

Internship Report
On
SME Loan Disbursement System of
Standard Bank Limited.





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Standard Bank Limited.

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Letter of Transmittal

23 October 2019

Sayed Farrukh Ahamed

Associate Professor

Faculty of Business & Economics

Subject: Submission of Internship Affiliation Report.

Dear Sir,

This is my pleasure to submit my Internship report on **SME Loan Disbursement System of Standard Bank Limited**. I believe that the Knowledge and experience I have gathered during my internship period will greatly help me in my professional life.

I have concentrated my best efforts to achieve the objectives of the practical orientation and hope that my effort will serve the purpose. However, I will always be happy to welcome any further clarification that you may require.

Sincerely yours,

.....

Jannatul Ferdous

ID No: 152-14-1843

MBA(regular)Program,

Department of Business Administration

Daffodil International University

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Declaration

I do hereby solemnly that the work presented in this internship report named **SME loan Disbursement System of Standard Bank Limited** has been carried out by me and has not been previously submitted to my university for an academic qualification.

The work I have presented does not breach any existing copyright and no portion of this report is copied from any work done earlier for a degree or otherwise.

I further undertake to indemnify the development against any loss or damage arising from breach of the foregoing obligation.

Jannatul Ferdous

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Certificate Of Approval

I am pleased to certify that the Internship report titled **SME Loan Disbursement System of Standard Bank Limited** conducted by **Jannatul Ferdous** , bearing **ID No- 152-14-1843** Major in Accounting & Finance of the Department of Business Administration has been approved for presentation and defense/viva-voce. Under my supervision Jannatul Ferdous worked with **Standard Bank Ltd** as an intern. She completed the work during Summer-2018 Semester.

Jannatul Ferdous bears a strong moral character and a very pleasing personality. It has indeed been a great pleasure working with her. I wish her all success in life.

Supervisor,

 20.10.19

.....
Sayed Farrukh Ahamed
Assistant Professor

Department Business Administration

Faculty of Business & Economics

Daffodil International University



ACKNOWLEDGEMENT

It was a great pleasure to prepare report on the various aspects of SME activities and operations by The Standard Bank Limited. I would like to thank and convey my gratitude to honorable Supervisor, Mr.Sayed farrukh Ahmed, Assistant Professor, Daffodil International University, for letting me to prepare this report and I would also like to express my sincere appreciation to him for his wholehearted support and guidance.

At the same time I am also grateful to the human resource division, Head Office, Standard Bank Ltd for giving me the opportunity to undergo the internship program. My placement of internship program was at Dhanmondi Branch. My special thanks go to the respondents, who spared their time generously, and took the trouble of answering the questionnaire and helped to evaluate the quality of service provided by Standard Bank Limited.

My special thanks to S M Hemayet Uddin(Vice President) and Head of Branch. Mr A.K.M. Laznur Rahman(Head of operation), Mr. Azizur Rahman (Senior Executive officer), Mr. Dipu Chandra Malakar(Executive officer), Mr. Md. Abdur Roich(Executive officer), Mr. Forkan Uddin(Senior Executive officer), Mrs. Shubhra Sumana Paul (Senior officer), of The standard bank Limited, and the staffs who have given me the practical knowledge about the Banking operations. Different Customers especially at SME Department of the Standard Bank Ltd at this branch. Their kind cooperation, guidance, suggestions helped me a lot in gathering knowledge and experience to complete the report finally.

EXECUTIVE SUMMARY

There is a great supportive role of banking system in human society. It plays a vital role for the economic development of a country. The local banking system of Bangladesh is developing their services day by day by following the multinational banks. Standard Bank Ltd is one of multinational bank who is leader and follower of the other local banks. At the same time it brings different modern technology in our banking culture.

In Bangladesh Standard Bank Ltd operate the banking operation over the Twenty (20) years. In that time it did lots of changes in this sector and it promoted many new ideas in this sector. Standard Bank Ltd is trying to develop economic condition of the country. In SME, SBL has six different products for their different customer choice. Today this bank provides loan facility from TK 10 Lac (BDT 1 million) to TK 15 crore (BDT 150 million) to that small and medium enterprise that has no easy access to banks or financial institutes. In the portfolio of SME, SBL gave loan (BDT 7.5 billion) TK 750 crore in the year of 2015. It is a huge amount of money that SBL providing for their customer in the SME loan.

The success of SME will largely depends on the selection of a business and man behind the business. Standard Bank Ltd provides this facility to those whose business operation is minimum one year and environment friendly. At the same time the business should be legally registered and must have valid trade license. The entrepreneur should be physically able, preferably between the ages 25 to 50. Entrepreneur must have the necessary technical skills to run the business and

acceptable social standing in the community. Nowadays, the term 'SME' is much more voiced in Bangladesh than before, and the issue of sustainable growth of SMEs is at the center of the country's most national development strategies and economic plans. It has become one of the fundamental elements to reduce poverty, and improve other social indicators- with the aim of attaining Millennium Development Goals (MDGs) by 2018, and also accomplishing other Bangladesh Development Goals (BDGs).

Besides, Women's participation in micro-credit programs and the ready-made garments industry bear testimony to the fact that, their involvement in the SME business can contribute significantly to the country's industrialization.

The core competence of the Standard Bank Ltd is to provide the fastest loans to the customers in this country. To retain this competitive advantage Standard Bank Ltd would provide latest facilities whether they can give fastest services to clients than other banks. Regarding the services by the Relationship Officer (RO) or sales executive, almost all clients are satisfied by get these quick facilities from them. In the survey it is found that most of the clients give a suggestion to decrease the interest rate and loan processing fees. So, personally I think SBL management look after this things from the view point of customer and the competitor banks. By this way the Bank will be able to keep on playing its important roles in our economy.

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CHAPTER-1

INTRODUCTION

1.1 Introduction

SMEs are a primary driver for job creation and it also contributes on GDP growth. It greatly contributes to economic diversification and social stability and its play an important role in private sector development. The Standard Bank Ltd (SBL) is one of them who introduce this SME finance in this country. SBL is considered as one of the largest banking and financial services organization in the world. In Bangladesh it has made its place as the fastest growing bank. In the SME sector in Bangladesh SBL has six different products and only SBL provide both the term loan and working capital finance.

1.2 OBJECTIVES OF THE STUDY

The main objective of the report will be to provide an analysis of the “**SME loan disbursement system of Standard Bank Limited**” with fulfilling the requirement of MBA program.

Objectives of the report are summarized in the following manner-

- To identify different SME loan products of Standard Bank Limited.
- To analyze the SME loan lending procedures of Standard Bank Limited.
- To identify the amounts of SME loan disbursements of Standard Bank Limited in different years.
- To analyze SME loan monitoring system of Standard Bank Limited.

1.3 METHODOLOGY OF THE STUDY

Primary Sources:

Primary Data is those types of data, which are collected from the root. It's also called the raw data. There are various tools of collecting primary data...

- ✓ Direct observation
- ✓ Interviewing & conversation

Secondary Sources:

Secondary data are those, which have already collected by someone else and wishes have been passed through the statistical process. This data can be collected by two sources. The sources of information include

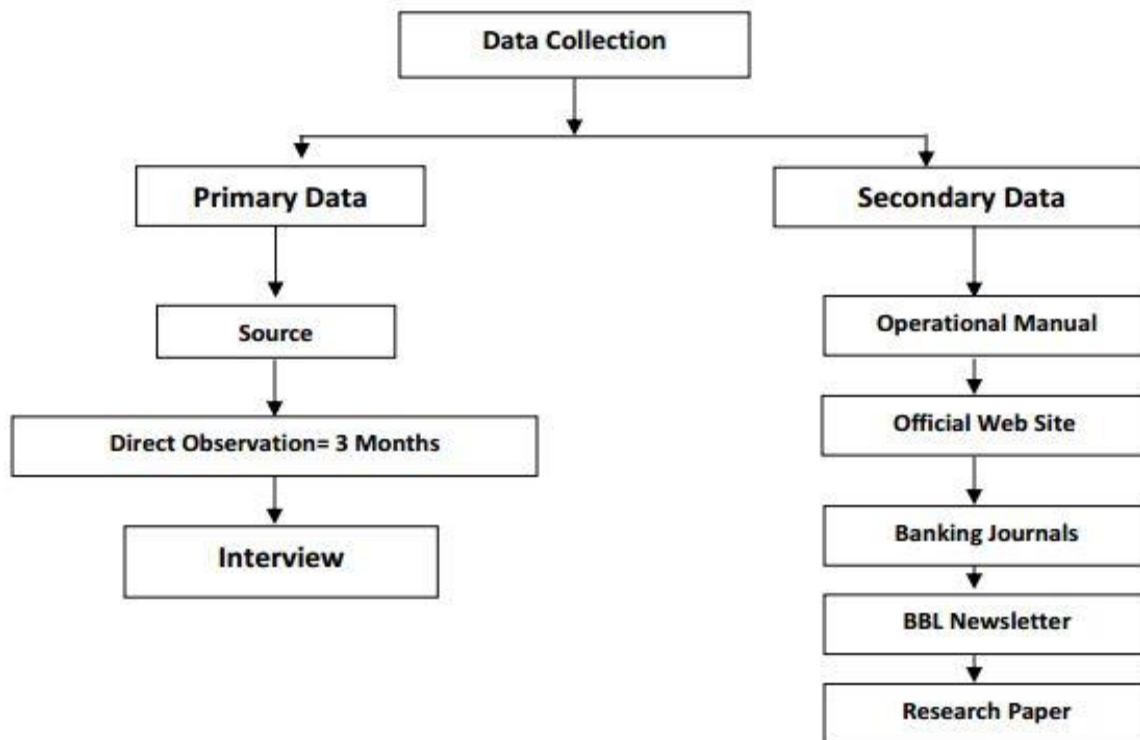
“Internal tools:

- ✓ Annual report 2017
- ✓ Bank brochures
- ✓ General report,
- ✓ Magazines / journals / Periodicals
- ✓ General banking manual
- ✓ Statement of affairs
- ✓ Progress report of the Bank
- ✓ Bank Rate sheet.
- ✓ Official records”

“External tools:

- ✓ Website,
- ✓ Banking related Books
- ✓ Bangladesh Bureau of Statistics report etc.”

We can show it in a data flow diagram:



1.4 LIMITATIONS OF THE study

- ✓ It would have been better if data could be taken from larger sample than what has been considered here. With a view to reducing the volume of work and expenditure, we have selected only some specific branches. It would have been better to cover all these branches in our study but that would have required more men, materials and money, which was beyond the capability of the study.
- ✓ It would have been better if data could be taken from all the entrepreneurial activities in rural areas in our study. However, with a view to reducing the expenditure on men and material. We have only taken data for some of the entrepreneurial activities. This is certainly a gap, which may invite criticism. Nevertheless, considering the present circumstances, we may expect a reasonable excuse for the same.

Chapter 2

Organizational Profile

2.1 STANDARD BANK LIMITED (SBL) PROFILE

Standard Bank Limited (SBL) was incorporated as a Public Limited Company on May 11, 1999 under the Companies Act, 1994 and the Bank achieved satisfactory progress from its commercial operations on June 03, 1999. SBL has introduced several new products on credit and deposit schemes. It also goes for Corporate and Retail Banking etc. The Bank also participated in fund Syndication with other Banks. Through all these myriad activities SBL has created a positive impact in the Market.

2.2 VISION, MISSION AND CORE VALUES

“Vision: Standard Bank, being a modern bank, has the objective of building a sound national economy and to contribute significantly to the public exchequer.

Mission: To be the best private commercial bank in Bangladesh in terms of efficiency, capital adequacy, asset quality, sound management and profitability.

Core values

- Our shareholders: By ensuring fair return on their investment through generating stable profit.
- Our customer: To become most caring bank by providing the most courteous and efficient service in every area of our business.
- Our employee: By promoting the wellbeing of the members of the staff”.

2.3 ORGANOGRAM OF THE STANDARD BANK LTD.

Serial number Based on position

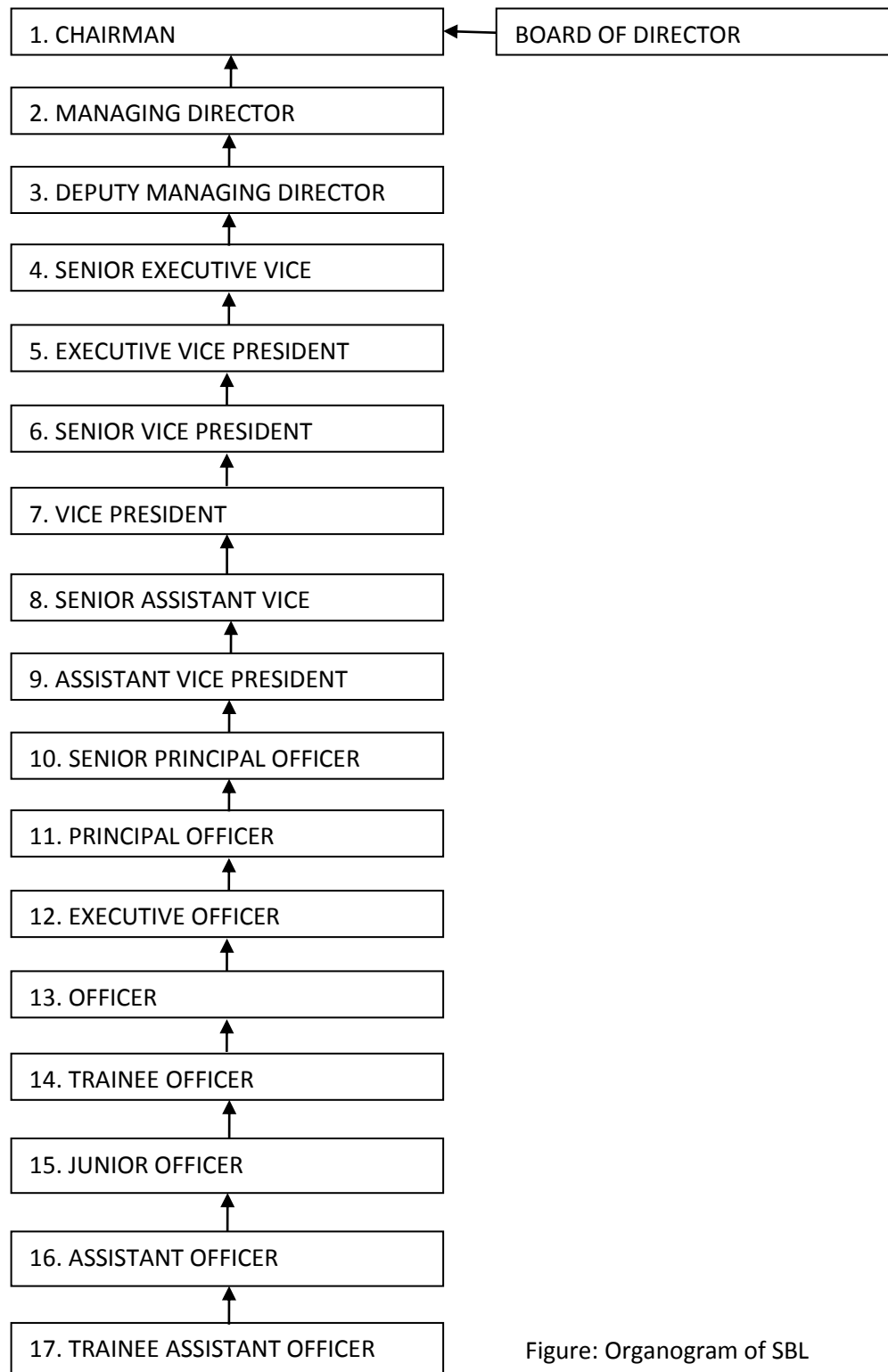


Figure: Organogram of SBL

PERFORMANCE OF STANDARD BANK LIMITED AT A GLANCE

5 -years Financial Highlights

(Figure in Million Tk.)

(Figure in Million Tk.)

Particulars	2013	2014	2015	2016	2017
Total capital	7,702	9,023	10,158	11,013	14,245
Tier I Capital Ratio	10.29%	10.26%	9.57%	9.29%	9.72%
Tier II Capital Ratio	1.10%	1.02%	1.10%	1.09%	2.82%
Total Capital Ratio	11.39%	11.28%	10.67%	10.38%	12.53%
Risk Weighted CAR	11.39%	11.28%	10.67%	10.38%	12.53%
Internal Capital Generation Ratio	13.03%	11.11%	6.86%	9.15%	10.73%
Leverage Ratio	9.91	10.52	10.75	11.13	10.54
Credit Quality					
Volume of Non-performing loans	1,211	1,539	2,599	2,853	2,959
SMA loan outstanding	3	16	373	313	329
% of NPLs to Total Loans & Advances	2.19%	2.50%	3.50%	3.55%	3.23%
Gross NPL Coverage	44.55%	55.29%	61.25%	54.36%	53.29%
SMA to Credit Portfolio	0.005%	0.03%	0.50%	0.39%	0.36%
Provision for Unclassified Loans	580	616	748	868	900
Provision for Classified Loans	540	851	1,592	1,551	1,577
Provision for Off-Balance Sheet Items	166	191	265	273	292
Share Information					
Number of Share Outstanding	406	487	570	570	656
Earning Per Share (Taka)	2.66	2.73	1.77	1.85	2.43
Book Value Per Share (Taka)	10.00	10.00	10.00	10.00	10.00
Market Price Per Share (Taka)	30.20	19.20	14.80	12.70	9.20
Price Earning Ratio (Times)	11.35	7.03	8.35	6.86	3.78
Net Asset Value Per Share (Taka)	16.92	16.87	16.29	17.34	17.50
Dividend Per Share:					
Cash Dividend (%)	-	-	10%	-	-
Bonus Share (%)	20%	17%	-	15%	15%
Rights Share Issue	-	-	-	-	-
Total Risk Weighted Assets	67,923	80,976	95,200	99,970	115,857
Core Capital (Tier I)	6,956	8,208	9,107	9,860	11,043
Supplementary Capital (Tier II)	746	815	1,050	1,153	3,202

(Figure in Million Tk.)

Particulars	2013	2014	2015	2016	2017
Operating Performance Ratio					
Net Interest Margin on average earning assets	3.68%	3.14%	2.54%	3.27%	2.65%
Net Non-Interest Margin on average earning assets	1.19%	0.88%	1.06%	0.70%	0.46%
Total operating expenses to average total assets	1.68%	1.78%	1.83%	2.03%	2.05%
Net operating income to average total assets	4.05%	3.54%	3.12%	3.35%	2.60%
Credit / Deposit Ratio(%)	87%	81%	84%	83%	86%
Return On Equity(ROE) %	18.87%	16.22%	10.88%	12.27%	13.91%
Return On Average Equity(ROAE) After Tax	20.75%	17.67%	11.55%	12.66%	14.95%
Return On Assets(ROA)%	1.83%	1.57%	0.99%	1.06%	1.27%
Return On Average Assets(ROAA) Before Tax	3.32%	3.03%	2.29%	1.85%	2.08%
Return On Investment (ROI)	21.07%	7.31%	10.06%	9.27%	9.71%
Price Earning Ratio (times)	11.35	7.03	8.35	6.86	3.78
Yield on average advance (%)	15.30%	16.35%	17.09%	14.59%	12.28%
Return On Average RWA	1.92%	1.67%	1.06%	1.14%	1.40%
Liquid Assets Ratio	1.08	1.09	1.17	1.06	1.08
Loan to Deposit Ratio	86.70%	80.88%	84.33%	82.68%	85.56%
Efficiency Ratio	71.54%	74.38%	77.08%	73.95%	76.01%
Total cost of Fund					
Cost of Deposit(%)	9.98%	10.79%	10.51%	8.92%	7.69%
Administrative cost (%)	1.62%	1.93%	2.08%	2.11%	2.06%
Other Information					
Number of Branches	68	77	87	96	104
Urban	47	52	55	61	65
Rural	14	18	25	28	32
Number of SME & Agriculture Branches	7	7	7	7	7
Number of Employees	1049	1270	1368	1554	1604
Number of Shareholders	38142	37141	40580	37249	31984
Number of Foreign Correspondents	22	22	22	20	21
Average earning assets	58,998	74,576	88,290	96,734	105,188
Average Total assets	70,775	84,661	101,944	114,562	126,151
Average Deposits	61,082	69,966	82,020	92,632	102,117
Average Advance	53,545	58,430	67,854	77,315	85,968
Average Investment	8,579	13,556	17,973	19,511	19,481
Average Equity	6,248	7,545	8,755	9,588	10,680

Last Five Years Financial Report

Particulars	(Figure in Millions)				
	2013	2014	2015	2016	2017
Authorized Capital	15000	15000	15000	15000	15000
Issued, Subscribed and Paid Up Capital	4061	4874	5702	5702	6557
Total Shareholders' Equity	6871	8220	9289	9886	11474
Total Assets	74953	94696	109191	119932	132370
Deposits	63821	76077	87962	97302	106932
Loans and Advances	55332	61528	74181	80449	91487
Investment	9534	16778	19168	19854	19109
Non-performing Loans (NPLs)	1211	1539	2599	2853	2959
NPLs to Total Credit Outstanding	2.19%	2.50%	3.50%	3.55%	3.23%
Import Business	50497	48500	51056	53932	51491
Export Business	45356	42521	42575	43587	38746
Net Interest Income	2168	2344	2240	3158	2790
Non-Interest Income	1888	2160	2804	3000	3067
Cash Dividend			10%		
Bonus	20%	17%		15%	15%

Earnings Per Share (Taka)	2.66	2.73	1.77	1.85	2.43
No Of Employees	1049	1270	1368	1554	1604
No of Branch	68	77	87	96	104

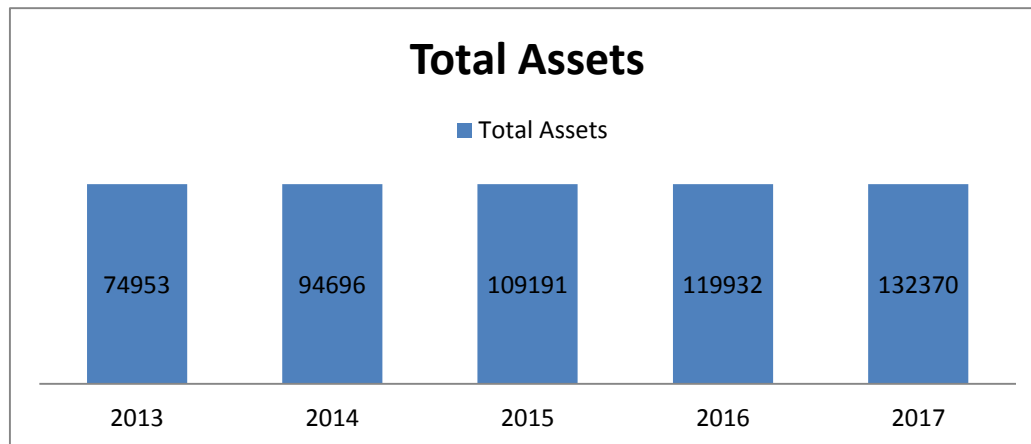
Total

Assets

Particulars (Figure in Million Taka)

YEAR	2013	2014	2015	2016	2017
Total Assets	74953	94696	109191	119932	132370

Table 1: Total Assets growth from 2013 to 2017.



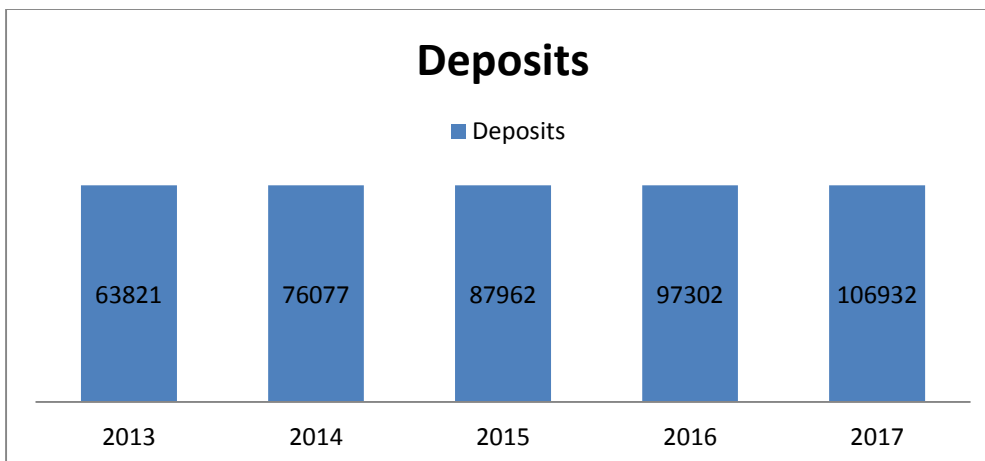
Analysis:

As of 31 December 2017 total asset of the Bank was tk. 132370 million where it was 74953 million in 2013.

Deposits

Particulars	(Figure in Million Taka)				
YEAR	2013	2014	2015	2016	2017
Deposits	63821	76077	87962	97302	106932

Table 2: Deposit growth from 2013 to 2017



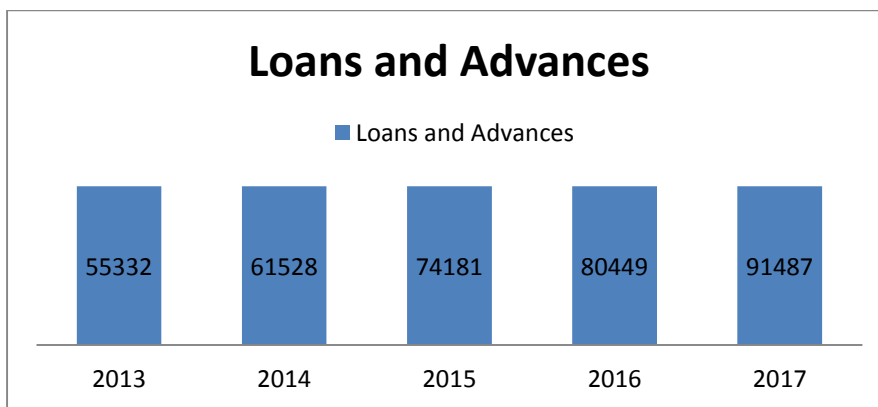
Analysis:

“SBL always tried to give the highest return on the deposits from the customers. The deposits of SBL reached the level of TK. 106932 Million during 2017 from TK. 97302 of the previous year”.

Loans and Advances

Particulars	(Figure in Million Taka)					
	YEAR	2013	2014	2015	2016	2017
Loans and Advances		55332	61528	74181	80449	91487

Table 3: Loan and Advances growth from 2013 to 2017



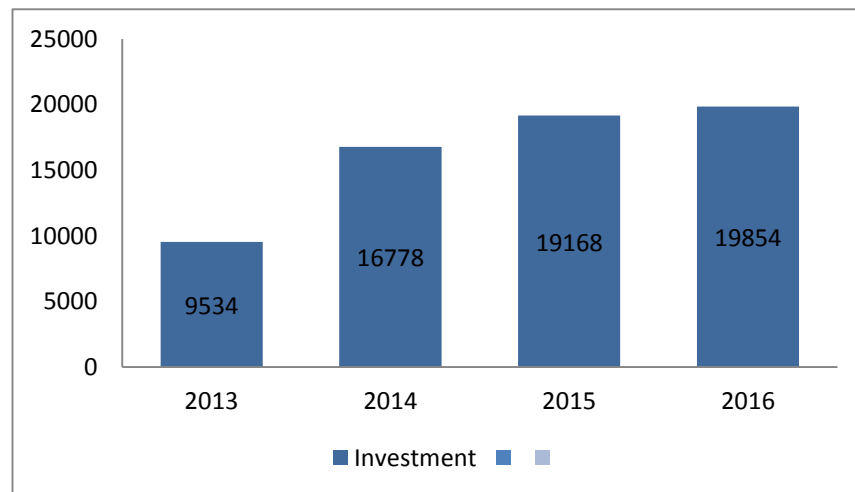
Analysis:

“Total loan & advances figure of the bank has risen up to TK. 91487 million as on December 31, 2017 in comparison to TK. 55332 million as on December 31, 2013”.

Investment

Particulars	(Figure in Million Taka)				
YEAR	2013	2014	2015	2016	2017
Investment	9534	16778	19168	19854	19109

Table 4: Investment growth from 2013 to 2016



Analysis:

During the year 2017, SBL investment portfolio comprised with government Treasury bill and other security. In the year 2010, the size of investment portfolio raised at TK. 19109 million.

Earnings per Share

Particulars

YEAR	2013	2014	2015	2016	2017
Earnings Per Share	2.66	2.73	1.77	1.85	2.43

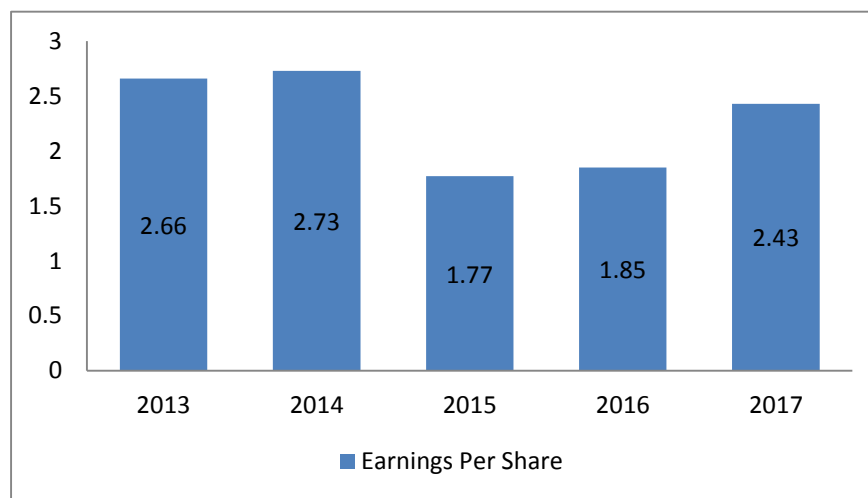


Table 5: Earning per share growth from 2008 to 2012

Analysis:

As of 31 December 2015 EPS of the Bank was 2.43 per share where it was 2.66per share in 2011.

Number of Branch

Particulars

YEAR	2013	2014	2015	2016	2017
No of Branch	72	81	93	107	118

Table 6: No of Branch growth from 2013 to 2017

Analysis: As of 31 December 2017 no. of new branches opened by the Bank was 118 where it was 78 branches in 2011.

2.4 PRODUCT & SERVICES OF SBL

“Deposit Products

- ❖ Current Deposit Account
- ❖ Savings Deposit Account
- ❖ Fixed Deposit Account
- ❖ SBL Regular Income Program
- ❖ SBL Double Income Plus
- ❖ SBL Regular Deposit Program
- ❖ School Banking
- ❖ Short Term Deposit Account
- ❖ SBL- Garments Workers SHOFOL
- ❖ SBL-Leather & Footwear SHEBA
- ❖ SBL 10 Taka Account”

“Retail Banking

- ❖ SBL Auto Loan
- ❖ SBL House Renovation Loan
- ❖ SBL Medical Treatment Loan
- ❖ SBL Motor Cycle Loan
- ❖ SBL Hajj Loan
- ❖ Household Appliance Loan
- ❖ Festival Loan”

“Corporate Banking

- ❖ General Corporate Finance
- ❖ Foreign Trade Finance
- ❖ Project Finance
- ❖ Work Order Finance
- ❖ Real Estate Finance
- ❖ Syndication & Structured Finance”

Chapter 3

SME Loan Disbursement System of Standard Bank Limited

3.1 SME definition Bangladesh Bank

Business Segment	Sector	“Business Size (Tk.) Fixed Asset other than Land & Building”	“Employed Manpower (Not above)”
Cottage Enterprise	Manufacturing (Predominant Family Labor)	Up to 500,000	10>
Micro Enterprise	» Manufacturing	500,000 to 5,000,000	10 to 24
	» Service	Less than 500,000	10
	» Trade	Less than 500,000	10
Small Enterprise	» Manufacturing	5,000,000 to 100,000,000	25 to 99
	» Service	500,000 to 10,000,000	10 to 25
	» Trade	500,000 to 10,000,000	10 to 25
Medium Enterprise	Manufacturing	100,000,000 to 300,000,000	100 to 250
	Service	10,000,000 to 150,000,000	50 to 100
	Trade	10,000,000 to 150,000,000	50 to 100

3.2 SME loanproducts of Standard Bank Limited (SBL)

1. “SBL BabboshaShachal
2. SBL BabboshaUnnayon
3. SBL BabboshaShommridhi
4. SBL Karma Uddogh
5. SBL MoushumiRin
6. SBL NariAnuprerona- Women Entrepreneurs' Loan”

3.2.1SBL BabboshaShachal

“Key Features:

- ✓ Any justifiable working capital need for small and medium enterprise customers.

- ✓ Facility Type -Continuous Loan, LC (Sight/DP) and
- ✓ Loan Ceiling - Tk. 2.00 Lac to Tk. 50.00 Lac for cottage/micro/small enterprise customers and Tk. 2.00 Lac to Tk. 30.00 Lac for medium enterprise customers.
- ✓ Loan Tenure - Continuous Loan for maximum 12 months and LC (Sight/DP)/LTR for prescribed tenure.”

“Eligibility:

- ✓ Age: At least 21 years.
- ✓ Any entrepreneur having the experience of successfully managing the business for at least two years may apply for the loan.”

“Required Documents:

- ✓ Valid trade license
- ✓ Special license/permission (if applicable) for business operation.
- ✓ Notarized partnership deed/registered by Sub Register Officer (in case of partnership).
- ✓ Memorandum and Articles of Association in case of Limited Company.
- ✓ Passport/National voter ID/ward commissioner/UP chairman certificate of the Proprietor/Partner/Directors.
- ✓ Photo of the proprietor/Partners and guarantors.
- ✓ Statement of all active bank loans (if any).
- ✓ Last 12 months bank statement of transactional account.”

3.2.2 SBLBabboshaUnnayon

“Key features :

- ✓ Loan facility for business expansion, purchase of new business space or expansion of existing outlets and capital machineries and also to purchase light or heavy vehicles for business use.
- ✓ Facility Type – Term Loan/ Continuous Loan.
- ✓ Loan Ceiling – 70% of total cash requirement [100% in case of cash collateral (FDR)/enchashable instrument] but not exceeding Tk. 5.00 Lac.
- ✓ Loan Tenure – Maximum 36 months for Term Loan and grace period may be allowed maximum 6 months; Maximum 36 months for Continuous Loan
- ✓ Nominal Interest Rate”.

“Eligibility:

- ✓ Age: At least 21 years.
- ✓ Any entrepreneur having the experience of successfully managing the business for at least two years may apply for the loan.”

“Required Documents:

- ✓ Valid trade license.
- ✓ Special license/permission (if applicable) for business operation.
- ✓ Notarized partnership deed/registered by Sub Register Officer (in case of partnership).
- ✓ Memorandum and Articles of Association in case of Limited Company.
- ✓ Passport/National voter ID/ward commissioner/UP chairman certificate of the Proprietor/Partner/Directors.
- ✓ Photo of the proprietor/Partners and guarantors.
- ✓ Statement of all active bank loans (if any).
- ✓ Last 12 months bank statement of transactional account.”

3.2.3SBLBabboshaShommridhi

"SBL BabboshaShommridhi" is SME loan facility with Collateral to augment capital base for business expansion, purchase of new business space or expansion of existing outlets and capital machineries and also to purchase light or heavy vehicles for business use.

“Key Features:

- ✓ Loan facility for business expansion, purchase of new business space or expansion of existing outlets and capital machineries and also to purchase light or heavy vehicles for business use.
- ✓ Facility Type – Term Loan/ Continuous Loan
- ✓ Loan Ceiling – 70% of total cash requirement [100% in case of cash collateral (FDR)/enchashable instrument]

- ✓ Loan Tenure – Maximum 36 months for Term Loan and grace period may be allowed maximum 6 months; Maximum 36 months for Continuous Loan.”

“Eligibility:

- ✓ Age: At least 21 years.
- ✓ Any Small and Medium sector enterprise (Proprietorship/ Partnership/ Private Limited company) having the experience of successfully managing the business for at least 2 (two) years may apply for the loan.”

“Required Documents:

- ✓ Valid trade license.
- ✓ Special license/permission (if applicable) for business operation.
- ✓ Notarized partnership deed/registered by Sub Register Officer (in case of partnership).
- ✓ Memorandum and Articles of Association in case of Limited Company.
- ✓ Passport/National voter ID/ward commissioner/UP chairman certificate of the Proprietor/Partner/Directors.
- ✓ Photo of the proprietor/Partners and guarantors.
- ✓ Statement of all active bank loans (if any).
- ✓ Last 12 months bank statement of transactional account.”

3.2.4SBLMoushumiRin

“Key Features:

- ✓ To meet the cash requirement as short term financing on occasional events for special business arrangement to increase sales turnover and profit.
- ✓ Facility Type – Short Term Loan
- ✓ Loan Ceiling – Tk. 2.00 Lac to Tk. 20.00 Lac
- ✓ Loan Tenure – Maximum 06 months (no grace period is allowed).
- ✓ Nominal Interest Rate.”

“Eligibility:

- ✓ Age: At least 21 years.
- ✓ Any entrepreneur having the experience of successfully managing the business for at least two years may apply for the loan.”

“Required Documents:

- ✓ Valid trade license
- ✓ Special license/permission (if applicable) for business operation.
- ✓ Notarized partnership deed/registered by Sub Register Officer (in case of partnership).
- ✓ Memorandum and Articles of Association in case of Limited Company.
- ✓ Passport/National voter ID/ward commissioner/UP chairman certificate of the Proprietor/Partner/Directors.
- ✓ Photo of the proprietor/Partners and guarantors.
- ✓ Statement of all active bank loans (if any).
- ✓ Last 12 months bank statement of transactional account.’

3.2.5SBL Karma Uddogh

“Key Features:

- ✓ To meet revolving cash requirement for completion of public and private developmental project against particular development project (Commercial)/work order/assignment offered by Govt. and semi-govt. organization.
- ✓ Facility Type – Continuous Loan [SOD(general)/SOD(WO)/SOD(FO)] and Term Loan.
- ✓ Loan Ceiling – Tk. 0.50 Lac to Tk. 20.00 Lac.
- ✓ Loan Tenure – Maximum 12 months with renewal option for Continuous Loan and Maximum 60 months for Term Loan.
- ✓ Nominal Interest Rate.”

“Eligibility:

- ✓ Age: At least 21 years.
- ✓ Any Small and Medium sector enterprise (Proprietorship/ Partnership/ Private Limited company) having the experience of successfully completion of different projects for at least 2 (two) years may apply for the loan.”

Required Documents:

- ✓ Valid trade license
- ✓ Special license/permission (if applicable) for business operation.
- ✓ Notarized partnership deed/registered by Sub Register Officer (in case of partnership).

- ✓ “Memorandum and Articles of Association in case of Limited Company.
- ✓ Passport/National voter ID/ward commissioner/UP chairman certificate of the Proprietor/Partner/Directors.
- ✓ Photo of the proprietor/Partners and guarantors.
- ✓ Statement of all active bank loans (if any).
- ✓ Last 12 months bank statement of transactional account.”

3.2.6 SBLNari Anuprerona- Women Entrepreneurs' Loan

As an encouraging gesture, SBL offers “SBL Nari Anuprerona-Women Entrepreneurs’ Loan” with/without collateral to Sole Proprietorship/ Partnership/ Private Limited company (at least 51% shares to be hold) operated by women entrepreneurs to flourish their business.

“Key Features:

- ✓ Any justifiable business purpose for Sole Proprietorship/ Partnership/ Private Limited company (at least 51% shares to be hold) operated by women entrepreneur.
- ✓ Facility Type – Continuous Loan/Term Loan
- ✓ Loan Ceiling – Tk. 0.50 Lac to Tk. 50.00 Lac
- ✓ Loan Tenure – Maximum 12 months with renewal option for Continuous Loan and Maximum 60 months for Term Loan.
- ✓ Interest Rate- 10.00% p.a.

Eligibility:

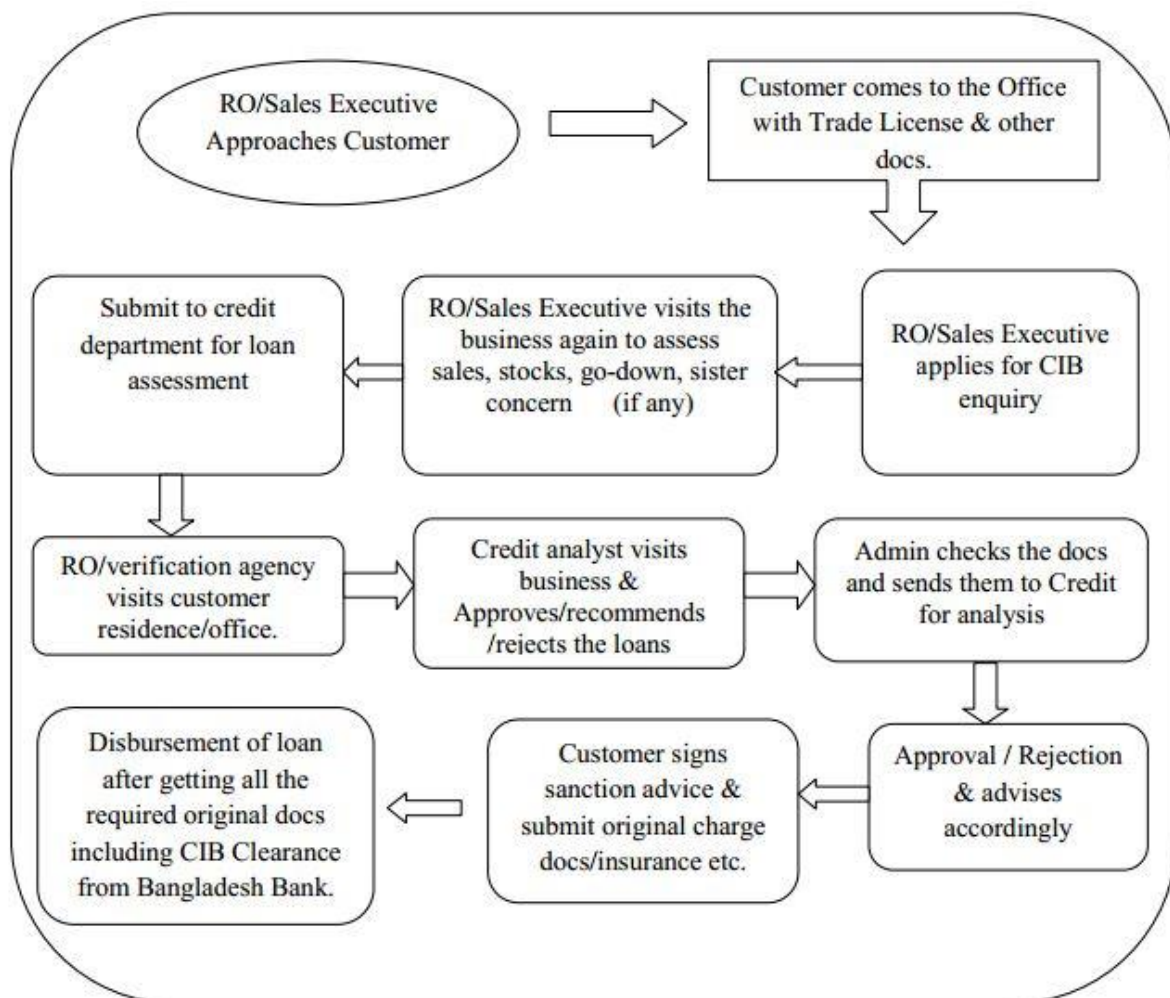
- ✓ Age: At least 21 years.
- ✓ Any entrepreneur having the experience of successfully managing the business for at least two years may apply for the loan.”

Required Documents:

- ✓ Valid trade license
- ✓ Special license/permission (if applicable) for business operation.
- ✓ Notarized partnership deed/registered by Sub Register Officer (in case of partnership).
- ✓ Memorandum and Articles of Association in case of Limited Company.

- ✓ “Passport/National voter ID/ward commissioner/UP chairman certificate of the Proprietor/Partner/Directors.
- ✓ Photo of the proprietor/Partners and guarantors.
- ✓ Statement of all active bank loans (if any).
- ✓ Last 12 months bank statement of transactional account.”

3.3 SME Loan Process Flow



3.3Flow Chart of SME Loan Process

Monitoring

“Monitoring is a system by which a bank can keep track of its clients and their operations. So monitoring is an essential task for a Relationship Officer (RO) to know the borrowers activities after the loan disbursement. This also facilitates the buildup of an information base for future reference.

Importance of Monitoring

Through monitoring a Relationship Officer (RO) can see whether the enterprise invested the sanctioned amount in the pre-specified area of his business, how well the business is running, the attitude of the entrepreneur, cash credit sales and purchase, inventory position, work in process and finished goods etc. This information will help the RO/Standard Bank Limited to recover the loan accruing to the schedule and to take the necessary decisions for repeat loans. Moreover, monitoring will also help to reduce delinquency. Constant visit over the client /borrower ensures fidelity between the bank and the borrower and tends to foster a rapport between them.”

Area of Monitoring

“The purpose is to know the entire business condition and all aspects of the borrowers so that mishap can be avoided.

i. Business Condition: The most important task of the Relationship Officer (RO) to monitor the business frequently, it will help him to understand whether the business is running well or not, and accordingly advise the borrower, whenever necessary. The frequency of monitoring should be at least once month if all things are in order.

ii. Production: The RO will monitor the production activities of the business and if there is any problem in the production process, the RO will try to help the entrepreneur to solve the problem. On the other hand the RO can also stop the misuse of the loan other than for the purpose for which the loan was disbursed.

iii. Sales: Monitoring sales proceed is another important task of the RO it will help him to forecast the monthly sales revenue, credit sales etc. which will ensure the recovery of the monthly loan repayments from the enterprise as well as to take necessary steps for future loans.”

iv. “Investment: It is very important to ensure that the entire loan has been invested in the manner intended. If the money is utilized in other areas, then it may not be possible to recover the loan.

v. Management of raw materials: In case of a manufacturing enterprise, management of raw materials is another important area for monitoring. If more money is blocked in raw materials then necessary, then the enterprise may face a fund crisis. On the other hand the production will suffer if there are not enough raw materials.”

Monitoring System

“The Relationship Officer (RO) can consider the following thing for monitoring:

I. The RO will monitor each business at least once a month. He/she will make a monitoring plan or schedule at the beginning of the month. During monitoring the RO must use the prescribed monitoring form and preserve in the client file and forward a copy of the report to SME head office immediately.

II. A SME branch will maintain the following files: The file will contain Purchase Receipt, Delivery Memo’s, and Quotations. In addition, all other papers related to furniture and fixture procurement.

III. Other fixed assets and refurbishment: All fixed assets and refurbishment related papers such as purchase receipt, delivery memo’s, quotation, guarantee and warrantee papers, servicing related papers and any other paper related to fixed assets are refurbishment will be in this file.

IV. Lease agreement file: This file will contain all papers related to lease agreement between the lease giver and owners of the leased premises.

V. Individual client file: Individual files are to be maintained for each borrower and that will hold loan application, Loan Proposal, Copies of Loan Sanction Letter, Disbursement Memo, Monitoring Report, CIB (Credit Information Bureau) application and Report, Credit report from other bank and all other correspondents including bank receipt.

VI. Statement file: All types of statement sent to SME head office will be kept in this file chronologically. The Statement file is so important for the bank.”

VII. “Office instruction file: All kind of office instruction regarding administration should be kept in this file.

VIII. Operating instruction and guideline files: All kind of office instruction and guidelines related to operating should be kept in this file.

IX. Security documents and legal aspect file: One set of security documents and lawyer’s opinions and suggestions regarding issue will be kept in this file.

X. Survey form file: After conducting survey, all survey will be kept in this file sequentially.”

Comparative Business Performance on SME financing as on 31.12.2015:

(Fig in Crore)

Enterprise	Disbursement during the year		Growth Rate	Yearly Target	Achievement (%)	Outstanding as on 31.12.2014	Outstanding as on 31.12.2015
	2014	2015	2015	2015	2015		
Small	263.04	324.97	23.54 %	300.00	108.32 %	365.49	489.19
Medium	159.72	169.44	6.08 %	450.00	37.65 %	242.00	299.47
Total	422.75	494.41	16.95 %	750.00	65.92 %	607.49	788.66

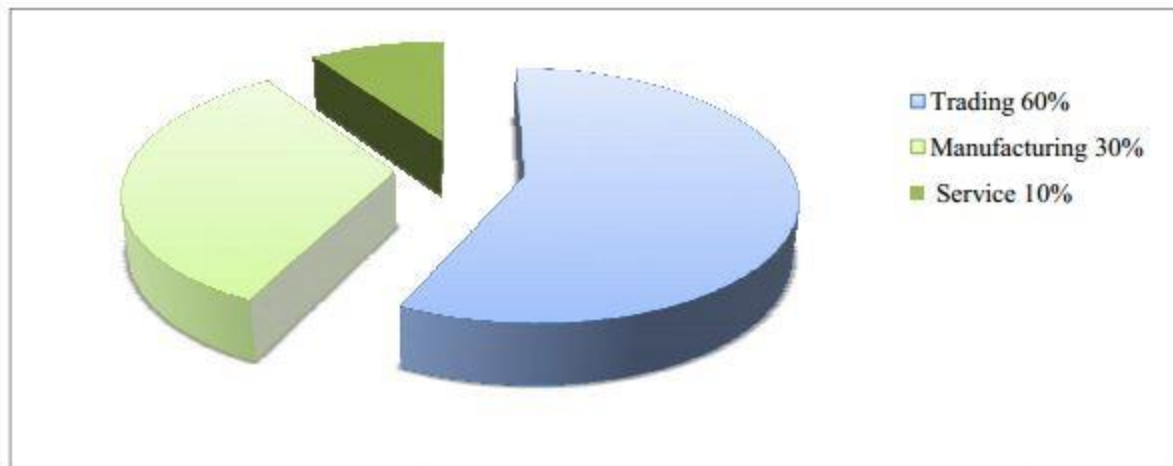
Events and Fairs on SME participated by Standard Bank Limited during 2015

1. “2nd SME Banking Match Making Fair” of 9th International Women’s SME Expo Bangladesh-2015 organized by Chittagong Women Chamber of Commerce & Industry (CWCCI).

2. SME entrepreneurs-Bankers fair arranged by SME Foundation & Bangladesh Bank at Hotel Sonargon.

3.4 Sector wise Distribution of SMEs

Standard Bank Limited disbursement their SME loan mainly in the three sector . The distribution sectors are trading, manufacturing, and service etc. The Standard Bank Limited mainly focus their SME loan disbursement on over the trading side, secondly manufacturing sector. Sector wise distribution of SME loan ratio given the following.



CHAPTER- 4

FINDINGS, RECOMMENDATIONS & CONCLUSION

4.1 FINDINGS

- i) SME Loan facility parameters of Standard Bank Limited (SBL) are not well structured to support all level of clients.
- ii) SME Loan sanctioning and disbursement procedure of SBL are not easy for all types of clients.
- iii) Customers sometimes become dissatisfied with the hidden charge policy of the SME loan.
- iv) SBL provides the highest portion of loans in commercial sector and industrial sector.
- v) The percentage of classified loans and advances to total loans and advances was 6% in 2017.
- vi) The terms of the SME department are sometimes hard to understand by general client.
- vii) There is a shortage of intellectual advertisement options like workshop, seminar, symposium, regarding familiarize SME Loans and its benefits.
- viii) The SME loan disbursement fund was increasing from 2016 to 2017.
- ix) In 2017, total amount of SME loan disbursement were tk. 19109.25 million.

4.2 RECOMMENDATIONS

Standard Bank Limited can consider the following recommendation;

- i) “More SME service center need to be added to fully take the advantage of the huge potential customer segments.
- ii) The Bank should have more conference in overseas, work shop, symposium, and seminar for more expansion of SME loan.
- iii) Loan facility parameter should be expanded so that all the people can get loan according to their needs.
- iv) Bank may concentrate to reduce the interest rate because most of the competitors are providing loans at a lower rate.
- v) Bank may concentrate to reduce the loan processing fees.
- vi) Bank may introduce more SME products.
- vii) Bank May increase marketing activities in the urban and rural area.”

4.3 CONCLUSION

Standard Bank Limited is a strong and effective player in the financial system in Bangladesh. “In Bangladesh it is now one of the top listed and most profitable private sector commercial bank. It also emphasizes on the domestic scenario more closely and analyzes any certain trends and strategies of their competitors. The bank must accept any failures and think of them as an objective to pursue future goals instead of blaming such failures on other factors and in this way the Bank will be able to keep on playing its important roles in our economy. At the same time to cope with recent challenge of banking sector Standard Bank Limited is creating an environment where employees are happy to build their career and customers feel good doing business with them.”

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