with banking operations.

Chapter 4 – Key Learnings and Experiences

4.1 Important Learnings

My personal and professional learning objectives shaped the internship at Janata Bank PLC. Learning the whole credit management cycle made me aware of the process of assessing credit risk, sanctioning loans, disbursing loans, and monitoring accounts. I also realized that recording information, checking the borrowers, and controlling the collateral is very important to minimize default risks. The experience also helped to build my communication, teamwork and analytical skills. I came to realize that client retention and the bank's image depend much on customer service.

While working in a government bank, I also got an idea of how policies impact the procedures within which one works. Seeing the officers deal with the loan rescheduling case and the recovery negotiation made me appreciate the operational side of the banking industry.

4.2 Connection with Academia

The internship is a chance to make a proper relationship between what is taught in the class to the field. Financial Management, Banking and Insurance, Credit Analysis, Risk Management are the basic subjects which I studied and was an application in my day-to-day job. Through the study of financial ratios and managerial liquidity, I have come to understand how a bank evaluates and manages its performance. The basic workings of risk diversification and portfolio management were also clarified on seeing the bank's credit risk management practices of sectoral exposure and distribution across different sectors of the economy.

Gaining hands-on experience with a concept certainly enhanced my comprehension of the underlying theory.

4.3 Practical Examples

My time at the bank gave me the chance to see how what I learnt in school works there. While in the credit department, I witnessed how a credit officer analyses a loan proposal. In essence, a credit officer projects cash flows, assess collateral, and estimate the ability of a borrower to repay the loan. This notion is something that embodies credit analysis theory that I am practicing in my class. I used my payment systems knowledge to check the endorsements in the clearing department and ensure the transactions balanced.

The bank has classified a loan as standard, substandard, doubtful, or bad/loss based on repayment behaviour, as per the Bangladesh Bank guidelines of loan classification. Thanks to these examples, I understood about banking discipline, risk management and regulatory compliance.

Chapter 5 – Critique and Reflections

5.1 Critique

While doing my internship at Janata Bank PLC, I saw how a state-owned bank works in the context of the financial sector of Bangladesh. As a result of this experience, I have been able to appreciate the gains and the organizational weaknesses in the credit management of the bank. I liked orderly and smooth operations of credit of bank such as borrower background check, collateral checking, multi-layered sanctioning, and post-disbursement monitoring etc. As a result, the bank faces less risk of fraud and bad loans. In my opinion, the documentation and reporting of the credit department was fairly satisfactory which indicated a culture of in-built accountability and transparency as fit for Bangladesh Bank.

The internship experience exposed me to some prospects for potential improvement. One of the major constraints is the operational entropy that stems from layers of bureaucracy and the reliance on antiquated, manual systems. Paper-based systems are the reason clients wait too long for the approval of loan requests, and for the banks, this means a loss of comparative advantage over rivals that are private and operate digitally. In addition, the bank's technology is still underdeveloped. Janata Bank has, to an extent, adopted some digital banking tools, but for most branches, the systems for data processing are still semi-manual, and therefore, inefficient and error-prone. Lastly, a considerable risk to both the profitability and liquidity of the bank is the enlarged portfolio of non-performing loans as a consequence of inadequate monitoring and follow-up systems. This can be addressed through modern risk analysis tools, and techniques for loan recovery that are tactical and designed to be proactive.

We also have to deal with employee motivation and service quality issues. While the workforce is disciplined and knows how to do their job, under high workloads, their productivity level gets affected due to lack of technology to help them. Get employees more productive through a performance culture supported by technology and continuous professional development training. Furthermore, perhaps the customer service unit will require an increase in their interaction and communication with the customers which can create satisfaction and trust. Also, profit motives must not be allowed to overshadow social motives. As a public sector bank, financing of rural sector and lending to small enterprises are important social objectives that Orient Bank gives priority to. As a result, some strategic rigidity and lack of resources are acceptable for their socio-economic responsibility on the banks' part.

5.2 Reflections

The learning experience that this internship provided was valuable since it allowed me to understand the academic material that I have learned within the practical context of the work performed. The most significant lesson I learned was the management of credit operations within large financial institutions. I learned how loan proposals are analysed, how risks are assessed and what the recovery measures are all of which enhanced my knowledge of credit risk management. I learned how public banks advance financial inclusion by providing credit to small businesses and rural entrepreneurs, which further helps to ease my understanding of the role that financial institutions play in socio-economic development.

Individually, I adjusted to formal interactions with clients and senior officers. While working on credit tasks, I also assisted in the development of analytical and documentation skills. I engaged with practical aspects of loan preparation, customer data updating, and account verification. This practical engagement enhanced my understanding of classroom concepts on financial ratios, collateral customer relationship management, and collateral evaluation. Besides the ability to adapt and legally and functionally refine core banking processes and innovation technology, I understood the value of challenges faced by modern banking employees.

The internship helped in understanding the equilibrium of opportunity and risk in credit management while also reinforcing interest in banking and finance. As a field of study, it balances with my core interest—Business Leadership and Financial Analysis. It was, to a large extent, rewarding and challenging, exposing me to the intricate operations, responsibilities, and professional ethics of banking in Bangladesh, as well as the financial implications.

Chapter 6 – Credit management Policy of Janata Bank PLC

6.1 Introduction of Credit management

Credit management functions are essential for a bank's viability and sustainability. Janata Bank Limited (JBL) is an important commercial bank in Bangladesh that collects deposits and gives loans to help with developments in trade, industry and commerce. JBL has various credit planning functions. It also has functions that supervise the disbursement of funds, keep an eye on repayments, and ensure risk minimization. The JBL functions take great care.

In general, credit management involves a set of steps providing a structural framework for the credit lending policies, assessment and monitoring of the borrower as well as recovery of moneys in case of default. This captures assessment policies regarding the ability to repay debt, as well as the appraisal of the economy, industry and environment. The sustainable and profitable air operation of JBL is managed through its credit management system as per the Bangladesh Bank.

The economists of the bank have developed a strategy for economic growth. Before they launch this strategy, they expect that the growth rate on the bank's portfolio should match the rate that the bank invests in the economy. It is important for the credit risk, legal, operational, and monitoring functions to collaborate with one other to ensure the bank's economic growth strategy. JBL's credit management policy is a blend of prudential banking norms and developmental objectives. The developmental objectives are in tune with the country's economic priorities. (Investopedia,2025).

6.2 Importance of credit

Credit refers to the means through which JBL and any banking institution mobilizes resources. This, in turn, helps the bank participate in productive economic endeavors. JBL's economic activities indicate that credit is the most important economic resource of the institution which almost plays the role of a principal source of income generation. Having a good credit rating allows the bank to possess a greater operational flexibility and the optimal balance sheet resources for managing deposits and the bank's liquidity risk position which is essential for successfully operating the bank.

In a larger economic sense, credit permits the bank to foster entrepreneurship, augment productive capacity, and, above all, generate jobs. With the bank strategically placed to prevent problems with illiquidity, default and reputational risk, operational credit resources offer the surplus needed for the bank to pay interest on deposits, operating costs and infrastructure investments.

This helps to build confidence in institutions as well. When borrowers repay loans and the bank is open about it, JBL builds stronger ties with the depositor, the investor, and the controller. Credit is not just a financial tool but an essential resource for institutional and economic development. (BB circulars/letters,2025).

6.3 Objective of the credit policy

The written credit risk management of Janata Bank has some objectives which are discussed below.

- Rules for disbursing loans.
- Quickly reply to a customer's request.
- Make the loan application process quicker
- Make the work of upper management less extensive or demanding.
- Authorization of works from top management is delegation of authority.
- Ensure to monitor and balance the operation..

6.4 Sources of Credit

A bank's sources for loan provision are listed below.

- A variety of deposit kinds.
- They issued capital.
- Hold earning.
- Loans from Bangladesh Bank and Commercial Banks.

Different types of deposits provide the majority of the revenue. Sources that serve the same purpose as other loan kinds cannot be used by the bank. If a bank takes out a loan from another source, it will face several issues..

6.5 Classification of Loans

JBL categorises loans into two primary classifications.

Secured Loans.

Secured loans are loans for which the borrower pledges some asset, e.g. real estate or car, as collateral for the loan. Lenders consider secured loans lower risk because they can take and sell collateral to cover loan losses. Some secured loans are.

- Term loans.
- Overdrafts.
- Cash credit.
- Bill purchases.

Unsecured Loans.

These loans or credit cards are given without any security or collateral. These loans are more expensive because they don't have any collateral security. Some examples are.

- Temporary overdrafts (TOD).

- Clean overdrafts (Clean OD).

Personal loans.

JBL was able to classify d, because, it wants to design risk strategies and set the interest according to the classification of risk..

6.6 Sound Principles of Lending

JBL should abide by the principles set forth for safe and profitable lending.

- Safety: It protects the funds of the bank by lending it to reliable borrowers.
- It is important that the loans are used for productive purposes within the capacity of the borrower.

- The bank needs to be able to repay its obligations because of the loan, which means it must allow timely repayments.
- Protects bank against unforeseen losses by sufficient collaterals.
- To be profitable, the loans must provide a reasonable return without impinging on liquidity or the original safety.
- Lending should be done to various Industries and Borrowers to avoid concentration risk.
- It means national development objectives must be supported by loans.
- The JBL lending approach is dictated by a balance of economic contribution and risk management principles.

6.7 Creditworthiness of a borrower

Character.

- To find out if they are a good borrower who does their best to pay back what they owe..
- The character of the borrower is such that they own up to their responsibilities truthfully and with serious intention.

Capacity.

- The borrower should be able to request a loan and be able to sign the necessary paperwork and the loan agreement..

Economic Condition/ Assets.

- Can the borrower repay the loan with the help of their assets?
- The borrower has taken other loans and debts.

Credit history/Credit habit.

- If indvidual has previous debts and how did they repay those loans.
- Do they have a history of loan defaults?
- Has any legal action ever been taken against him to recover a defaulting loan

Credit Rating.

- Credit rating agencies evaluate the borrower's creditworthiness

6.8 Policy guidelines of Credit Management

Every bank in our country has a credit policy of their own. The Bank takes utmost care in credit extension and the project or case financing has been done without any fear, favour, or pressure.

The design of the credit management system must maximize the anticipated dividend to shareholders while minimizing the bank's loss. This process's objectives are to provide guidelines for strengthening the risk management culture, establish minimal requirements for the division of labor, and support the concerned bank's continuous development. (Bangladesh Bank BCD,2025).

The following are the credit management guidelines.:

6.8.1: Lending guidelines:

The following are among the lending guidelines.

- Concentration on Industrial and Segments.
- Types of loan facilities.
- Maximum borrowing limits for individuals and groups
- Lending caps.

As a basal, the customs are discouraged.

- Illegal logging or mining and any other operation that has ethical and environmental concerns is not allowed..
- It is prohibited to lend money to CIB banned companies.
- Entities in nations covered by UN sanctions
- Lending to holding companies.

6.8.2 : Credit Assessment:

One must conduct a review of credit and risk before approval of loan and also at least once a year after that for all facilities.

The credit application should specify the risks involved and mention some important information as below.

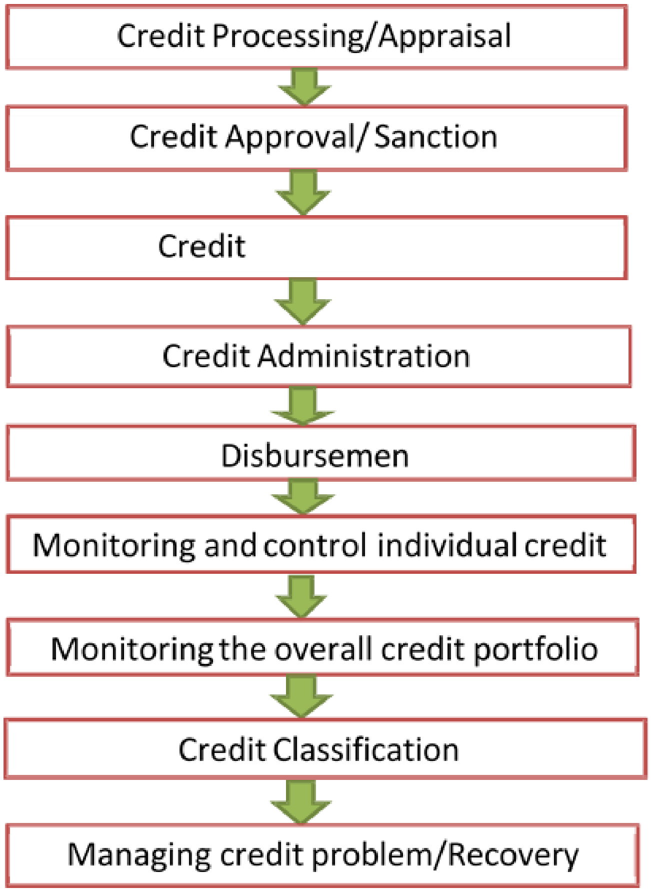
- Inputs that bring social risk or environmental risk.
- Proposed loan amount and kinds and types of loan.
- Purpose of loans.
- The details of the loan.
- Security arrangement.
- Any different risk or issue.

6.9 Components required for a sound credit policy

A robust credit policy at JBL comprises.

- Obeying the law including or elaborate on the laws of the country and limits on giving credit (debt)
- Delegation of authority: Speficified duties of all levels of management for grant of loans.
- The type of credit will be the set categories of credit that can be accepted for sanctioning.
- Setup the parameters that will be used to set the pricing and interest rates.
- Market area and loan standards refer to the determination of the area where the operation will be and of the standard of the credit that will be issued.
- Steps for credit granting: Once the credit is approved it will need to disburse and monitor.
- The above sets of questions ensure that the credit management at JBL is efficient and minimises risks and effective..

6.10 Process/Steps of credit disbursement



(Annual Report of Janata Bank Ltd. 2020-2024)

6.10.1: Credit Processing/Appraisal:

When credit processing happens, all required information on credit is gathering and applications are screened. A credit application form must contain enough detail to allow collection of all information required for a credit assessment. In this connection, financial institutions should have a checklist to ascertain that all the required information is, in fact, collected. Financial institutions must establish criteria for pre-qualification screening.

Would serve as a reference for their officers to assess the acceptable nature of credit. For example, the criteria may include rejecting requests from blacklisted customers. So, the first thing we expect thee to do is make a distinction between the two.

After credit screening, the next step is credit appraisal in which the lending institution evaluates the customer's ability to fulfill his obligations. Institutions must create credit appraisal criteria to guarantee that their provided facilities are exclusively allocated to clients with creditworthiness. Additionally, the purpose of the criteria is to permit repayment from reasonably predictable sources and cash flows on time.

A financial institution, which is a participant of a loan when the loan is syndicated, must put in place a policy ensuring that it does not take undue reliance on the credit risk assessment done by the lead underwriter. The institution needs to do its own due diligence including the credit risk assessment and assessment of the syndication's terms and conditions. As a general rule, the appraisal criteria will focus on.:

- The purpose and volume of Janata Bank Limited's facilities and sources of repayment.
- The applicants are mandated to provide conclusive evidence to prove the integrity and reputation of the applicant.
- The borrower's risk profile and how sensitive their industry sector is to economic variations.
- Operating Environment of the Borrower: Current and Forecast.
- The managerial abilities of business clients.

6.10.2: Credit-approval/Sanction:

The board of directors has to approval authorities. The authorities that approve credits will be the same that approve the new credits, renew existing credits and change the terms or conditions of previously approved credits. Particularly, credit restructuring needs to be fully documented and recorded. Prudent credit practice requires that persons.

Only the person approved with credit authority should credit the customer with responsibility.

Depending on the size of the financial institution, it should develop a corps of credit risk specialists who have high-level expertise and experience and demonstrate judgment in assessing, approving, and managing credit risk. There must be a accountability regime in place to governance process of decision making and an audit rail must be provided of decisions taken that identifies the decision maker/committee involved in the decision.

6.10.3: Credit Documentation:

All stages of credit management require documentation while an effective credit delivery mechanism must also demonstrate evidence of proper documentation and record-keeping. Most importantly, the credit approval process is a formal evaluation and assessment of credit applications. Credit files should look good and be well-organized. There has to be a proper system of cross-indexing so that there is easy follow-up and reviewing. The legal connection between the borrower and the financing organization is established through documentation that will assist in taking the requisite action in a court of law. Institutions should have their legal advisers vet contractual agreements with their borrowers(Rose 2013).

6.10.4 Credit Administration:

Banks are required to make sure that the credit portfolio is managed, which includes timely preparation of loan agreements and letters of renewal.

regularly updated. Based on the institution's size and complexity of the credit portfolio, it may either assign a separate department or a separate set of officials in charge of credit operations.

- ✓ The value of collateral is monitored regularly.
- ✓ The borrower is making on-time repayments of interest, the principal and any agreed fees and commissions.
- ✓ They are following the rules and laws that are relevant and established mostly by procedures.
- ✓ The borrower's business is visited regularly for inspection and assessment documented.

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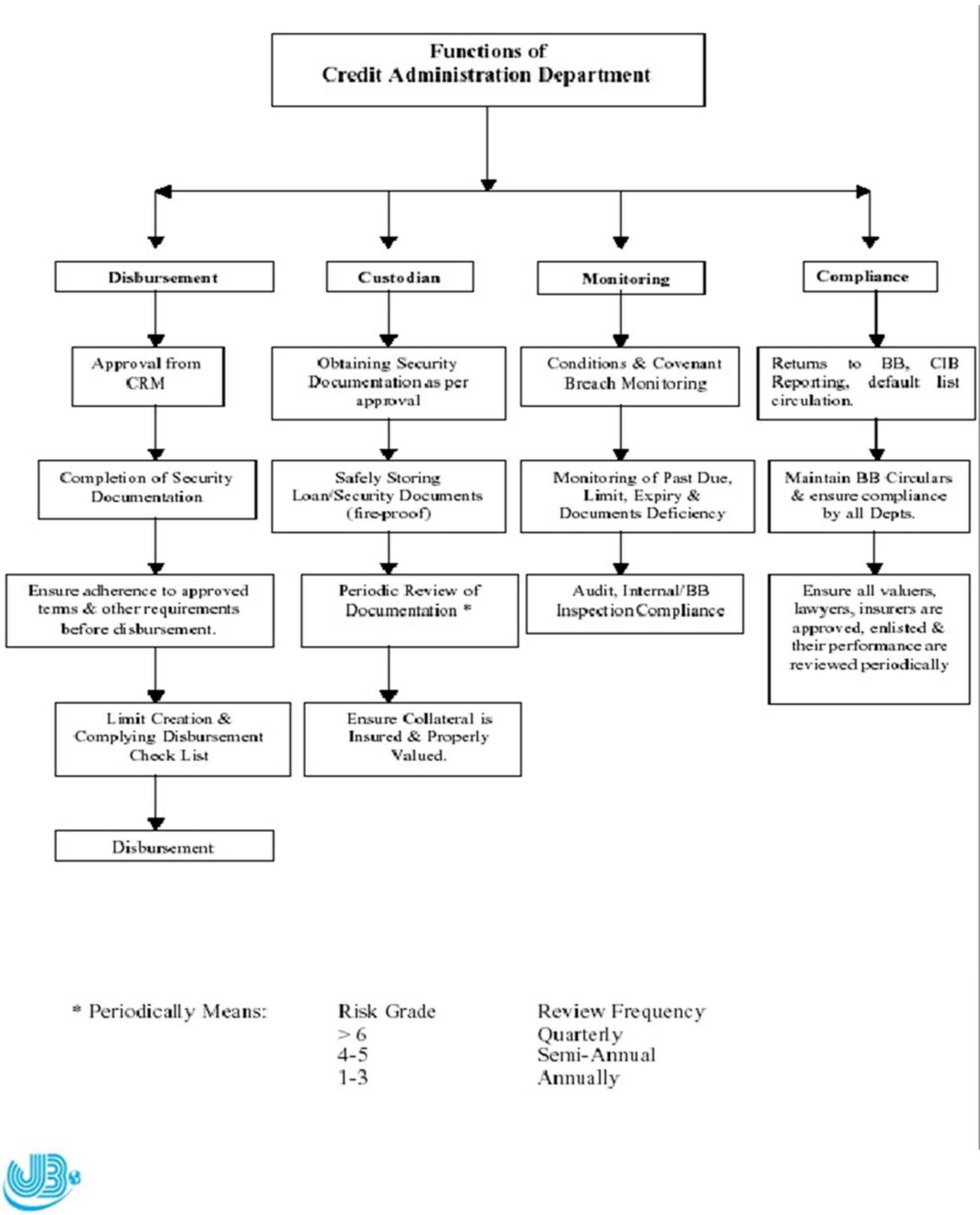


Fig1.1: Function of credit Administration Department (Annual Report of Janata Bank Ltd. 2020-2024)

6.10.5: Disbursement:

Once the lender has approved the credit, the customer should be advised of the terms and conditions of the credit by way of a letter of offer. The customer must provide a signed copy of this letter back to the institution. Only after receipt of the letter, the process of disbursement of the facility should commence. (Rose 2013). The process of disbursement of the facility should be complete in the respect of documentation, registration of collateral, insurance cover in the favour of institution, vetting of documents by legal expert, inter alia. Funds will not be released before pre-disbursement conditions are complied with and approved by concerned authorities of the financial institution in any case.

6.10.6: Monitoring and Control of Individual Credits:

If troublesome facilities are identified early, financial institutions may be able to avoid losses. Stated differently, the monitoring system should enable you to take action as soon as a possible default is identified. Unauthorized withdrawals, tightening of purse strings in order to make capital and interest payments, and worsening in the borrower's working environment are some typical warning indicators. At least once a year is the optimal time for institutions to formally examine the borrower's credit standing and financial health. The huge credits should be reviewed often. Additionally, assess them whenever there are changes to their operational environment. Do these evaluations at least once every three months.

6.10.7: Monitoring the Overall Credit Portfolio (Stress testing):

The analysis of what could go wrong with individual credits and the overall credit portfolio if there is a significant change in conditions/environment in which borrowers operate is an important element of sound credit risk management. The results of this analysis should then be.

The evaluation of institution's provisioning and capital adequacy has territorial reach. Stress analysis can point to some possible areas where credit risk exposure could happen which have not been currently picked by any checks. In times of crises, certain scenarios may have to be considered by financial institutions while doing stress testing.

Significant economic or industry sector downturns;.

Adverse market-risk events; and.

Unfavorable liquidity conditions.

Common Risk Signals in Static Early Warning Systems

Illustrative selection

Retail customers	Corporate customers	Updating intervals
Overdrafts	Overdrafts	Daily
Insufficient credit transactions	Insufficient credit transactions	
Pledges	Pledges	
Delays in interest/principal repayment	Delays in interest/principal repayment	
	Markedly increased utilization of credit lines	Monthly
	Evidence report	
	Industry information	4 times per year

(Annual Report of Janata Bank Ltd. 2020-2024)

6.10.8: Classification of credit:

The board of directors of a financial institution must do the following: “establish credit risk management policy, and credit impairment recognition and measurement policy, the associated internal controls, documentation processes and information systems. Individual credits are given a grade according to their expected degree of recoverability. Financial institutions must adopt specific processes and controls to comply with board-approved policies. These policies will comply with the proposed guideline or any approved regulatory guideline. There must be suitable standards for credit provisioning and write off. Financial institutions must do more than this according to international accounting standard 39.

Evaluate credit damage and consequent withholding on a credit portfolio basis through individual credit allocation. Hence, banks need to put an appropriate system and process in place for identification of credits having similar characteristics so that degree of recoverability can be assessed on portfolio basis. The financial institutions must put in place right systems and controls to ensure that the collateral remains legally effective and enforceable and its net realizable value is properly assessed. (Rose 2013).

6.10.9: Managing Problem Credits/Recovery:

A lending institution’s credit risk policy must define how problem credits are managed. The monitoring unit oversees borrower rehabilitation, credit restructuring, collateral valuation, and recovery. Once payments default, the Collection Department works to recover dues, minimize losses, and maintain customer relations, requiring strong system knowledge and interdepartmental coordination.

6.11 Credit Risk Management

If a borrower, issuer, counterparty, or client defaults on their financial commitments to the Bank, the Bank may incur losses. The Bank's credit risk policies outline the various risk thresholds that the Bank uses to track and manage credit risk.

A system of limits/caps based on internal risk grading controls credit exposures. All credit exposures and foreign exchange exposures (as defined in the CS Facility) including exposures arising from settling securities trades for customers, are subjected to this system(Rose 2013).

To manage credit risk we ensure that exposures are at times fully collateralized with appropriate higher margin. We check all these exposures frequently and call for more margin when it’s required.

Credit Risk Management Objectives.

• Make the credit management system stronger.

• Cutting down on loss.

• Maximum Profit.

Using ICT to set up credit management.

• Risk management and risk classification for borrowers with limits more than fifty lacquer.

• Decentralization, a national and worldwide middleman-free environment, and the globalized free market economy are all taken into consideration while establishing credit management.

• Establishing a robust credit policy.

• The division of labor.

• Create a culture of risk management.

: Lending Guidelines.

• Assure financial success.

• Fostering socioeconomic development, lowering poverty, and generating employment.

• Evaluation of risk and credit rating.

• The division of labor.

- The budget for credit allocation.
- The lending cap.
- Diversifying credit and avoiding credit centralization.
- A competitive interest rate.
- Credit nature analysis; • Security.
- Proper credit control and the distribution of company power at lower levels
- Monitoring and recuperation.

Bangladesh Bank has mandated grading of loans over BDT 1.00 crore for banks and financial institutions. The grading has to be done by the banks themselves. Only banks and financial institutions with this rating should disburse loans to borrowers

6.12 Credit Risk Assessment

The appropriate credit risk assessment must be completed prior to granting credit facilities. Following that, it must be completed annually for each connection. The relationship manager (current branch) will include the evaluation's findings into the credit proposal.

The relationship manager, who is now the head of the branch, is in charge of the client relationship and is accountable for the accuracy of every credit proposal that is presented for approval. Before being sent to Head Office, the credit proposal needs to look over and evaluate the following risk areas.

6.13 Credit Risk Grading

Background:

The main financial risk that banks have to manage is credit risk. In essence, the first stage is to identify and assess credit risk. As advised by the Financial Sector Reform (FSRP), BB implemented and oversaw the implementation of a credit risk grading system in the Bangladeshi banking industry in 1993 under the term "Lending Risk Analysis (LRA)."

There are several methods used in different nations and organizations to measure credit risk, and the process of grading credit risk is highly dynamic. The risk grading method varies based on the company. A more efficient credit risk grading procedure should be implemented in Bangladesh's banking industry to facilitate the implementation of the credit risk grading system.

BB's Lending Risk Analysis Manual has been updated, expanded, and duplicated under the name Credit Risk Grading Manual in order to accomplish this objective.

Overview.

Credit Risk Grading is a crucial tool for credit risk management since it clarifies the different aspects of risk associated with distinct credit transactions. Both before and after the loan is approved, the credit risk grading system is crucial for making decisions.

Credit grading gives the sanctioning authority information during the pre-sanction phase so they can choose whether to lend or not, what the price should be for a certain exposure, what the limit should be, etc.

the degree of exposure, the appropriate loan arrangement, and the different risk-reduction strategies.

The bank may choose at the post-sanction stage the extent of the review or the frequency of renewal, the periodicity of the grading, and other safety measures to be implemented.

The necessity and significance of credit risk grading for a bank influence the specifications of the model that will be created for credit risk grading.

Credit Risk Grading Definition.

The Credit Risk Grading (CRG) is a widely used term that is based on a pre-established scale that represents the underlying credit-risk for a certain exposure.

In essence, each client account is assigned a number, letter, or symbol that represents the likelihood of default under the risk grading system.

The core component of a credit risk management system is the credit risk grading.

Credit risk grading applications.

The Credit Risk Grading (CRG) matrix provides a standardized method for evaluating individual obligors and overall credit portfolios. It ensures uniform credit assessment, supports credit selection, determines facility characteristics and pricing, and is essential for monitoring, MIS, and portfolio-level risk analysis and management.

Number and short name of grades uses in the CRG: (Annual Report of Janata Bank Ltd. 2020-2024)

The proposed banks' CRG scale has eight categories, each with a short name and number below.:

Grading	Short Name	Number
Superior	SUP	1
Excellent	GD	2
Accept	ACCPT	3
Marginal or Watch List	MG/WG	4
Specifically	SM	5
Specified	SS	6
Insufficient	DF	7
Uncertainty	BL	8

How to Compute Credit Risk Grading of a Bank:

Step 1: Identify all the principle risk components

The counter party's credit risk is made up of the following components.

- Business/industry risk;
- Financial risk.
- Risk management.
- The risk to security.
- The risk of relationships.

To get an overall risk grade in the previously indicated critical categories, we must evaluate and integrate all of the previously described elements..

Step 2: Allocate weightages to Principal Risk Components

The following weights are suggested for the respective primary risk components based on the significance of the risk profile.

Principal Risk Components:	Weight
Financial Risk	50%
Business /Industry Risk	18%
Management Risk	12%
Security Risk	10%
Relationship Risk	10%

(Annual Report of Janata Bank Ltd. 2020-2024)

Step 3: Establish the Key Parameters

The main risk elements in credit assessment fall within various categories. Financial Risk is concerned with the financial health of the borrower which is measured by coverage ratio, profitability, liquidity, and leverage. These factors measure the company's ability to pay its debts and remain in business. Business or Industry Risk evaluates the business size and age and prospects, the development of industry and competition level at which it is functioning. It aids in recognizing the sustainability and growth potential of the establishment within the industry. Management risk refers to assessing the efficiency and stability of management teams, including assessment of their teamwork, succession plan and business experience, as all of these factors impact decision-making, success and stability in the long run. Security Risk shows the adequacy of the securities offered, especially the collateral, its support, and coverage value as a safety net for the lender. In the end, Relationship Risk looks at how the borrower behaves with his account and how he uses up his limit, to evaluate Life Insurance applica.

Step 4 : Give each of the important parameters a weight.

Following a thorough evaluation, analysis, and review of the previously listed vital risk factors, the following

Get the score on the important parameters by entering the data.

Following the aforementioned steps of risk identification and weight assignment, you will enter the Bank's real score from the review process against the Score Sheet's important factors to determine the total points earned..

6.14 Recovery Performance of Janata Bank Ltd.

cells that monitor credit.

- Restructuring loans.
- More authority was granted to branch managers.
- Rewards for dependable borrowers.
- Legal action against those who don't pay.
- The following are the recovery issues faced by defaulters.
- Economic variables include rapid expansion and changes in the sector.
- The policies of the government (mandatory lending, external pressure)
- A few problems with banks (inaccurate risk assessments, misaligned collateral values).
- Borrowers have a bad attitude, misuse funds, and lack literacy when it comes to payback.
- JBL needs to concentrate on retrieving all defaulters who resulted from the above listed causes.

6.15 financial performance Evolutions of Credit Management

6.15.1 Return on Equity:

ROE evaluates the return rates on equity held by single proprietors and common shareholders. In addition to net assets and assets-liabilities, it gauges how well a business makes money off of each unit of shareholders' ownership.

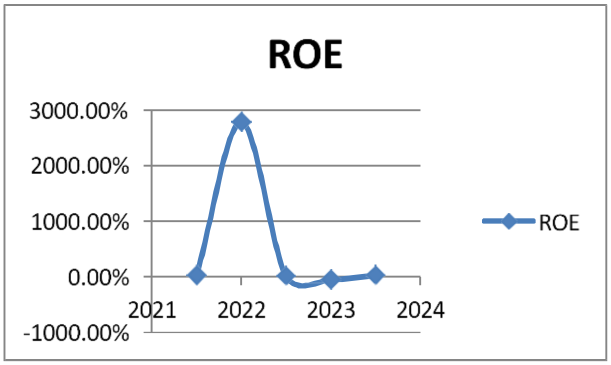
Net income after taxes divided by total equity capital is the return on equity, or ROE.

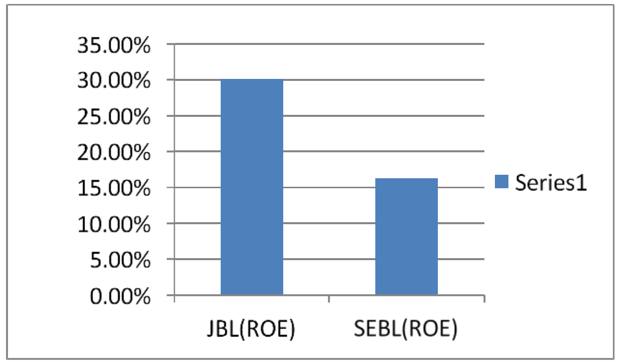
Year	2020	2021	2022	2023	2024
ROE	23.4%	27.81%	16.38%	(49.75%)	30.07%

Interpretations:

- In 2024, Janata Bank Limited's return on equity (ROE) is quite acceptable.
- Janata Bank's 2024 ROEs are significantly higher than their 2023 ones.
- Janata Bank has a greater ROE.

Graphical Representation of ROE from 2020 to 2024:





6.15.2: Return on Asset:

ROA is primarily used as a measure of management effectiveness. Additionally, this ratio shows how well the bank's management has been turning the assets of the organization into net earnings after taxes and other costs. ROE is the ratio of a bank's post-tax profit to its equity capital.

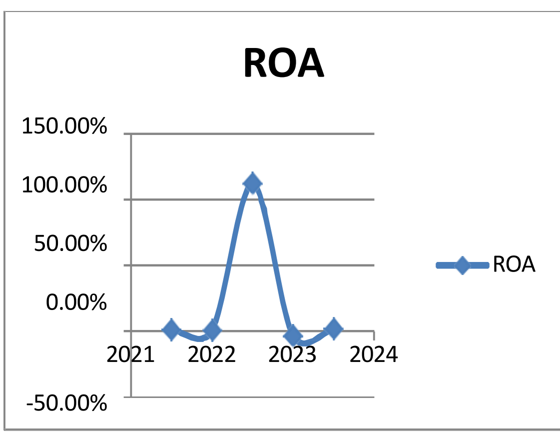
Net income after taxes divided by total assets is the return on assets, or ROA.

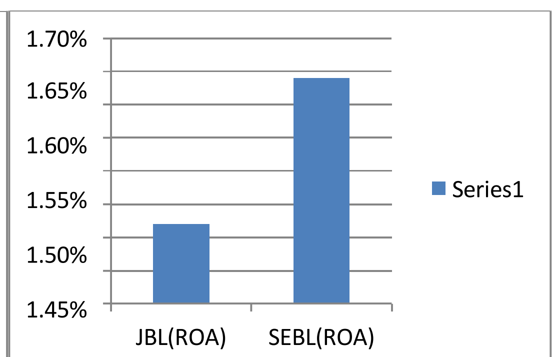
Year	2020	2021	2022	2023	2024
ROA	1.01%	.78%	1.13%	(3.51%)	1.43%

Interpretations:

- Depending on the sector, return on assets provides a measure of a company's capital intensity; businesses that need significant initial expenditures will often have lower return on assets.
- In 2024, Janata Bank's return on assets (ROA) is much higher than in 2023.

Graphical Representation of ROA from 2020 to 2024:





6.15.3: Net Interest Margin:

One performance metric that compares a company's financial status to the success of its investment choices is the net interest margin. Since interest costs have exceeded return on investment, a negative number suggests that the business has chosen a less-than-ideal choice.

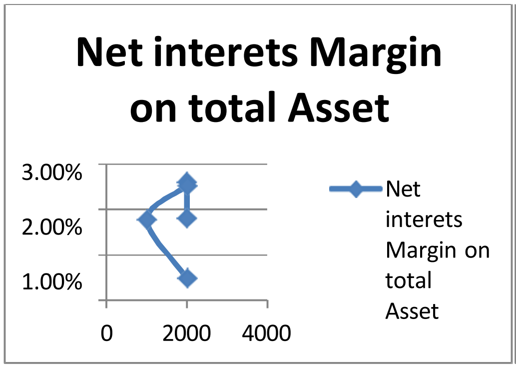
Interest revenue from loan security investments less interest expenditure on deposits and other debt issues divided by total assets is the net interest margin.

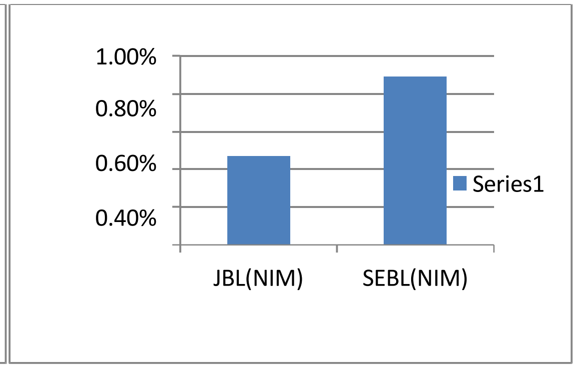
Year	2020	2021	2022	2023	2024
Net interest Margin	1.7%	2.62%	2.54%	1.79%	.46%

Interpretations:

- In 2024, the net interest margin is almost nil.
- According to Janata Bank's financial report, the net interest margin in 2023 was significantly higher than in 2024,

Graphical Representation of Net Interest Margin from 2020 to 2024:





6.15.4: Net Non Interest Margin:

Conversely, the noninterest margin is a ratio that is calculated by dividing the noninterest income earned by the bank from deposit service charges and other fees by the noninterest cost spent..

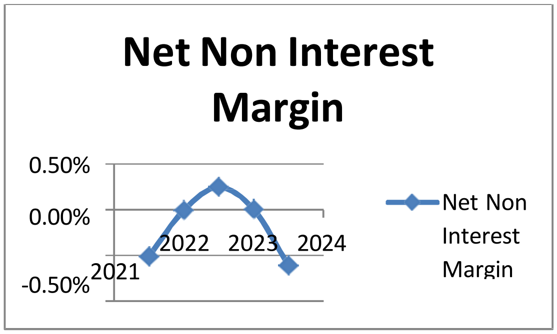
Noninterest revenue less noninterest expenses divided by total assets is the net non-interest margin.

Year	2020	2021	2022	2023	2024
Net noninterest margin	(.52%)	(.0056%)	.26%	.0035%	(.62%)

Interpretations:

The net noninterest margin in 2024 is negative; but, due to a positive number in 2023, it was somewhat better than in 2024; 's noninterest margin is far more satisfying than JBL's.

Graphical Representation of Net Noninterest Margin from 2020 to 2024:



6.15.5: Net Bank Operating Margin:

The operational margin indicates the portion of a business's revenue that remains after variable production costs like labor and raw materials are paid. To pay for fixed expenditures, including the interest on debt, a business has to have a good operating margin. "Net profit margin" or "operational profit margin" are alternate names for.

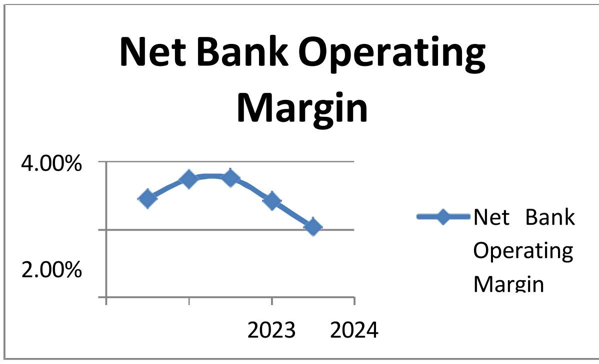
(Total operating revenue)-(Total operating expense)/Total asset is the net bank operating margin.

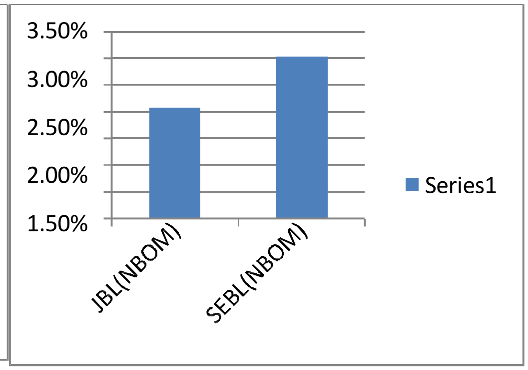
Year	2020	2021	2022	2023	2024
Net Bank Operating Margin	2.92%	3.48%	3.51%	2.88%	2.05%

Interpretations:

- The net operating margin in 2024 is the lowest of all the years.
- Additionally, Janata Bank's net operating margin was larger in 2023 than in 2024, indicating that thebank made more money in 2023.

Graphical Representation of Net Bank operating Margin from 2020 to 2024:





6.15.6 Earnings per Share (EPS):

The amount of profit allotted to each outstanding share of common stock in a corporation. A company's profitability may be determined by looking at its earnings per share.

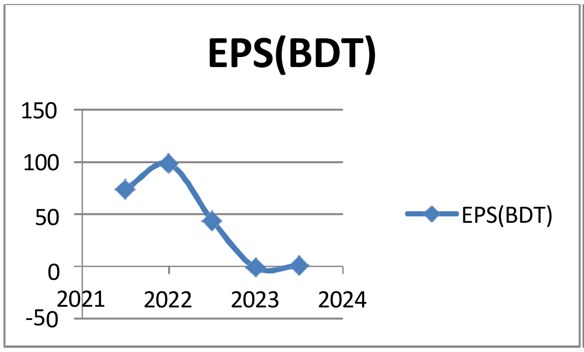
Net income after taxes divided by the number of outstanding common equity shares is earnings per share.

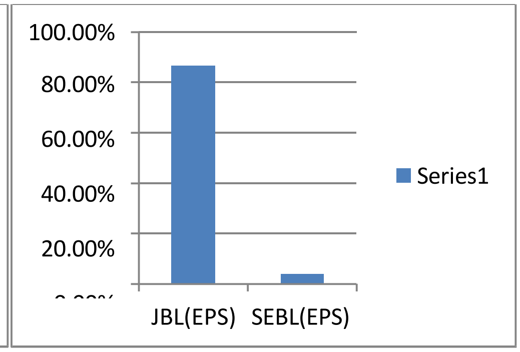
Year	2020	2021	2022	2023	2024
EPS	79.4%	98.17%	43.47%	(138.92)	86.13%

Interpretations:

- Profits per share are good for shareholders. Janata Bank Ltd.'s earnings per share in 2024 were 86.13, compared to a negative 2023 result. It shows that this bank will perform better in 2024.

Graphical Representation of EPS from 2020 to 2024:





6.15.7: Net profit margin:

Net profit margin is the proportion of money left over after all operational costs, interest, taxes, and preferred stock distributions have been deducted from total revenue. The revenue distributed to common stockholders is not referred to as income in this context.

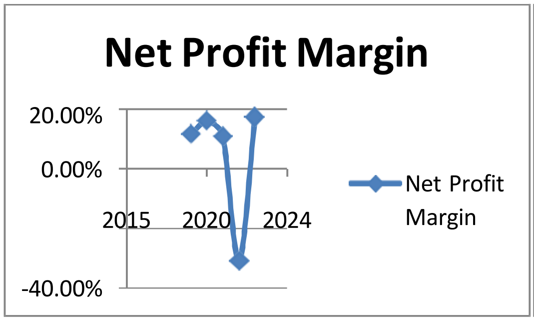
Net profit margin is calculated by dividing total operating revenue by net income after taxes.

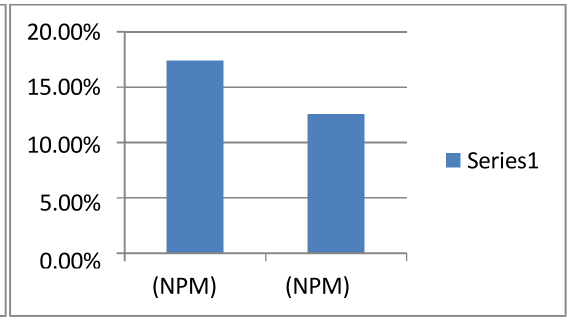
Year	2020	2021	2022	2023	2024
Net profit margin	11.65%	16.04%	10.95%	(30.89%)	17.38%

Interpretations:

- The net profit margin is higher than it was last year.
- The net profit margin was negative in 2023 but is now 17.38% in 2024.

Graphical Representation of Net profit Margin from 2020 to 2024:





6.15.8: Asset Utilization:

The asset utilization ratio evaluates how well management uses its resources to produce income. The business will be more lucrative if the equipment is used more efficiently.

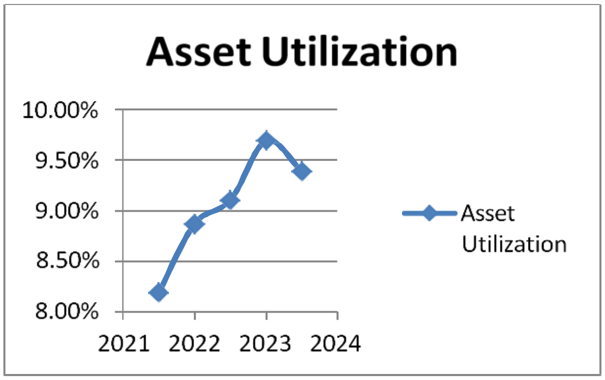
Total operational revenues divided by total assets equals asset utilization.

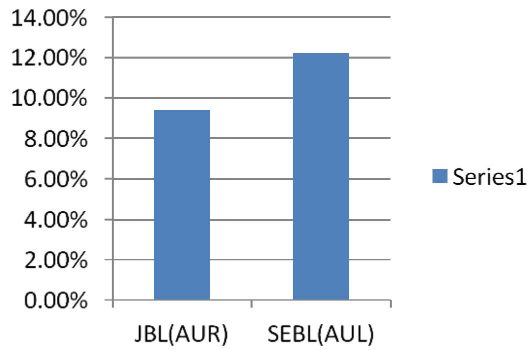
Year	2020	2021	2022	2023	2024
Asset utilization	8.18%	8.86%	9.09%	9.70%	9.40%

Interpretations:

The asset utilization ratio in 2024 is not good enough; it is lower than in 2023, indicating improper use of assets in 2023

Graphical Representation of Asset utilization Ratio from 2020 to 2024:





6.15.9: Efficiency Ratio:

Efficiency ratios, often known as activity ratios, assess how well businesses use their resources to produce revenue.

Total operating costs divided by total operating revenues is the efficiency ratio.

Year	2020	2021	2022	2023	2024
Efficiency Ratio	15.85%	15.12%	17.44%	21.62%	21.28%

Interpretations:

- The efficiency ratio is subpar.
- The ratio is somewhat lower in 2024 than it was in 2023.

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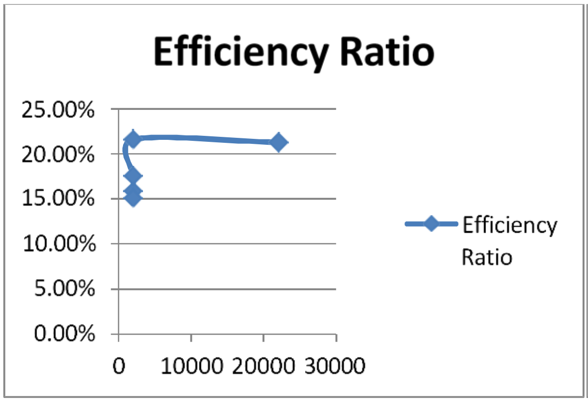
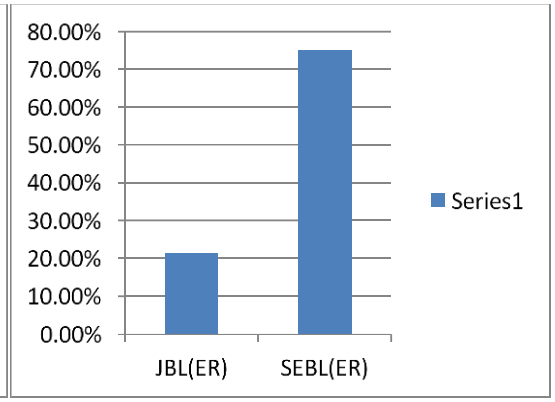
Graphical Representation of Efficiency Ratio from 2020 to 2024:





Based on the aforementioned information, Janata Bank Ltd.'s performance is improving daily..

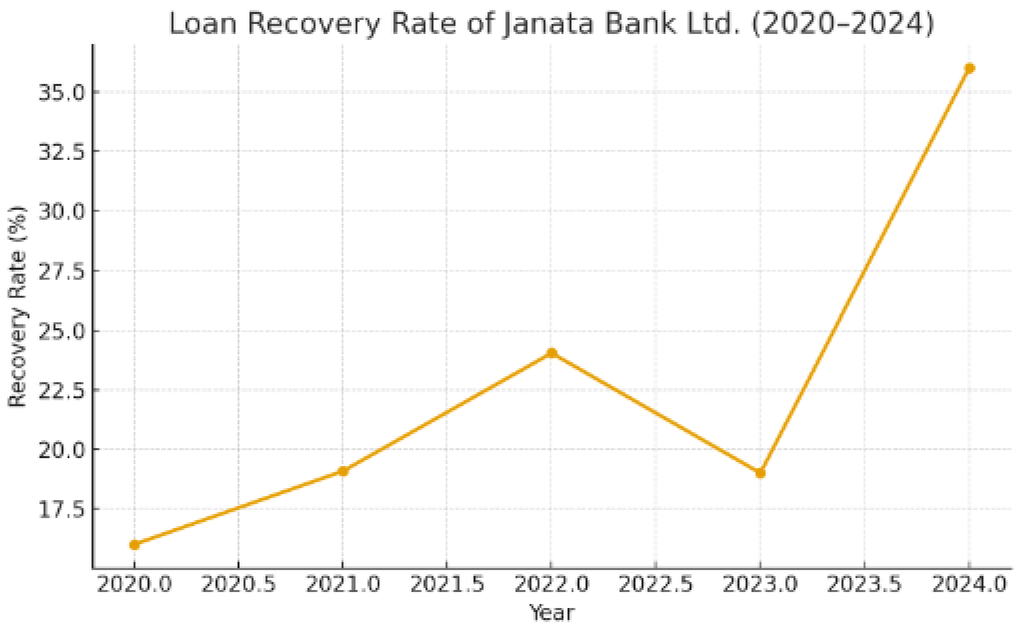
6.15.10 Recovery Rate Data (2020–2024)

The Recovery Rate indicates how effectively a bank collects overdue loans or classified loans within a given period. It is calculated as:

Recovery Rate =Total Loan Revolvered / Total classified Loans

Year	2020	2021	2022	2023	2024
Recovery Rate %	16.01%	19.09%	24.05%	19.01%	36.01%

Graph showing Janata Bank Ltd.'s loan recovery rate (2020–2024)



Chapter 7 – Findings, Recommendation and conclusion

7.1 Findings

The findings of the study on the Credit Management System of Janata Bank Limited (JBL) are as follows.

- **1:**

JBL has a structured and well-governed credit management framework. Moreover, it is based on Bangladesh Bank's policies and his own internal credit manuals. This planning helps to examine and approve the loan applications smoothly.

- **2:**

The bank has strong credit management would nevertheless require efforts to address delayed loan recovery and NPAs. A significant amount of classified loans are non-productive due to long legal processes and weak borrower monitoring.

- **3:**

Bank managers traditionally assess borrowers by evaluating the applicant's creditworthiness. They do not use advanced risk assessment tools or predictive analytics for risk identification on an active basis.

- **4:**

The credit management still requires certain areas of the technology integration stage. Operations depend on physical paper documentation and limited digital delivery platforms which hampers the efficiency of operations. This causes delays in tracking and reporting.

- **5:**

Despite the overall improvement trend, the loan recovery rate sharply declined in 2023 (from 24.05% in 2022 to 19.01%), indicating inefficiencies in recovery management and rising loan defaults during that year. This drop reflects possible weaknesses in borrower monitoring, delayed legal actions, or poor enforcement of repayment schedules..

7.2 Recommendations.

As per above conclusion some recommendations are being made concerning the negative areas.

- **1:**

JBL should intensify internal credit policy review and ensure compliance of all branches with Bangladesh Bank guidelines to supplement the existing regulatory framework. Carrying out internal audits on a regular basis will help to ensure transparency and consistency of your organisation.

- **2:**

JBL should use models and data analytics for Credit Scoring to make a better assessment of borrowers. Artificial intelligence and machine-learning tools can locate more effectively the borrower default risk prediction problems.

- **3:**

The pace of the bank's digital transformation is slow for operational efficiency. Centralized loan management software along with automatic reporting will help in monitoring and decision making.

- **4:**

Janata Bank should strengthen its credit monitoring and recovery framework by:

- Enhancing early-warning systems to detect potential defaulters.
- Increasing staff accountability and branch-level follow-ups on overdue loans.
- Introducing automated tracking systems for loan recovery progress.
- Conducting periodic borrower counseling and restructuring feasible accounts to prevent further default.

7.3 conclusion

Janata Bank Limited's balanced credit administration frameworks has enabled efficient management of profitability, risk and compliance. The credit and profitability policies of the Bank are all-comprehensive. The bank undertook portfolio strengthening and recovery improvement based on the documented steps for borrower assessment, credit risk grading, disbursement, and recovery.

However, macroeconomic dynamics, customer behaviour and internal process gaps will continue to pose challenges. Using better information technology and communication tools, teaching the borrower, increasing the sophistication of Centralized Monitoring and Control (CMC) and ensuring legal predictability can improve credit risk assessment. JBL will keep modifying and updating its policies, enforcement systems and accountability frameworks that will help in achieving sustainable development and relative stability to greater degree. Further, declassification of loans will be ensured that will help in overall stability of the financial system.

Chapter 8 – Implications

8.1 Academic Relevance.

JBL's credit management policies have important academic implications for the study. The actualization of credit risk management theory, principles of lending, frameworks of portfolio monitoring is the real context Using these credit risk grading, borrower evaluation and stress testing facilities help to realize the abstraction of theory. The case illustrates how a bank combines outside regulatory requirements with internal control and risk management systems. The lawsuit also permits comparative studies which will include the lending banks, lending institutions and banking systems of various countries. As a result, this wil help to enrich the literature on banking and risk management.

8.2 Organizational Impact.

This study describes the strengths and weaknesses of JBL in credit management. By adopting the best practices, the bank will be able to process loans efficiently, reduce the non-performing loan volume and improve the quality of the credit portfolio. Improved recoveries and profitability will result from developing credit appraisal systems, streamlining borrower monitoring, and borrower education. Also, the bank will excavate operational agility through work processes and information and communication technology-based systems. The JBL will aid in minimising manual errors for greater process unification and reporting, enabling faster and more adaptable responses from the organisation.

8.3 Industry Relevance.

The other segments of the Bangladeshi banking and financial services sector can also be benefitted from this study. Challenges and practices of JBS offer reference points to the other commercial banks, especially for implementing standardised framework for risk grading, monitoring and recovery. In addition, an understanding of macroeconomic and regulatory trends and borrower behaviour would help promote policies that encourage credit discipline and containment of systemic risk in the sector. It also maintains financial stability, builds investor trust and aids economic growth.

8.4 Lessons Learned.

The Janata Bank Limited case study taught us many lessons regarding effective credit management. The first thing that is important for any company is its credit management policies. It is necessary to make sure of the uniform risk management of all lending activities. Second is the need to properly assess borrowers. While potential borrowers may be able to assess and measure the risks involved in taking a loan, the risks of default would still exist when the lender does not assess the financial ability, history, character, and willingness to pay of the borrower. The third necessity is to incorporate new information and communications technologies. With the help of the new technologies, operational efficiencies are brought in and tracking of loan disbursement and management can be done in real-time. They assist with loan approval based on data and tools for risk management. Fourth is the need for proactive loan recovery measures. Loans that become problematic can cause losses, which can be contained through early recovery strategies and active ways to secure the judicial process. Fifth is the importance of staff training. It will be very effective when coupled with a well defined framework of credit governance which rests on principles of functional segregation of credit assessment and compliance supervision within the departments and between departments. Finally, economic and sectorial lending performance. It is an art less known and also less about to help readers understand the necessity of keeping a lender risk-free if you want to succeed in the banking industry.

The lessons highlighted would be useful for the management, regulators and scholars for developing more efficient credit risk management system.

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