An Analysis of the Marketing Activities of Grameen Bank

Daffodil International University Dhaka, Bangladesh

Internship Report

on

An Analysis of the Marketing Activities of Grameen Bank

Submitted to

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Professor & Dean

Department of Business Administration

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Submitted by

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BBA Program (Major in Marketing)

Department of Business Administration

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Letter of Transmittal

31st December 2024

Mohammed Masum Iqbal

Professor & Dean

Department of Business Administration

Faculty of Business and Entrepreneurship

Daffodil International University

Subject: Submission of Internship Report titled "An Analysis of the Marketing Activities of Grameen Bank".

Dear Sir,

I am pleased to submit my internship report, titled "An Analysis of the Marketing Activities of Grameen Bank," which fulfills a part of the requirements for my Bachelor of Business Administration (BBA) program.

I am glad to inform you that I have successfully completed my internship at Grameen Bank, a reputed organization. This internship provided me with an extraordinary opportunity to gain insights and practical knowledge in my study area and also in the broader aspects of operational procedures and functions. Completing this report was a crucial part of my BBA program, and I believe it has greatly improved my academic and practical understanding, preparing me very well for the professional field. I have made every effort to collect all the relevant information from all available sources to make this report. I will be grateful if you kindly accept this internship report.

I sincerely hope that all my efforts meet your expectations, and it would be encouraging if you considered my report for the intended purpose.

Yours faithfully,

Aliza Hossain

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Aliza Hossain

ID: 211-11-6621

BBA Program (Major in Marketing)

Department of Business Administration

Daffodil International University

Student's Declaration

I am Aliza Hossain, student ID 211-11-6621, of the BBA program at Daffodil International University, hereby confirm that this internship report titled “An Analysis of the Marketing Activities of Grameen Bank” is my own work. This report was created under the guidance of Mohammed Masum Iqbal, Professor & Dean, Department of Business Administration, Faculty of Business and Entrepreneurship, Daffodil International University.

I declare that this report, titled “An Analysis of the Marketing Activities of Grameen Bank,” has been submitted by me to Daffodil International University, Dhaka, as a requirement for completing the BBA program. It is my own and original work and has not been submitted to other university.

Signature:

Aliza Hossain

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Aliza Hossain
ID: 211-11-6621
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Certificate of Approval

This is to confirm that the internship report entitled An Analysis of the Marketing Activities of Grameen Bank is prepared by Aliza Hossain, ID: 211-11-6621, as a requirement of the BBA Program under the Department of Business Administration and the Faculty of Business and Entrepreneurship at Daffodil International University

The report is recommended for submission.

Professor Mohammed Masum Iqbal
Department of Business Administration
Faculty of Business and Entrepreneurship
Daffodil International University

Preface

An internship program is a significant, as well as invaluable experience for gathering practical knowledge. However, a student's education is only complete when theoretical understanding is complemented by hands-on experience. While preparing this report, I have received comprehensive support and guidance from many persons, without whom completing it on time would be impossible.

Firstly, I am profoundly grateful to Almighty Allah for offering me with the strength and patience to complete this report on schedule. I would also like to give my sincere thanks to my internship supervisor, Dr. Mohammed Masum Iqbal, Professor & Dean, Department of Business Administration, Faculty of Business and Entrepreneurship, Daffodil International University, for his dedicated support and guidance. His advice on analyzing essential information and not including irrelevant details was valuable in helping me stay focused.

My sincere appreciation goes to K.M Tipu Sultan Principal Officer of the International Program Department, for providing me with the support I needed to complete this report successfully. In addition, I would love to thank all the workers at Grameen Bank's Mirpur-2 Branch, Dhaka, for their cooperation, as they readily provided necessary information and guidance. Their helpfulness and willingness to aid at all times were instrumental in the preparation of this internship report.

Acknowledgement

First and foremost, I would like to express my deepest gratitude to Almighty Allah for providing me with the strength and patience to complete this report within the allotted time. I am profoundly thankful to my esteemed supervisor, Dr. Mohammed Masum Iqbal, Dean & Professor in the Department of Business Administration, Faculty of Business & Entrepreneurship at Daffodil International University, for his dedicated supervision throughout the preparation of this report.

In completing this report, I received invaluable encouragement and assistance from several individuals at the Mirpur-2 Branch of Grameen Bank in Dhaka. I am sincerely grateful to all of the staff of this branch for their unwavering support. My heartfelt thanks go to Dr. Mohammed Masum Iqbal for thoroughly reviewing the report with care and expertise, as well as for offering valuable advice and suggestions that guided me to complete the report effectively. His constructive feedback and insights have been a tremendous source of motivation, helping me to enhance the quality of this work.

Executive Summary

This report mainly focuses on the marketing activities of Grameen Bank, particularly aiming its Mirpur -2 Branch (main branch). The analysis is firmly fixed to examine of Grameen Bank's holistic marketing strategy, marketing mix and related issues, recognizing major challenges in the bank's approach.

The report emphasizes Grameen Bank's marketing activities thoroughly. In accordance with its strategy, the bank has split the country into 40 zones, and instituted 2,568 branches, go across these areas, reaching an estimated 81,400 villages nationwide the bank's mainly focuses on low-income people or those individuals who are below the poverty cutoff, with approximately 95% of its clients being female.

Grameen Bank's products are deposit accounts and also loans, with interest rates setting the pricing. Grameen Bank's focuses on channeling surplus funds from affluent sectors to financially struggling areas. It has achieved significant success in deposit collection, surpassing many private and government banks in Bangladesh. By adopting a door-to-door service approach, has allowed it to reach almost all corners of the country.

Grameen Bank marketing methods were found to have several issues in the analysis. For instance, despite the loan interest rate being officially listed at about 20%, evidence points to it being potentially higher. Some representatives delivering door-to-door services have allegedly acted poor and unprofessionally towards clients. Furthermore, the bank's rural marketing efforts are also perceived, less effective compared to those of other NGOs.

Grameen Bank's marketing activities integrates inclusive financial products, competitive pricing, nationwide accessibility, and targeted promotion to empower low-income people. Its financial offerings range from loans like housing and education loans to savings plans, for instance fixed deposits and pension schemes. Transparent pricing keeps costs very affordable, with interest rates ranging from 0% to 20%, and avoids hidden fees. A vast network of 2,500 branches and 140,000 centers, with door-to-door services catering to remote areas. Promotions are conducted through personal outreach, including direct outreach, printed materials, and campaigns, build trust and encourage financial inclusion. This holistic strategy allows the bank to meet the financial needs of underserved populations.

To tackle these issues, by reducing interest rates and promoting professional conduct among employees when engaging with clients. It also highlights the importance of improving promotional efforts to help it achieve its "BANKING FOR THE POOR" mission.

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Chapter 1: Introduction

1. Introduction

Microfinance helps close the financial gap for individuals excluded from conventional banking by offering microloans, savings accounts, insurance, and payment systems that cater to their particular needs. It enables low-income groups to gain financial independence. It targets underserved populations, particularly in impoverished or rural areas, helping them become financially self-sufficient and participate more fully in the economy.

By offering microloans, savings options, insurance, and payment systems, microfinance bridges the gap for those excluded from traditional banking. It enables low-income individuals to achieve financial independence. It helps empower low-income people by fostering financial independence. Aimed at impoverished or rural populations, microfinance fosters financial independence and encourages louder economic participation.

The services provided include microloans for low-income individuals, savings and checking accounts, microinsurance, and payment systems. These services are specifically tailored for marginalized or isolated groups, such as impoverished, socially stigmatized, or geographically distant populations, aiming to help them achieve financial sufficiency.

Advocates for microfinance, like those aligned with the Micro Credit Summit Campaign, emphasize that expanding access to these services can help lift impoverished individuals out of poverty. Many see microfinance as a means to stimulate economic development, create job opportunities, and support small business owners and micro-entrepreneurs. In addition, some see it as a way for the economically disadvantaged to better manage their resources, take advantage of economic opportunities, and reduce financial insecurity.

The impact of microcredit has sparked significant debate. Supporters argue that it has the potential to alleviate poverty by creating jobs, raising wages, and enhancing nutrition and education for borrowers' children. Many people also believe that microcredit is particularly motivating for women. In North America, it is also thought that microcredit can aid participants in moving off public assistance programs.

Microfinance, which lends small sums at low interest rates to those seeking to start their own businesses, played a significant role in Muhammad Yunus receiving the Nobel Peace Prize.

Despite this recognition, Yunus does not endorse capitalism. Grameen Bank, which started in 1982, was the institution that brought microfinance to Bangladesh, operating as a community development bank dedicated to the model.

Professor Muhammad Yunus in 1976 from the University of Chittagong established Grameen Bank after conducting research to create a credit delivery system for impoverished agricultural workers. When the national legislation was passed in October 1983, the bank was officially known as a non-profit financial institution. In 1998 the bank earned the World Habitat Award for its "Low-Cost Housing Program," and in 2006, both Yunus and Grameen Bank were awarded the Nobel Peace Prize for their own contributions.

1.1. Origin of The Study

As part of the BBA curriculum, students are must complete an internship with an organization.

This experience enables them to put into practice the knowledge and skills acquired during their studies in a real-world business context. Internship opportunities are available in several sectors, including advertising, insurance, garment manufacturing, IT, leasing, manufacturing, and finance. Students should choose a company that is relevant to their field of study.

The internship typically lasts for three months, providing students with both theoretical and practical experience, culminating in a last report. For my placement, I was assigned to Grameen Bank's Mirpur-2 Branch in Dhaka, a choice made to fulfill the requirements of my BBA program. In this report, I have provided an analysis titled "An Analysis of the Marketing Activities of Grameen Bank," which reflects my experiences and observations during my time at the bank.

1.2. Objectives of The Study

The study was undertaken with the following objectives:

- To identify the marketing strategies of Grameen Bank.
- To explain the marketing mix of Grameen Bank.
- To identify problems related to the marketing activities of Grameen Bank.
- To make recommendations for solving these problems.

1.3. Methodology of the Study

The methodology used in this report involved the following methods: The methodology for this report draws on various approaches, not only direct observation but also discussions with staff members across departments, as well as the use of questionnaires and study materials. The report also includes various analytical techniques, utilizing both current and past data. By combining primary and secondary sources of information, this methodology delivers a comprehensive overview

1.3.1. Nature of the study

This is an 'Exploratory Research' in study as its aim is to provide understanding of 'Grameen Bank's marketing strategies, evaluating its marketing mix, knowing marketing problems and giving recommendations.

1.3.2. Sources of Data Collection

- **Primary Data**
  - ➢ Branch manager
  - ➢ Employees at Grameen Bank
  - ➢ Face to face communication

- **Secondary Data**
  - ➢ Grameen Bank website
  - ➢ Grameen Bank annual report
  - ➢ Relevant articles and reports.
  - ➢ Data from additional websites.

1.3.3. Target Population

The target population of this study includes 'Grameen Bank's clients or borrowers who took loans from Grameen Bank (for instance micro-enterprise loans, education loans etc.) from the Mirpur-2 and Gazipur branch. In addition, workers of Grameen Bank, particularly those involved in marketing, customer service, and also field operations. The population spans clients and staff.

1.3.4. Sample Size

The research has been conducted with a sample size of 30 participants who are clients of Grameen Bank of Gazipur Branch as clients are not allowed to do any

The study involved a sample size of 30 participants, consisting exclusively of clients from Grameen Bank 's Gazipur Branch. This branch was selected because clients are not permitted to conduct transactions directly at the main branch. The participants were chosen using a convenient sampling method, ensuring accessibility within the timeframe of the research.

1.3.5. Sampling Method

Due to time and resources, this study adopted convenience sampling. This kind of sampling method is generally cost effective and can help to reach readily available participants.

1.3.6. Method of Data Collection

Data were collected by interacting with selected participants from several departments, main branch and Gazipur Branch of Grameen Bank, with a primary focus on marketing personnel, since they are directly involved in product marketing. In addition, direct observation of marketing activities was conducted to evaluate strategies for attracting customers and enhancing sales. In this study, secondary data, including guidelines, official press releases, and existing marketing materials, were also utilized.

1.3.7. Limitations of the Study

- Grameen Bank staffs were often busy, which the assistance they could provide.

- The three-month internship period was too shorter for an insightful understanding of Grameen Bank’s marketing operations.
- The data collected on microfinance marketing activities was limited and may not cover all facets in detail.

Chapter 2: Organizational Overview

2. Organizational Overview

2.1. Historical Profile of Grameen Bank

Grameen Bank (GB) revolutionized conventional banking by eliminating the need for collateral and introducing a banking system grounded in trust, responsibility, participation, and innovation. Grameen Bank provides loans to the poorest individuals in rural Bangladesh without having any collateral. The bank views credit as a practical tool for combating poverty and as a catalyst for the holistic due to concerns improvement of poor socio-economic conditions that are usually excluded from traditional banking due to a perceived lack of reliability. Professor Muhammad Yunus, the founder of Grameen Bank, emphasized that, with fair and reasonable access to financial resources, "millions of small people with their millions of small pursuits can add up to create the biggest development wonder the world has ever seen."

In December 2018, Grameen Bank served 9.08 million members, with women making up approximately 97% of this clientele. The bank operates 2,568 branches across 81,677 villages, covering up to 93% of all villages in Bangladesh. Every working day, Grameen Bank got approximately $1.5 million in weekly repayments. Impressively, more than 97% of borrowers are female, and more than 97% of loans are repaid—a recovery rate that exceeds any other banking method globally. The innovative methods pioneered by Grameen have been used in projects across 58 countries, including the U.S., France, Canada, the Netherlands, and also in Norway.

Numerous independent studies, such as the World Bank, the International Food Research Policy Institute (IFPRI), and the Bangladesh Institute of Development Studies (BIDS) have confirmed the positive impact Grameen Bank has had on its low-income borrowers.

2.2. Mission of Grameen Bank

Grameen Bank’s mission is to empower the impoverished by offering comprehensive financial services, allowing them to reach their full potential and escape the ongoing cycle of poverty.

2.3. Vision of Grameen Bank

Banking for the poor.

2.4. Grameen Bank Awards

1	ICMAB Awards 2015
2	MCCI Award 2014
3	Norway: Nobel Peace Prize: 2006
4	Petersburg Prize: 2004
5	Gandhi Peace Prize :2000
6	UNITED KINGDOM: World Habitat Award: 1997
7	MALAYSIA: Tun Abdul Razak Award :1994
8	BANGLADESH: Independence Day Award: 1994
9	BELGIUM: King Baudouin International Development Prize: 1993
10	SWITZERLAND: Aga Khan Award for Architecture: 1989

2.5. Grameen Bank's Methodology

Grameen Bank's approach follows ten guiding principles:

1. Base Credit Systems on Social Context: Effective credit systems need to consider a foundation rooted based on an understanding of the social context rather than relying on traditional banking frameworks.

2. Maintain a Progressive Perspective: Recognize that development is a slow procedure, reliant on the commitment and objectives of the individuals and entities involved.

3. Prioritize Service to the Poor: Ensure that the credit system serves the needs of disadvantaged communities, not the advantaged. Credit officers are encouraged to interact with borrowers by visiting them in their communities.

4. Focus on the Poorest Communities: Target actions to support those most in need who are deprived of access to financial success.

5. Limit Initial Credit to Income-Generating Activities: Loans should mainly be restricted to productive activities selected by the borrower, with repayment capacity as a main consideration.

6. Utilize Solidarity Groups: Form small, informal groups of individuals with shared experiences who can rely on each other for trust and shared support.

7. Link Savings with Credit: Encourage savings alongside credit but avoid making it a mandatory requirement.

8. Ensure Simplicity and Consistency: Combine careful supervision of borrowers with straightforward, standardized procedures for optimal results.

9. Prioritize Financial Stability: Strive to maintain the financial harmony of the credit system at all times.

10. Invest in Human Development: Train leaders with core values of discipline, creativity, empathy, and respect for rural populations to foster genuine development.

2.6. Credit Delivery System

Grameen Bank gives credit to the poorest members of their communities through a structured system designed to reach those most in need. This system focuses to break the cycle of poverty by providing microcredit in place of traditional collateral-based loans. Instead of requiring collateral, Grameen Bank rooted on a framework where small groups of five people offer moral support and mutual accountability, creating a trustworthy, beneficial network for guaranteeing each other's loans.

The success of this approach has shown that concerns about lending to unemployed individuals can be addressed with careful supervision. Contrary to previous belief that low-income borrowers might not secure regular employment, Grameen Bank borrowers have largely proven dependable. Despite concerns that these loans might not be repaid, the bank has maintained a repayment rate of 97%. Rural women, once thought to be high-risk borrowers, have demonstrated to be the bank's most reliable clients, approximately 94% of the borrower base in the year of 1992. Although some assumed that this model wouldn't be financially sustainable, Grameen Bank has managed to gain surprising savings growth.

Grameen Bank's network has expanded from less than 15,000 borrowers in the year 1980 to about 100,000 by the mid-1980s. By 1998, Grameen Bank operated 1,128 branches, serving 2.34 million customers (about 2.24 million of whom were women) across 38,957 villages. The bank had also established 66,581 business centers, with 33,126 being led by women. Total group savings reached 7,853 million taka (approximately USD 162 million), with women contributing 7,300 million taka (approximately USD 152 million).

Household income for Grameen Bank members is estimated to be 50% higher than that of the target group in managed villages and 25% over those for non-participating groups. Not only the landless but also the small landholders, have benefited the most from this system. There has been a decline in poverty among Grameen Bank members, with a 20% drop below the poverty line, compared to a 56% drop for comparable clients outside the Grameen system. Additionally, customers have shifted away from low-status agricultural labor to self-employment in smaller businesses. This shift in employment patterns has positively impacted other agricultural labors by increasing job opportunities and payments. Grameen Bank's journey, which started as an innovative local project, has now developed into a national model with substantial impact on poverty alleviation.

2.7. 10 Indicators of Grameen Bank

Each year, Grameen Bank's employees evaluate their performance to determine whether the socio-economic status of its members is improving or not. This assessment is rooted on a set of 10 key indicators to supervise poverty levels among borrowers.

1. The family lives in a house worth at least Tk. 25,000 (twenty-five thousand) or a house with a tin roof, and each member of the family is able to sleep on bed instead of on the floor.
2. Family members drink pure water of tube-wells, boiled water or water purified by using alum, arsenic-free, purifying tablets or pitcher filters.
3. All children in the family over six years of age are all going to school or finished primary school.
4. Minimum weekly loan installment of the borrower is Tk. 200 or more
5. Family uses sanitary latrine.
6. Family members have adequate clothing for everyday use, warm clothing for winter, such as shawls, sweaters, blankets, etc., and mosquito-nets to protect themselves from mosquitoes.
7. Family has sources of additional income, such as vegetable garden, fruit-bearing trees, etc., so that they are able to fall back on these sources of income when they need additional money.
8. The borrower maintains an average annual balance of Tk. 5,000 in her savings accounts.
9. Family experiences no difficulty in having three square meals a day throughout the year, i. e. no member of the family goes hungry any time of the year.
10. Family can take care of the health. If any member of the family falls ill, family can afford to take all necessary steps to seek adequate healthcare.

2.8. 16 Decisions of Grameen Bank

Grameen Bank follows a set of 16 rules, which apply to all its branches and staff members, consistency and alignment with the bank's mission across its operations.

1. The four principles of Grameen Bank -- Discipline, Unity, Courage, and Hard Work -- we shall follow and advance in all walks of our lives.
2. Prosperity we shall bring to our families.
3. We shall not live in dilapidated houses. We shall repair our houses and work toward constructing new houses at the earliest.
4. We shall grow vegetables all the year round. We shall eat plenty of them and sell the surplus.
5. During the plantation seasons, we shall plant as many seedlings as possible.
6. We shall plan to keep our families small. We shall minimize our expenditures. We shall look after our health.
7. We shall educate our children and ensure that they can earn to pay for their education.
8. We shall always keep our children and the environment clean.
9. We shall build and use pit-latrines.
10. We shall drink tubewell water. If it is not available, we shall boil water or use alum.
11. We shall not take any dowry in our sons' weddings, neither shall we give any dowry in our daughters' weddings. We shall keep the center free from the curse of dowry. We shall not practice child marriage.
12. We shall not inflict any injustice on anyone, neither shall we allow anyone to do so.
13. For higher income we shall collectively undertake bigger investments.
14. We shall always be ready to help each other. If anyone is in difficulty, we shall all help him.
15. If we come to know of any breach of discipline in any center, we shall all go there and help restore discipline.
16. We shall introduce physical exercise in all our centers. We shall take part in all social activities collectively

2.9. Grameen Bank at a Glance

Number of members	8,934,874
Percent of female Members	7,594,643
Number of centers	140,262
Number of branches	2,568
Number of villages covered	81,400
Number of zones	40
Number of areas	246
Amount of loans outstanding (in million bdt)	144,504
Balance of members deposits	141,056

Chapter 3: Marketing Activities of Grameen Bank

3. Marketing Activities of Grameen Bank

3.1. Marketing Strategy

A marketing strategy involves by analyzing the largest market opportunities to pinpoint target markets and deliver a clear value proposition. Essentially, it integrates all marketing goals but also objectives into a unified plan. All the marketing strategies are forward-focused plans, long-term plans designed to establish a competitive. An effective marketing strategy helps organizations identify their most precious customers and gain a good understanding of their needs. When implemented correctly, a well-structured marketing strategy can be greatly effective in achieving business objectives.

3.1.1. Segmentation

Market segmentation includes furcating a broad customer or business market—typically made up of existing and potential customers—into smaller party based on common characteristics, such as purchasing power. This approach aids to target advertising in a very effective way, reaching those who are most likely to interact with and become satisfied consumers. By breaking down the market into segments with similar characteristics, companies can get better results through targeted advertising and personalized content.

Market segmentation is generally precious for analyzing target audiences and expected clients and knowing their particular needs. Just as advertisers use segmentation for accurate targeting, publishers can also make it use to deliver very relevant advertising and tailored content to expanding audience base.

Grameen Bank segments its market in three ways:

i. Geographic Segmentation

This includes dividing the market into geographic segment like regions, nations, cities, and neighborhoods. Grameen Bank concerns its microcredit services on not only particular zones and but also areas across the country. The bank operates within 40 zones, 246 areas, and 2,568 branches in Bangladesh, reaching 81,400 villages.

ii. Demographic Segmentation

Demographic segmentation organizes the market rooted on same characteristics like age, gender, income, family structure, education, religion, and also nationality. Grameen Bank's microcredit services focused economically disadvantaged individuals, aiming to improve their quality of life. The most of Grameen Bank's loan applicants are female, and most of them are married and have children.

iii. Behavioral Segmentation

This type of segmentation grouped based on customer's knowledge, attitudes, usage, and responses to a particular product. Grameen Bank brings its services directly to those people who are in dire financial need, frequently meeting them at their doorsteps. It places particular emphasis, who are often the most disadvantaged members of the community, to join and benefit from Grameen's financial resources.

3.1.2. Targeting

A target market comprises of particular consumer groups within a company's operational market, forming the focus of its marketing strategies. This target market represents a segment of the larger market for a given service or product

Grameen Bank's primarily concerns on serving those in extreme poverty, with specific attention to women, who receive about 95% of the bank's loans. Historically, females have faced limited access to not only at conventional credit options but also chances for income generation. In the past, they were perceived as having minimal influence in household financial decisions or matters.

3.1.3. Positioning

Positioning is about ensuring a product so it holds a distinctive, meaningful or valued place in the minds of target customers. By providing microcredit, Grameen Bank positions its services strategically to fulfilling customer expectations, incorporating an effective marketing mix. The bank has expanded its reach by establishing branches globally.

Apart from that to microcredit, Grameen Bank offers several supplementary services to loan recipients to strengthen their financial stability. The headquartered in the Mirpur-2 at the area of Dhaka, the bank's 2,568 branches are here to ensure efficient credit distribution. Every branch offers door-to-door services across 81,400 communities, ensures Grameen Bank to deliver quality widespread services through its expansive outreach.

3.2. Marketing Mix

The "marketing mix" is a fundamental business concept traditionally has around four main elements and they are product, price, place, and promotion. It involves a combination of tools that organizations use to achieve their aims in particular market segments.

A well-executed marketing mix generates a broad-reaching impact, as opposed to marketing focused on a specific message, thereby to reach broader. In the regular basis of addressing the four Ps, marketing professionals can concentrate most effectively on the most suitable audiences. A well-balanced marketing mix also helps organizations in making strategic decisions, whether they are introducing new products or analyzing existing ones.

3.2.1. Marketing Mix of Grameen Bank

- **Product**

A product is created to meet the needs and desires of clients, fulfilling not only their requirements but also aspirations. Effectively promoting of a product or service depends on analyzing the unique characteristics that differentiate it from competitors' offerings. It is also precious if the product can be marketed alongside related items or services.

Grameen Bank, which is a microcredit organization, provides not only small loans but also micro-enterprise loans, durations of six months to a year. It also offers other services, for instance educational loans and housing loans for low-income people. Recognizing that customer service is crucial to its strategy, Grameen Bank emphasizes data-driven insights to improve its product portfolio.

- **Basic Loan**

The fundamental product of Grameen Bank is its basic loan, and that is available to any low-income people in need. This loan is tailored to be accessible, and it also allows many borrowers to renew it without hardships, successive cycle, to fulfill their long-term credit needs. Even so, few borrowers may face obstacles, and repayment must adhere to the specified timeline.

➢ Conditions to Receive a Basic Loan

The basic loan is designed for the underprivileged individuals, but there are certain conditions must be filled to qualify:

- Applicants must demonstrate very few assets.

- Land ownership should be under one acre.

- Borrowers should form a group of 5 to 9 women or female.

➢ Loan Process

Applicants should form a group of neighbors who are well known to each other. After working with their leader, the group should submit a loan application to the center manager. Afterward documentation is validated, the Area Manager provides funds to the approved applicants.

- **Housing Loan**

Acknowledging that shelter, food, and clothing are core human needs, Grameen Bank is providing housing loans since 1984. Home ownership gives people with a sense of dignity, security, and as well as self-respect, often serving as a platform for economic advancement and also social growth. For constructing a basic tin-roof house, borrowers can access a maximum loan of BDT 60,000. With the average loan that's amounting BDT 13,994 allocating 5 to 9 individuals in the group. In 2022, around BDT 15802.65 million (USD 159.86 million) were given for constructing 67,204 houses.

- **Micro-Enterprise Loans**

To help borrowers in escaping out of poverty, Grameen Bank provides micro-enterprise loans to those improving toward financial stability. These larger loans enable borrowers to expand their income-generating activities, and there are no set limits on the loan amount. At the end of 2022, Grameen Bank had granted a total of approximately 18.36 million micro-enterprise loans, amounting to BDT 653.18 billion. Lastly, the average annual loan amount is BDT 35,571 (approximately $360).

Micro-enterprise loans support a broad number of industries, which includes fish and poultry farming, aquaculture, grocery stores, pharmacies, dairy farms, auto-rickshaw services, and as well as construction materials trading. This loan program has driven a powerful economic revolution in rural Bangladesh, promoting self-employment and also building leadership and entrepreneurial skills.

- **Higher Education Loans**

Grameen Bank also aims to support the educational ambitions of customers' children beyond basic schooling. In the year of 1997, it introduced the Higher Education Loan Program, ensuring qualified children of Grameen Bank members to pursue higher education in fields such as medicine, engineering, agriculture, and also other professional programs.

These loans provided by Grameen Bank cover all the costs, from admission to graduation, which includes tuition, fees, documentation, and living expenses. At the end of 2022 under review, 54,862 students got loans through this program to pursue their chosen academic paths.

- **Nursing Education Loans**

Grameen Bank gives nursing education loans particularly for the daughters of its borrowers, specifically those who work as domestic assistants. These loans mainly help students attending the Grameen Caledonian College of Nursing, which provides an internationally recognized three-year diploma in Midwifery and Nursing. This program focuses to aid these students secure stable career opportunities, not only in domestically but also in abroad.

- **The Struggling Members (beggars) Loan**

Knowing the unique challenges confronted by beggars, Grameen Bank initiated the Struggling Members Program in the year of 2002. This initiative provides financial help to beggars to support them achieve a dignified livelihood, educating their children, and lastly, transition to regular Grameen Bank membership. The program's aim is to ensure that no one in the villages has to beg for their basic essentials.

Main features of this loan program involve:

Flexible Rules: Standard Grameen Bank rules do not apply to struggling members, ensuring them to operate under customized guidelines to fulfill their survival needs.

Interest-Free Loans: Loans are given interest-free and are structured over an extended repayment period to keep payments minimal. For instance, some borrowers even contribute weekly payments as low as BDT 2.00 to fund fundamental necessities, like quilts or mosquito nets.

Identification Badge: An ID badge with their name, photo, and the Grameen logo are given to members. Members of Grameen Bank are encouraged to wear this badge every day to signify their connection with Grameen Bank and their interaction in the bank's activities.

3.2.2. Grameen Bank Savings (Deposit Scheme)

Grameen Bank provides several savings schemes with competitive interest rates which is accessible to not only members and but also non-members of the bank.

1. Personal Saving

Any citizen of Bangladesh can open a personal savings account with Grameen Bank that is divided into two types:

i . For Grameen Bank Members

This kind of savings account is mandatory for all members. If a new member wants to start a deposit, then it would be 70 takas initially. The members must deposit minimum 20 takas weekly. However, members are fully free to deposit more if they wish. Interest is calculated annually based on the minimum monthly balance.

ii. For Non-Members

The non-members of Grameen Bank can also open a personal savings account that is similar to a standard account at other commercial banks, not only with monthly deposits but also withdrawal options.

2. Fixed Deposit

In the year of 2000, Grameen Bank has provided a fixed deposit scheme for not only members but also non-members. The minimum term for these deposits is one year, with a maximum of three years.

3. Grameen Pension Scheme (GPS)

On August 30 of 2000, the Grameen Pension Scheme is available which is exclusive to members and staff, providing a 5-year or 10-year pension plan to aid to secure their financial future. Only members can participate in this program and it is unavailable to non-members. Through regular savings, Grameen Bank urges its members and staff to focus on building a secure financial future

3.2.3. Price

The price refers to the cost customers should pay to access a product or service. Borrowers are required to cover certain processing fees and stamp costs to qualify for a loan, for Grameen Bank's microcredit services. Pricing decisions cause effect at the bank's competitive positioning. While many banks involve additional fees of 1% to 2% for processing and also for other miscellaneous charges. Apart from that Grameen Bank has removed all extra fees to preserve market competitiveness.

Basic Loan:

The basic loan involves a 20% annual interest rate and this is on a declining balance basis. Through 44 installments over one year, borrowers repay this amount with an additional 10%. Borrowers may qualify for additional funding under specified terms, after completing 23 payments.

Housing Loan:

The housing loans have an annual interest rate of 8% and it is repayable over a period of five year.

Micro-Enterprise Loans:

Grameen Bank provides micro-business loans to help small and medium enterprises (SMEs). The interest rate for "Micro-Enterprise" loans is comparable to those of commercial banks, typically ranging from 18% to 22%, depending on the size of the loan.

Higher Education Loans:

The interest rate is structured differently, for educational loans. There is only a 0% interest rate during the study period, and even after the graduation. However, the interest rate is set at 5%.

Nursing Education Loans:

This kind of loans have a 0 % interest rate and this is similar to higher education loans.

The Struggling Members (Beggars) Loan:

Recognizing the financial challenges of struggling individuals, Grameen Bank provides the Struggling Members Loan at a 0% interest rate, ensuring no added financial burden for those in dire poverty.

Grameen Bank Savings (Deposit Scheme)

Grameen Bank offers competitive interest rates on savings schemes for not only for members but also for non-members:

- Personal Savings: Members get a cumulative interest rate of 5%, on the other hand, non-members receive an interest rate of 3.5%.
- Fixed Deposits: Members receive between 5.5% and 6% interest on fixed deposits, while non-members earn between 4.75% and 5.25%.
- Grameen Pension Scheme (GPS): The GPS offers a 6% interest rate not only for the 5-year but also10-year plans.

In addition, features of Grameen Bank's deposit schemes involve:

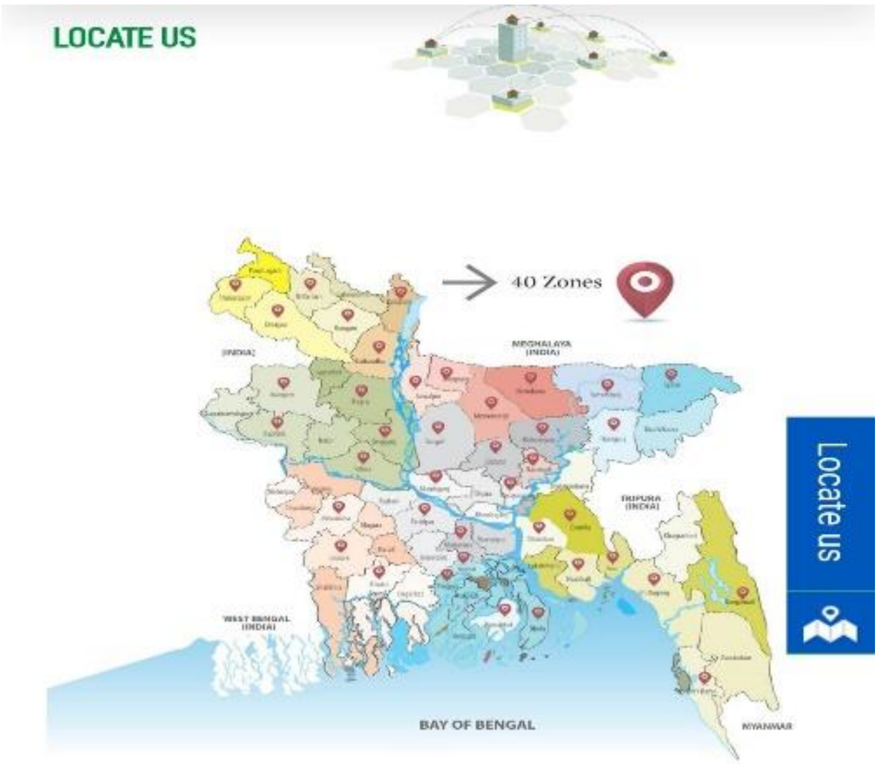
Cost-Effective: Interest rates are structured with borrowers' financial capabilities in mind, refraining from standard industry practices that assess interest rates rooted on the value of money alone. Grameen Bank provides a flat annual interest rate of 10% on loans, and also competitive interest rates on deposits, along with a maximum rate of 12%. Easy Approval Process: Loans are granted once the borrower clears all the Credit Information Bureau at Bangladesh Bank, provided the borrower information is verified or validated.

3.2.4. Place

"Place" represents to the organization's efforts to make its products available to target customers, so that customers can reach them easily to get the products. Grameen Bank's microfinance model focuses to reach every low-income household by offering door-to-door financial services. Selecting the proper distribution channels is significant for good microcredit distribution.

- Grameen Bank has set up branch offices in almost each province across the country.
- The bank segmented Bangladesh into 40 zones to ensuring national coverage.
- These zones consist 246 areas which are covered by Grameen's services.
- For facilitating microcredit distribution, Grameen Bank has already established a total of 140,262 centers.
- The bank conducts 2,568 branches to fill-up the needs of its market.

Every branch office reports to the corporate branch at every week to maintain proper communication and oversight.



3.2.5. Promotion

Promotion involves activities focused at communicating a product's benefits and encourage to make a purchase to customers. Advertising is one of the principal tools used in promotion. Grameen Bank currently employs various promotional method, such as producing booklets, publications, and displaying banners outside its branch offices to interact and inform its target clients.

- **Door-to-Door Service:** Grameen Bank uses door-to-door service as a straightforward yet very powerful promotional method to let low-income individuals know about microcredit services. This strategy enables Conversion Rate Optimization (CRO) by proactively reaching potential clients, even if they haven't yet expressed a prior interest for a loan.
- **Targeting Non-Bank Individuals:** Some people operate only in cash and unable to access to bank accounts. By providing microcredit, Grameen Bank can aid to connect these people to the banking system, encouraging positive relationships and enhancing awareness about financial services.
- **Bank for Education:** While almost every parent wants to educate their children, financial hardships can often make this so much difficult. Grameen Bank promotes its

services by offering interest-free loans for educational expenses which helps deserving students access the education they need.

- **Bank for Small and Medium Enterprises (SMEs):** Almost all commercial banks prioritize large loans for big businesses, but there are some institutions that focus on providing loans to small and medium enterprises. Grameen Bank leads in helping low-income people by offering SME loans that help small businesses to grow.
- **Serving the Neglected:** Some people feel uneasy by financial institutions and avoid banks. Grameen Bank seeks to reach these underserved people through microfinance, offering a welcoming approach or strategy that attracts new clients and fulfill the needs of those generally hesitant to interact with banks.

Chapter 4: Findings and Recommendations

4. Findings and Recommendations

4.1. Findings of the Study

- **Insufficient Funding for Micro-Enterprise Loans**: Grameen Bank facilitates Micro-Enterprise Loans structured to empower low-income individuals by ensuring them to start small businesses as a means to escape poverty. These loans are intended to offer the financial support necessary for entrepreneurial ventures which helps recipients get economic self-sufficiency. However, despite these efforts, research demonstrates that many borrowers often do not get adequate capital to sufficiently cover the initial costs of establishing and sustaining their businesses. The insufficiency of funds can limit their ability to invest in appropriate resources such as inventory, equipment, or operational expenses, thereby reducing the likelihood of successfully business establishment. This shortfall highlights the need for reviewing loan amounts to enable they are aligned with the actual financial requirements of aspiring entrepreneurs.
- **Awareness Due to Staffing Issues**: Primarily due to centers being staffed with untrained personnel, in many villages across Bangladesh, there is limited awareness of Grameen Bank's services. This lack of training prevents efficient communication about the bank's offerings, for instance, microcredit programs, enterprise loans, and educational funding. So, many potential borrowers remain unaware of these opportunities. To address this, Grameen Bank should invest in proper staff training to improve outreach, build trust with local communities, and enhance service awareness.
- **Concerns About Transparency in Loan Interest Rates:** The annual report of Grameen Bank demonstrates that the basic loan interest rate is 20%, according to the employees of the organization, they claim that the actual rate may exceed 20%, signifying that the bank might be offering misleading information to borrowers.

  Grameen Bank's annual report demonstrates that the basic loan interest rate is set at 20%. However, feedback from staffs within the organization suggests that the actual interest rate might be higher than this stated figure. This discrepancy enhances concerns that the bank could be representing inaccurate or misleading information to borrowers regarding its loan terms. This type of inconsistencies may impact borrowers' financial decisions and undermine trust in the organization's transparency.

- **Missed Opportunities from not effective Promotion:** Grameen Bank's promotional strategies are not efficiently reaching their target audience, enabling other microfinance institutions with stronger marketing strategies to engage underserved communities at first. This delay lowers Grameen Bank's capability to attract new clients and gives rivals an edge in areas with high demand for microfinance services. Grameen Bank must enhance its marketing efforts and improve outreach strategies, to stay competitive.
- **Customer Service Challenges:** Grameen Bank's door-to-door service is a main outreach method, focused at reaching underserved areas. However, reports demonstrate there are some field employees have displayed unprofessional behavior, such as being harsh toward clients and providing incorrect information about the bank's service and not letting them know about some crucial information. This can create mistrust among potential borrowers and also can damage the bank's reputation. As Grameen Bank relies on its employees to interact with clients directly, their conduct is important to maintaining positive relationships and improve trust. To address this, Grameen Bank should provide retraining field staff and implementing stricter guidelines to ensure consistent and accurate communication with customers. This would help improve the bank's service quality and also ensure better customer satisfaction.
- **Outdated Credit Distribution Processes:** Grameen Bank primarily relies on an outdated credit distribution process which is causing significant delays in loan processing. These prolonged wait times severely affect low-income borrowers and they rely on timely access to funds for their businesses or personal needs. The inefficiency of the process can create to frustration, reduced customer satisfaction, and potentially missed opportunities for borrowers. To enhance this situation, Grameen Bank should modernize its credit distribution system by granting more efficient technologies and streamlining procedures. This would reduce delays and also enhance the overall service experience, enabling the bank to better meet the needs of its clientele.
- **Excessive Operational Workload:** Every Grameen Bank branch is responsible for managing 54 centers as part of its credit distribution system and that is an overwhelming workload for a single branch. This excessive responsibility places higher operational pressure on the staff which is leading to inefficiencies and potential service delays. With such a heavy workload, branches may confront difficulties to maintain quality service and efficiently manage the credit process across all centers. To remove this strain, Grameen Bank could consider redistributing the workload by establishing intermediary offices or

increasing the number of branches. This would help enhance operational efficiency, reduce stress on each branch, and also ensure better service for borrowers across all centers.

4.2. Recommendations

While Grameen Bank faces specific hardships, solutions can be utilized to address these issues. The following steps are encouraged to help overcome these challenges:

- **Increase Loan Amounts for Micro-Enterprise Loans:** Many borrowers face difficulties to establish or expand small businesses due to inadequate funding. Increasing loan amounts can enhance them with the necessary capital to cover startup costs or operational expenses. This adjustment would empower borrowers to gain financial independence, foster sustainable income, and aid to economic growth in their communities. Grameen Bank could review the borrowing limits and consider providing larger loans to well-performing borrowers with reliable repayment histories.
- **Employ Competent Personnel for Successful Marketing:** The effectiveness of marketing initiatives is largely depending on the expertise of the team involved. Well-trained employees are more adept at conveying the bank's services to underrepresented communities. Competent marketing professionals can enhance awareness in rural and distant areas, for motivating more people to take advantage of Grameen Bank Limited's services. So, recruitment should prioritize individuals with extraordinary communication abilities, regional understanding, and experience in community interaction. Ongoing training should also be given to keep staff informed of the latest marketing practices.
- **Lower Interest Rates to Support Low-Income Borrowers:** High-interest rates that is above 20% can discourage low-income borrowers from getting themselves of loans, contradicting the bank's mission to escape poverty. Reducing interest rates would make loans more affordable and can increase accessibility and encourage higher participation from the target demographic. So, the bank could analyze its current financial model to recognize areas where operational efficiency can offset the reduced revenue from lower interest rates.
- **Revise Promotional Strategies to Enhance Outreach:** Existing promotional methods may not effectively reach all potential customers, specifically in highly competitive areas. Reviewing strategies could enhance the bank's reach and attract more borrowers. A stronger promotional approach could position Grameen Bank as a leader in microfinance, expanding brand awareness and also attracting a broader client base. Hence, using digital marketing

channels, such as social media, to target younger demographics, organizing community events and workshops to educate potential borrowers about loan products, and making partner with local organizations to amplify the bank's visibility in rural areas.

- **Address Poor Customer Service Issues:** Negative customer experiences, for instance, as rude behavior or misinformation, can create negative impact on the bank's reputation and reduce trust among potential and existing borrowers. Enhancing customer service will improve client satisfaction, build trust, and encourage long-term relationships with borrowers. So, it will be recommended for Grameen Bank to introduce training programs focused on client interaction, empathy and also communication skills. Apart from that establishing a feedback mechanism to analyze and address service complaints quickly, replacing staffs who constantly fail to meet service standards with trained professionals.
- **Adopt a Balanced Credit Distribution System:** While paying attention on women has been a cornerstone of Grameen Bank Limited's success, enhancing access to credit for men could further promote economic advancement and inclusivity. However, a balanced approach to credit distribution would encourage more widespread entrepreneurship, benefiting whole households and communities. It will be recommended to Grameen Bank to introduce specific loan products designed for male borrowers in underserved areas and continue to prioritize women while gradually enhancing opportunities for men to access microcredit.
- **Introduce an Intermediary Layer to Reduce Operational Strain:** Branches currently supervise numerous centers and that creates operational pressure and limits efficiency. Adding an intermediary layer would assist streamline processes. This change would lower the workload on single branches, enhancing service delivery and employee productivity.

So, it will be recommended to Grameen Bank to create regional coordination offices to manage groups of centers. In addition, delegate administrative tasks, for instance, data collection and report generation, to intermediary offices and to ensure the intermediary layer is adequately staffed and equipped with the crucial resources.

4.3. Conclusion

The experience with Grameen Bank highlighted the crucial role of microcredit in escaping from poverty and empowering underprivileged communities. The bank's initiatives have brought substantial improvements to countless lives and continue to enhance their reach across

Bangladesh. Despite the increasing international recognition of microcredit, there is still considerable potential for further development in this area.

Grameen Bank has proven to be an important institution for the poor, particularly during its early days when no other microcredit organizations existed in the country. In addition to microcredit services, the bank offers SME and education loans, among other benefits, which amplify its positive impact on society. The experience also offered valuable perspective into marketing communication, indicating the challenges of translating strategies into effective implementation. This opportunity underscored the critical importance of strategic marketing in driving organizational success. Even at a basic level, the responsibilities undertaken contributed significantly not only to developing practical skills but also understanding professional dynamics.

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