

**CUSTOMERS' ATTITUDES TOWARD BANKING SERVICES:
A COMPARATIVE STUDY BETWEEN PRIVATE AND PUBLIC
COMMERCIAL BANKS IN BANGLADESH**

**THESIS SUBMITTED TO THE UNIVERSITY OF DHAKA
For the Degree of
MASTERS OF PHILOSOPHY IN MARKETING**

HARUNUR RASHID

**DEPARTMENT OF MARKETING
FACULTY OF BUSINESS STUDIES
UNIVERSITY OF DHAKA**

December 13, 2007

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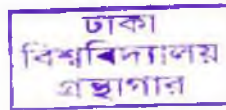
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গ্রন্থাগার

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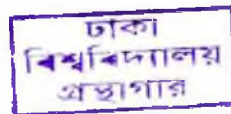
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**Dedicated to
My Parents**

My never-ending source of
support, understanding and
encouragement

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CERTIFICATE

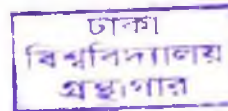
This is to certify that the research work on '**CUSTOMERS' ATTITUDES TOWARD BANKING SERVICES: A COMPARATIVE STUDY BETWEEN A PUBLIC AND PRIVATE COMMERCIAL BANKS IN BANGLADESH**' exemplifying the results reported in this thesis has been carried out under my leadership and supervision.

This is further certified that research work presented here is innovative and appropriate for submission for awarding the degree of Masters of Philosophy.

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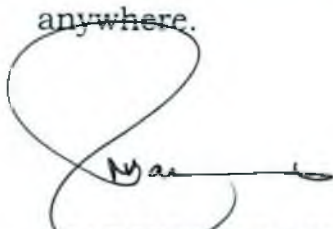
Prof. Haripada Bhattacharjee Ph.D.
Supervisor

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DECLARATION

The work presented in this thesis is original and has not been submitted by me to any University or Institution for the award of my degree. The study- **“CUSTOMERS’ ATTITUDES TOWARD BANKING SERVICES: A COMPARATIVE STUDY BETWEEN PRIVATE AND PUBLIC COMMERCIAL BANKS IN BANGLADESH”** submitted by me for the award of the degree of Master of Philosophy at the University of Dhaka is based upon my own work carried under the supervision of Prof. Haripada Bhattacharjee PhD, Department of Marketing, Faculty of Business Studies, University of Dhaka and that neither of this thesis nor any part of it has been submitted for the award of any degree or Diploma anywhere.

A handwritten signature in black ink, appearing to read 'Harunur Rashid', is written over a large, stylized circular scribble.

(HARUNUR RASHID)

ACKNOWLEDGEMENT

First of all, I take the opportunity to express my deepest thanks and gratitude to almighty Allah whose invisible guidance and blessing helped me to complete my thesis in time.

I would like to convey my gratitude to my supervisor **Prof. Haripada Bhattacharjee PhD**, Chairman, Marketing Department, Faculty of Business Studies, University of Dhaka. He allowed me to encroach upon his precious time freely right from the very beginning of this research work till the completion of my thesis. His guidance, encouragement and suggestions provided me necessary insight into the research problem and paved the way for the meaningful ending the work in time. I have no hesitation to say that, without his constant support and valuable advices from time-to-time, I would probably fail to complete the work in an appropriate manner.

I am very much grateful to Mr. Zakir Hossain, Vice President and Head of Branch, MBL, Elephant Road, Dhaka for his valuable time and effort. I am sure that his dynamic managerial activities will give inspiration to any body to build his career properly.

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ABSTRACT

The Banking sector in any country plays an important role in economic activities. Bangladesh is not exception of that as because of its financial development and economic development are closely related. That is why the private commercial banks are playing significant role in this regard.

Customers' attitude towards Banks is becoming an important factor for survival in competition in the banking industry. Commercial banks especially private commercial banks are very much concerned with the customer services to compete with foreign banks and earning profits. This study compares customer attitude towards service quality and bank performance between Mercantile Bank Limited (MBL) and Janata Bank. The major objective of the study is to evaluate the quality of customer service rendered by Mercantile Bank Limited (MBL) and Janata Bank.

The primary data and information of the study were collected from the concerned banker, depositors and borrowers on the basis of three sets of questionnaires through personal interview. The sample for the study consisted of 40 bankers .Out of 40 bankers, 20 bankers from Mercantile Bank Limited (MBL) and 20 bankers from Janata Bank. They were selected on the basis of convenience sampling procedure. Moreover, 200

depositors and 200 borrowers interviewed by introducing interview schedule. They were selected by stratified random sampling procedure.

The study shows that majorities of the depositors are male and they belong to the age group 25 to 35. The bankers of MBL mentioned that the depositors don't clear all information about the source of fund violating banking norms, which creates problems from the clients. In contrast, bankers of Janata bank mentioned that political pressure has been imposed for sanctioning loans and advances to the clients by violating banking rules and norms, which increased the volume of Classified Loan.

From the survey, it is very clear to us regarding customer attitude towards selection of a bank in terms of Public Commercial banks depends on - Location of the branch, Banker -Customer relationship, Ownership of the bank (Private or nationalized), Loan Price and safety ensured by Government. On the other hand, selection of private commercial banks depends on Efficiency, Financial Health of the bank, Quality of the bank services, Location of the branch, Reputation of the bank, Banker -Customer relationship, Interest rate, Loan Price & Incentives, Physical facilities available in the branch, Technological support of the bank etc.

The service quality has been measured by using five dimensions namely Tangibles, Reliability, Responsive, Assurance and Empathy. Mercantile Bank Limited (MBL) was found superior to Janata Bank in different dimensions of service quality. It is also seen that both banks have been received several types of complaints from their depositors and borrowers.

To have a strong customer base, the respondent suggests some ideas to improve the quality of services both for public and private commercial banks. Their recommendations include: Training arrangement for employees, Recruitment of efficient officer, Efficient Management, Online Banking, Changing policy and attitude of management and limited paper works, Restructuring Salary and other emoluments especially in Public commercial banks etc.

Above all we can draw an inference that commercial banks should be very careful about the customer attitude and quality banking services since “customer is the king”.

**CUSTOMERS' ATTITUDES
TOWARD BANKING SERVICES:
A COMPARATIVE STUDY BETWEEN
PRIVATE AND PUBLIC COMMERCIAL BANKS
IN
BANGLADESH**

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CHAPTER ONE
INTRODUCTION

Chapter Preview

- 1.1. BACKGROUND OF THE STUDY
- 1.2. OBJECTIVES OF THE STUDY
- 1.3. JUSTIFICATION/EMERGENCE OF THE STUDY
- 1.4. ORGANIZATION OF THE STUDY
- 1.5. REVIEW OF RELATED LITERATURE

1.1. BACKGROUND OF THE STUDY OF THE STUDY

The word “Bank” refers to the financial institution deals with money. Commercial banks are the primary contributors to the economy of the country. On the other hand they are borrowing money from the locals and lending the same to the business as loans and advances. So the people and the government is very much dependent on these banks as the financial intermediary.

Banking sector is the largest service industry in Bangladesh. It plays a vital role for the customer, for national economic development, stakeholders as well. The success of commercial Banks depends on customer service mainly since there are competition within the Nationalized/Public and Private commercial Banks and foreign banks also.

Banks are basically multi-product firms producing services rather than output in physical quantity. Since Banking products are in the form of services, the nature and composition of these services vary from Bank to Bank even Branch to Branch of a Bank. Despite the Unique behaviour of the banking services – management outlook, employee’s attitude & behaviour, target deposit and investment, location of the Bank, cost efficiency etc. are the depending variable in this competitive age.

The recent competitive environment in service sector specially banks emphasis to the customer service to retain the existing customer,

extended business as well as to secure new business for the Bank. So there is no alternative to making positive attitude towards customer services of the commercial bank especially.

Involvement of the banking sector in different financial events is increasing day by day. At the same time the banking process is becoming faster, easier and the banking arena is becoming wider. As the demand for better service increases, the banking organizations are coming with innovative ideas. In order to survive in the competitive field of the banking sector, all banking organizations are looking for better service opportunities to provide to their clients. As a result, it has become essential part of the bank to have the quality service and commitment to the customer.

For survival, bank should committed to provide high quality financial services/products to contribute to the growth of GDP of the country through stimulating trade & commerce, accelerating the pace of industrialization, boosting up export, creating employment opportunity for the educated youth, poverty alleviation, raising standard of living of limited income group and over all sustainable socio-economic development of the country.

Moreover, The key to success of commercial bank is identified as high quality service commitment and Personalized services to the customer.

It has been revealed from various studies, though there are so many factors that influence a customer's attitude for selection of a bank such as Efficiency, Financial Health of the bank, Quality of the bank services, Location of the branch, Reputation of the bank, Banker -Customer relationship, Interest rate, Loan Price & Incentives, Physical facilities available in the branch, Technological support of the bank etc. but customer service is main thing in selection of a bank. Therefore we have made a comparative analysis to measure the service quality between the Public and Private commercial bank.

1.2. OBJECTIVES OF THE STUDY

The Study on –**“Customers’ attitudes toward Banking Services: A Comparative Study between a Public and Private Commercial Banks in Bangladesh”** has been conducted keeping the following objectives in mind:

- i) To determine the level of customer satisfaction that has been provided by the Private and Public commercial Banks in Bangladesh.
- ii) To identify and analyze impact of customers services in making profit of a Bank.
- iii) To study the variety of services and products offered by public and private commercial bank in Bangladesh.
- iv) To evaluate the quality of customer service rendered by public and private commercial banks.
- v) To determine and analyze the factors that influences the choice of a bank by depositors and borrowers.
- vi) To suggest means and ways for improving the quality of customers’ services in order to achieved operational efficiency in Banks.
- vii) To evaluate the level of satisfaction regarding various customer services as perceived by the Bank customer i.e. Depositors, borrowers etc.
- viii) To recommended how to reach the banking services to the doors of customer.

1.3. JUSTIFICATION/EMERGENCE OF THE STUDY

- i) The importance of customer services in Banking has already been recognized in recent years due to growing competition amongst the large number of banks especially newly established private commercial banks.
- ii) A number of Research works have not yet been made in this field though it is the main weapon of a commercial Bank for their business development.
- iii) Findings of this study may ensure the quality of customer services in banking.
- iv) Moreover, this study would play an important role in the field of education, policy formulation as well as feedback for the bank officers and executives.

1.4. ORGANIZATION OF THE STUDY

The study contains six Chapters. Chapter one named Introduction of the study includes Background Of the Study, Objective Of the Study, Justification / Emergence Of the Study, Organization Of the Study and Review of the literature. Chapter two which provides Methodology, Population and Sample, Sample Selection, Sampling Procedure, Data collection and Data processing procedure and limitation of the study. In Chapter three, an overview of Mercantile Bank Limited and Janata Bank were presented. Chapter Four furnishes the Theoretical Framework of the study and overall activities of the banking service. Findings of the Study were described in the Chapter Five. Last of all, in Chapter Eight, Conclusion of the Study was made and recommendation from the study also presented in this chapter.

1.5. REVIEW OF RELATED LITERATURE

So far our knowledge goes, a large number of research studies, articles relating to various aspects of banking sector have been published in Bangladesh. However, critical reviews of some of the important research studies/articles have been made in this study. A study entitled Choice of Banks, Customers' Service & Credit Policy (Ghosh, 1981), was conducted in 1981. The study focused on factors influencing the choice of banks,

depositors and borrowers view on banking business in Bangladesh and their satisfaction level etc.

Again, another study on "Productivity in the Banking Industry in Bangladesh" authored by Forrest Cookson (Cookson, 1989). In this study, he divided the banking product into three components-deposit services, loan services and other financial services or which a fee is charged.

A thesis on "A Study on the Quality of Customer Service in Public Banks in Kerala" by G. Pushpangathan (Pushpangathan, 2003), highlighted the variety of services and products offered by the public sector banks in Kerala vis-à-vis the Private Sector banks and foreign banks in the state. The sample size of the study was 635 bank customers which includes 550 individual customers and 85 institutional customers. The study reveals the dissatisfaction of customers with the behavior of bank staff in their dealings with customers in Public Sector banks and Private Sector banks. A article on "Service Quality in the Financial Services Industry in Malaysia: The Case of Islamic Banks and Insurance" by Izah Mohd Tahir and Wan Zulqurnain Wan Ismail(Tahir and Ismail, 2005). The purpose of this paper is to examine the level of service quality and customer satisfaction in Islamic banks and Islamic insurance companies in Malaysia. The study employed the SERVQUAL model. The results of the

study revealed that both the service quality of the Islamic banks and the Islamic insurance companies in Malaysia were unsatisfactory.

Lastly, another study on "A Measurement of Customer Service Quality of Banks in Dhaka City of Bangladesh" by Nazrul Islam and Ezaz Ahmed (Islam and Ahmed, 2005). The study attempts to identify the factors related to service quality of the banks in Dhaka City of Bangladesh. The study identifies the relationship between age, educational background, profession, length of involvement, types of services obtained by the clients and the service quality factors. This study did not compare between public commercial banks and private commercial banks separately.

Thus, it appears from the preceding discussions that, banking business in Bangladesh have not been addressed from the angle of services marketing in the context of Bangladesh. It would, therefore, not be unjustifiable to state that present study is the first of its kind in Bangladesh and can be used for guidelines for the similar studies in years ahead.

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CHAPTER TWO
METHODOLOGY & LIMITATION

Chapter Preview

2.1. METHODOLOGY OF THE STUDY

2.1.1. Population and Sample

2.1.2. Sampling Procedure

2.1.3. Questionnaire Development and Pre-testing

2.1.4. Data Collection

2.1.5. Data Processing & Analysis

2.1.6. Factor Analysis

2.2. LIMITATIONS OF THE STUDY

2.1. METHODOLOGY OF THE STUDY

The Study on –“ **Customers’ attitudes toward Banking Services: A Comparative Study Between a Public and Private Commercial Banks in Bangladesh**” has been accomplished by the way of comparing the customer services of the Private and Public Commercial Banks in Bangladesh through primary and secondary sources of data and information. Data from the primary sources has been collected by questionnaire (qualitative and quantitative) and close observation. Secondary data collected by consulting various Journals, Manuals, Circular, Annual Report, relevant institutional activities etc.

2.1.1. Population and Sample

There are about 40 commercial Banks including Foreign, Local Public and Private commercial banks which initially represents the population of survey. Out of the local commercial banks I have selected 02(two) commercial banks - one was from nationalized commercial Bank named Mercantile Bank Limited and another one was from Nationalized commercial Bank named Janata Bank after consulting with the supervisor.

Among the Mercantile Bank Limited and Janata Banks’ branches sample has been selected randomly. Total 20 branches were selected (Out of 35 branches of Mercantile Bank Limited and 848 branches of Janata Bank) from both of the banks for collection of data through questionnaire all of which were in Dhaka city.

2.1.2. Sampling Procedure

The primary data and information were collected from the concerned banker, depositors and borrowers on the basis of three sets of questionnaires through personal interview.

The sample for the study consisted of 40 bankers .Out of 40 bankers, 20 bankers from Mercantile Bank Limited (MBL) and 20 bankers from Janata Bank. They were selected on the basis of convenience sampling procedure. Moreover, 200 depositors and 200 borrowers interviewed by introducing interview schedule. They were selected by stratified random sampling procedure. The initial sample units were divided into different stratum- students, housewives, businessmen, and service holders on the basis of their occupation. Then I have selected the sample randomly from that stratum.

2.1.3. Questionnaire Development and Pre-testing

To achieve the objectives of the study, a structured interview schedule was developed to collect information from the remaining sample population. Here I introduce 'Likert Scale' for measuring the attitude of the respondents. Initially draft questionnaire was prepared. The initial questionnaire was pre-tested and necessary correction was made before being finalized.

Since the accuracy and fairness of the study depends on the method of data collection, so all the best efforts have been made from the beginning of the data collection through structural questionnaire. The questionnaire comprises close-ended questionnaire as well open ended questionnaire in nature.

2.1.4. Data Collection

The study was compiled with the help of primary data. Primary data were collected from the respondents on the basis of interview schedule through personal interview. The study was conducted during the period from October 2007 to November 2007. Moreover, the desk study covered various published and unpublished materials on the subject.

2.1.5. Data Processing & Analysis

In this study, I have been analyzed data by employing factor analysis and correlation matrix. For the study, the entire analysis was done by personal computer (PC). A well-known statistical package SPSS (Statistical Package for Social Sciences) 11.5 Version was used in order to analyze the data.

2.1.6. Factor Analysis

Factor analysis is a generic term for a family of statistical techniques concerned with the reduction of a set of observable variables in terms of a small number of latent factors. It has been developed primarily for analyzing relationships among a number of measurable entities (such as survey items or test scores). The underlying assumption of factor analysis is that there exists a number of unobservable latent variables (or "factors") that account for the correlations among observed variables, such as, if the latent variables are partially out or held constant, the partial correlations among observed variables all become zero. In other words, the latent factors determine the values of the observed variables (The University of Texas at Austin 1995).

Each observed variable (y) could be expressed as a weighted composite of a set of latent variables (f 's) such as

$$y_i = a_{i1}f_1 + a_{i2}f_2 + \dots + a_{ik}f_k + e_i$$

Where, y_i is the i^{th} observed variable on the factors, and e_i is the residual of y_i on the factors.

Analysis of data has been established the relationship between the private & Public Commercial Banks in Bangladesh.

2. 2. LIMITATIONS OF THE STUDY

The study suffers from a number of limitations as specified below:

- i. The study was concentrated only on urban clients, thus no general conclusion can be drawn from the findings of the study about their attitude toward banks.
- ii. The study was limited by the size of the sample. Only one bank selected from Public Commercial Bank and one from private commercial banks as sample. So appropriate results of the survey may be biased.
- iii. The depositors and borrowers did not accurately provide data such as income, age etc., which were highly confidential to them and as a result, the authenticity of such data hampered to some extent.
- iv. Some of the respondents did not answer the questionnaire with utmost care. As a result, true attitude towards customer services might not come out properly.
- v. Many procedural matters were written from own observation, which may also vary from person to person.

References

The University of Texas at Austin (1995). Factor Analysis Using SAS PROC FACTOR. Available at: www.utexas.edu/cc/docs/stat/53.html (Retrieved on 25th June, 2005).

CHAPTER THREE

AN OVERVIEW OF

MERCANTILE BANK LIMITED

&

JANATA BANK

Chapter Preview

3.1. MERCANTILE BANK LIMITED

- 3.1.1. INTRODUCTION
- 3.1.2. OBJECTIVES
- 3.1.3. THE STRUCTURE OF MBL
- 3.1.4. MANAGEMENT
- 3.1.5. MANAGEMENT HIERARCHY
- 3.1.6. OPERATION
- 3.1.7. CORPORATE INFORMATION
- 3.1.8. CORRESPONDENT RELATIONSHIP
- 3.1.9. HUMAN RESOURCES DEVELOPMENT
- 3.1.10. R & D: INVESTING INTO THE FUTURE
- 3.1.11. OFFICE AUTOMATION
- 3.1.12. FINANCIAL PRODUCTS AND SERVICES
- 3.1.13. MERCANTILE BANK FOUNDATION
- 3.1.14. HIGHLIGHTS FOR THE YEAR 2006 & 2005

3.2. JANATA BANK

- 3.2.1. INTRODUCTION
- 3.2.2. OBJECTIVES
- 3.2.3. THE STRUCTURE OF JANATA BANK
- 3.2.4. MANAGEMENT
- 3.2.5. HUMAN RESOURCES DEVELOPMENT
- 3.2.6. MANAGEMENT HIERARCHY
- 3.2.7. CORRESPONDENT RELATIONSHIP
- 3.2.8. CORPORATE INFORMATION
- 3.2.9. FINANCIAL PRODUCTS AND SERVICES
- 3.2.10. HIGHLIGHTS FOR THE YEAR 2006 & 2005

3.1. MERCANTILE BANK LIMITED

3.1.1. INTRODUCTION

Mercantile Bank Limited is a private commercial bank with its head office at 61 Dilkusha C/A, Dhaka, Bangladesh started its operation on 2nd June 1999. The bank has 35 branches spread all over the country. With assets of Tk. 37,159.65 million (as on 31.12.2006) and more than 650 employees, the bank has diversified activities in retail banking, corporate banking and international trade.

Mercantile Bank Limited (MBL), a bank for 21st century, it is not a mere slogan. The bank has been manned with talented and brilliant personnel, equipment with most modern technology so as to most efficient to meet the challenges of 21st century.

As regards the second slogan of bank **Efficiency is our strength** is not a mere pronouncement but part of their belief, which will inspire and guide them in their long and arduous journey ahead.

3.1.2. OBJECTIVE

Mercantile Bank Limited aims at excellent service and is committed to explore a new horizon of Banking and provide a wide range of quality products and services comparable with those available with any modern Bank in the world.

It is a Bank for the common people including businessman and professionals. It intends to serve with quality at a price competitive to anyone in the financial market. It would constantly keep on exploring the needs of the clients.

Vision

Would make finest corporate citizen.

Mission

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

3.1.3. THE STRUCTURE OF MBL

The organization structure and corporate of **Mercantile Bank Limited (MBL)** strongly reflect its determination to establish, uphold and gain a stronger footing as an organization which is customer-oriented and transparent in its management.

Board of Directors

The Board of Directors, the apex body of the Bank, formulates policy guidelines, provides strategic planning and supervises business activities and performance of management while the Board remains accountable to the company and its shareholders. The Board is assisted by the Executive Committee and Audit Committee.

Executive Committee

The Executive Committee, subject to ratification of the Board of Directors decides upon all routine and day-by-day operational matters beyond delegated powers of management.

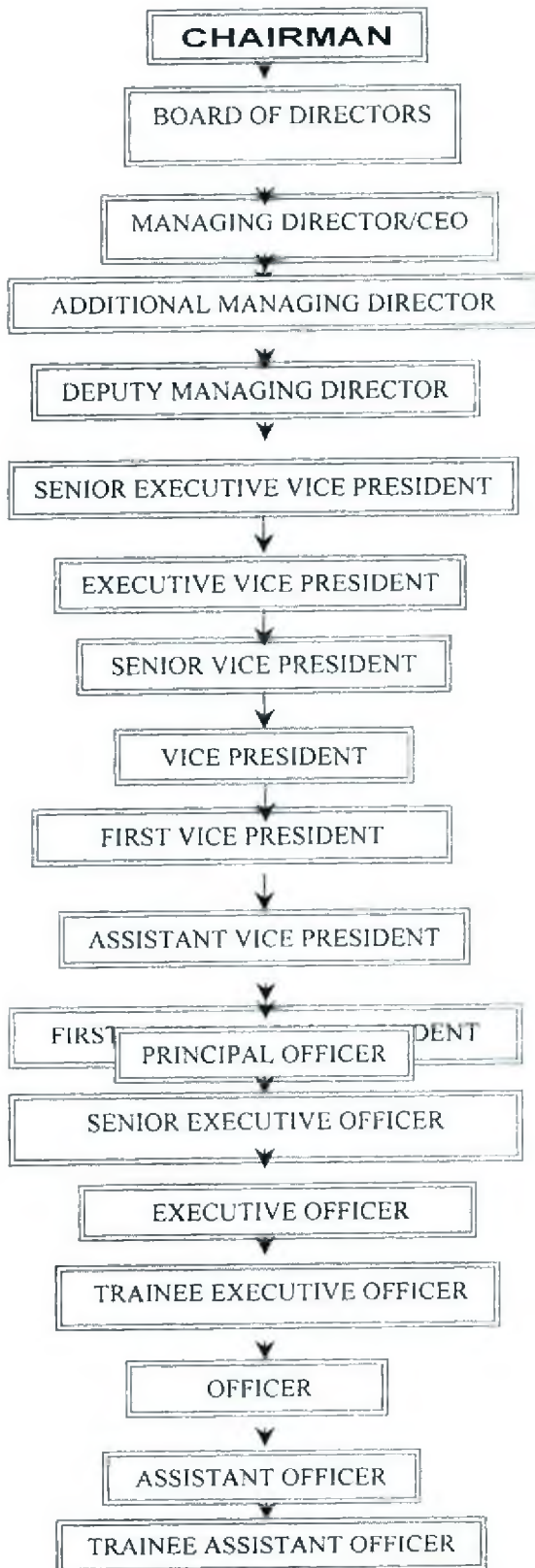
Audit Committee

The Audit Committee assists the Board in fulfilling its auditing responsibilities. The Audit Committee maintains effective liaison with the Board of Directors, Management and the Internal and External Auditors.

3.1.4. MANAGEMENT

The management of the bank is vastly on a Board of Directors, for overall supervision and directions on policy matters by the board. The power of general supervision and control of the affairs of the bank is exercise by the president and managing director of the bank who is the chief executive officer. Above all, the bank will be manned and managed by a galaxy of talented professionals proficient in their individual fields and dedicated to the cause of the bank.

3.1.5. MANAGEMENT HIERARCHY



3.1.6. OPERATION

The importance of the mobilization of savings for the economic development of the country can hardly be over emphasized. The Bank considers savings and deposit as life -blood of the Bank. More the deposit, greater is the strength of the Bank. So they launched various new savings schemes with prospect of higher return duly supported by a well- orchestrated system of customer services.

The Bank would cater to the credit needs of individuals as well as corporate clients. Initially it will emphasize on trade finance, which would be short term and self-liquidating in nature. Now the bank disburses their fund in both short term & long term financing, including financing and handling of export and import business and also handling of foreign remittance business.

Being a commercial bank, it would no doubt aim at earning profit but it would not be oblivious of its socio-economic responsibilities. The bank extends term finance and contributes to the industrialization of the country.

3.1.7. CORPORATE INFORMATION

MERCANTILE BANK LIMITED (MBL)
ESTABLISHED IN 1999

Head Office

61, Dilkhusha C/A, Dhaka-1000, Bangladesh

Fax:

880-2-9561213

Telex:

642509 MBLID BJ

Telephone:

9559333, 0171-679023

E-mail:

mbl@bol-online.com

External Auditors:

KHAN WAHAB.SHAFIQUE, RAHMAN & co.

Howlader,yunus & co.

Chartered Accountants,

52,Motijheel C/A, Dhaka-1000

3.1.8. CORRESPONDENT RELATIONSHIP

The Bank has established correspondent relationship across the world with a number of foreign banks namely Citibank N.A., The Bank of Tokyo Mitsubishi Ltd., Standard Chartered Bank, American Express Bank, HSBC, Commerzbank, MashreqBank, Commonwealth Bank of Australia, Scotia Bank, Toronto Dominion Bank, Unicredito Italiano, Wachovia Bank, N.A., Hutton National Bank, HypoVereinsbank, Bank Austria, Sumitomo Mitsui Banking Corp., ING Bank, United Bank of India, ICICI Bank etc. The number of foreign correspondents is 240 as of December 31, 2003. Efforts are being continued to further expand the correspondent relationship to facilitate Bank's growing foreign trade transactions.

3.1.9. HUMAN RESOURCES DEVELOPMENT

In today's competitive business environment, the quality of human resources makes the difference. The Bank's commitment to attract high quality persons to work for it is reflected in the efforts of the bank. In the face of today's globalization, the Bank envisages to develop highly motivated workforce and equip them with latest skills and technologies. The Bank evolves human resources development strategy with a view to ensuring good working environment, a high level of loyalty and commitment, devotion and dedication on the part of the employees.

The Bank has set up Training Institute for providing training facilities to its executives/officers. The Training Institute has already conducted a number of foundations and specialized training courses. A number of officers were sent to Bangladesh Institute of Bank Management (BIBM) and other training institutes at home and abroad for specialized training on various aspects of banking. The Bank believes in professional excellence and considers its working force as its most valuable asset and the basis of its efficiency and strength.

3.1.10. R & D: INVESTING INTO THE FUTURE

Excellence in banking operation depends largely on a well equipped and efficient Research and Development Division. Such activities require the investment of substantial resources and a set of qualified personnel with multidisciplinary background. Although it is not possible at this stage to undertake R&D activities similar to those of the banks in the developed countries, Mercantile Bank has established a core Research and Planning Division comprising skilled persons from the very inception of the Bank.

3.1.11. OFFICE AUTOMATION

Banking operations of the branches have been computerized to minimize costs and risks and to optimize benefits and increase overall efficiency for improved services. The Bank generates the relevant financial statements at the end of the day. The Bank has installed Reuters Screen for smooth operation of foreign currency dealings. The Bank has also hosted a web page of its own to take a place in the World Wide Web. On-line Banking has been introduced by the Bank to provide better services to the customer. The bank has already introduced ATM 'Q-Cash'. The Bank has installed SWIFT to facilitate quick international trade and payments arrangements. At the same the Bank has introduced Credit Card also.

3.1.12. FINANCIAL PRODUCTS AND SERVICES

The Bank has launched a number of financial products and services since its inception. Among them Monthly Saving Scheme, Family Maintenance Deposit, Double Benefit Deposit Scheme, Special Saving Scheme, Pension & Family Support Deposit, Consumer Credit Scheme, Personal Loan Scheme, Small Loan Scheme and Lease Finance Scheme have attained wide acceptance among the people.

Monthly Savings Scheme

The prime objective of this scheme is to encourage people to build up a habit of saving. Under this scheme, one can save a fixed amount of money every month and get a lucrative amount of money after five, eight or ten years.

Family Maintenance Deposit

Under this scheme, one can deposit certain amount of money for five or more years and in return he will receive benefits on monthly basis. Benefits start right from the first month of opening an account under the scheme and continue upto five years.

Double Benefit Deposit Scheme

Under this scheme, depositor's money will be doubled in a seven-year period and the scheme is one of the highest yielding deposit schemes in Bangladesh.

Special Savings Scheme

Under this scheme, depositor's money will be tripled in 11-year period. The main attraction of the scheme is that one can get his money after one year and onward with attractive benefits.

Pension & Family Support Deposit

Pension & Family Support Deposit has been evolved especially for old age. Under this scheme one can get life long benefit if he deposits specific amount per month for a period of 10, 15, 20, or 25 years. The scheme can also be opened in the name of minors.

Consumer's Credit Scheme

Consumers' Credit is relatively new field of collateral-free finance of the Bank. People with limited income can avail of this credit facility to buy household goods including computer and other consumer durables.

Small Loan Scheme

This scheme has been evolved especially for small shopkeepers who need credit facility for their business and cannot provide tangible securities.

Lease Finance

This scheme has been designed to assist and encourage the genuine and capable entrepreneurs and professionals for acquiring capital machineries, medical equipments, computers and other items. Terms and conditions of this scheme have been made easier in order to help the potential entrepreneurs to acquire equipments of production and services and repay gradually from earnings on the basis of 'Pay as you earn'.

Doctors' Credit Scheme

Doctors' Credit Scheme is designed to facilitate financing to fresh medical graduates and established physicians to acquire medical equipments and set up clinics and hospitals.

Rural Development Scheme

Rural Development Scheme has been evolved for the rural people of the country to make them self-employed through financing various incomes generating projects. This scheme is operated on group basis.

Women Entrepreneurs Development Scheme

Women Entrepreneurs Development Scheme has been introduced to encourage women in doing business. Under this scheme, the Bank finances the small and cottage industry projects sponsored by women.

SME Financing Scheme

Small and Medium Enterprise (SME) Financing Scheme has been introduced to assist new or experienced entrepreneurs to invest in small and medium scale industries.

Personal Loan Scheme

Personal Loan Scheme has been introduced to extend credit facilities to cater to the needs of low and middle-income group for any purpose.

Generally service holders are eligible for the loan facilities.

Car Loan Scheme

Car Loan Scheme has been introduced to enable middle people to purchase Cars/SUVs/Jeeps. Service holders and businessman are eligible for the loan facilities.

3.1.13. MERCANTILE BANK FOUNDATION

The Bank has set up Mercantile Bank Foundation for extending benevolent services to the society. The Bank contributes 1% of operating profit or Tk.4.00 million; whichever is higher, to Mercantile Bank Foundation every year.

3.1.14. Highlights for the Year 2006 & 2005

(BDT in Million)

Sl.	Particulars	2006	2005
1.	Paid up Capital	1,199.12	999.27
2.	Total Capital Fund	2,554.29	2045.85
3.	Capital Surplus/deficit	401.50	273.47
4.	Total Assets	37,159.65	28,890.48
5.	Total Deposits	33,317.65	25,087.43
6.	Total Loans and Advances	26,842.14	21,857.05
7.	Total Contingent Liabilities and Commitments	20,627.47	14,674.25
8.	Credit Deposit Ratio	85.16%	91.68%
9.	Percentage of classified loans against total loans and advances	3.79%	4.14%
10.	Profit after tax and provision	494.22	386.83
11.	Amount of Classified Loan	112.25	179.58
12.	Provisions kept against classified loan	594.00	523.00
13.	Provision surplus/deficit	0.0081	0.18
14.	Cost of fund	9.00	8.42
15.	Interest earning Assets	32,882.99	26,117.93
16.	Non-Interest earning Assets	4276.66	2,772.55
17.	Return on Investment (ROI)	8.76%	9.51
18.	Return on Asset (ROA)	1.50%	1.46
19.	Incomes from Investment	369.12	314.94
20.	Earning per Share	41.22	32.26
21.	Net income per Share	41.22	32.26
22.	Price Earning Ratio	9 Times	10Times

Source: Annual Report'2006

3.2. JANATA BANK

3.2.1. INTRODUCTION

Janata Bank is a Nationalized Commercial bank with its head office at 110 Motijheel Commercial Area, Dhaka-1000, Bangladesh established by the Bangladesh Bank's (Nationalization) Order 1972(P.O. no. 26 of 1972) and is fully owned by the Government of the people's Republic of Bangladesh. The bank has 848 (Eight Hundred Forty Eight) branches spread all over the country including 04(four) overseas branches as of 31 December 2006.

3.2.2 OBJECTIVE

Janata Bank is the second largest Commercial Bank in Bangladesh. The aim of the Bank is to actively participate in the socio-economic development of the nation by operating a commercially sound banking system. It provides credit to deserving borrowers and at the same time protects depositor's interest. It is a Bank for the common people including businessman and professionals.

Vision

To be the Financial giant in Bangladesh.

Mission

“ To be recognized as the leading Commercial Bank in the Bangladesh market providing retail and corporate banking services and as a trusted and respected partner in the social and economic development program of our nation”.

3.2.3 THE STRUCTURE OF JANATA BANK

The organization structure and corporate of Janata Bank strongly reflect its determination to establish, uphold and gain a stronger footing as an organization which is customer-oriented and transparent in its management.

Board of Directors

The Board of Directors, the apex body of the Bank, formulates policy guidelines, provides strategic planning and supervises business activities and performance of management while the Board remains accountable to the government.

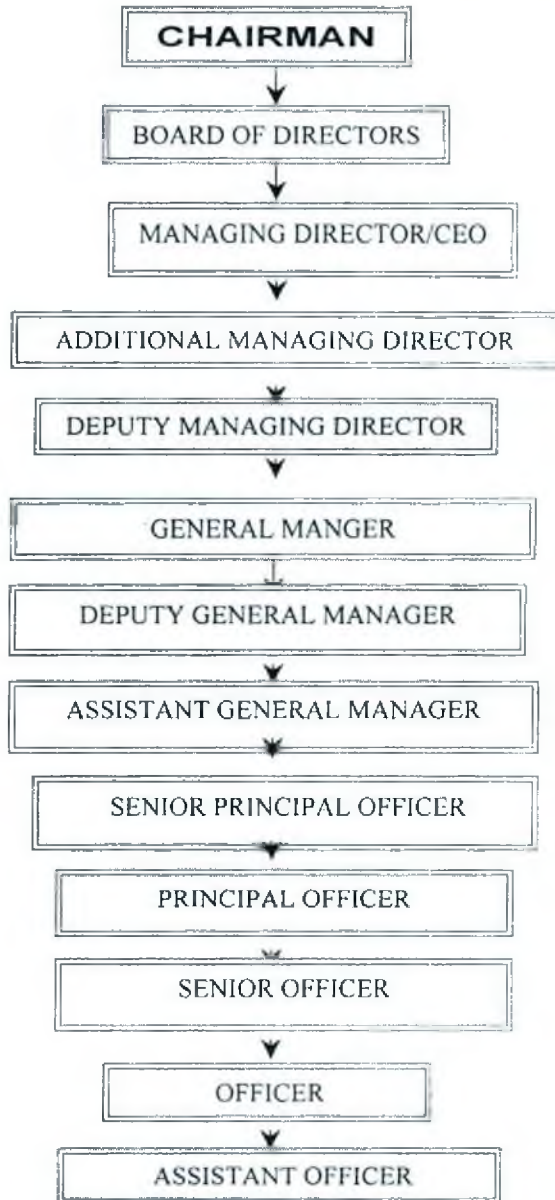
3.2.4. MANAGEMENT

The management of the bank is vastly on a Board of Directors, for overall supervision and directions on policy matters by the board. The power of general supervision and control of the affairs of the bank is exercise by Managing director of the bank who is the chief executive officer.

3.2.5. HUMAN RESOURCES DEVELOPMENT

As apart of the continuous development of existing Human Resources, Janata Bank through its three Training Institutes conducted number training courses round the year. It may be mention here that to build up a group of well-trained and skilled Mangers in Bank Training Programme named “ Mangers Induction Course” of 52 working days also continued in current year.

3.2.6. MANAGEMENT HIERARCHY



3.2.7. CORRESPONDENT RELATIONSHIP

The Bank has already established a worldwide network and relationship with International Banking through its 4 overseas branches in U.A.E., 2 Subsidiaries “Janata Exchange Company s.r.l.” in Italy and 1125 Foreign Correspondent all over the world.

3.2.8. CORPORATE INFORMATION

JANATA BANK
ESTABLISHED IN 1972
by the Bangladesh Bank's (Nationalization) Order 1972(P.O. no. 26 of 1972)

Head Office
110 Motijheel Commercial Areas, Dhaka-1000
Bangladesh

Fax:
880-2-9564644,9560869
Telephone:
88-02-9552078,9564640,9567477

E-mail:
md@janatabank-bd.com

Website:
www.janatabank-bd.com

SWIFT:
JANB BD DH

External Auditors:
ACNABIN @ CO
And

AZIZ HALIM CHOWDHURY KHAIR
Chartered Accountants

Income Tax Advisor:

Howlader,yunus & co.
Chartered Accountants,
67, Dilkusha C/A
Dhaka-1000

3.2.9. FINANCIAL PRODUCTS AND SERVICES

The Bank has launched a number of financial products and services since its inception. Among them Rural Credit Programme, Cyber-Café Loan, Credit For Forestry/Horticulture Nursery, Credit Programme for employees, Financing "Woman Entrepreneurships, Financing Goat & Sheep Farming, Gharoa Project, Crop Loan Programme, Doctors loan, Small Business Dev. Loan etc.

3.2.10. Highlights for the Year 2006 & 2005

(BDT in Million)

Sl.	Particulars	2006	2005
1.	Paid up Capital	2,593.90	2,593.90
2.	Total Capital Fund	5390.40	4672.00
3.	Capital deficit	4472.60	3845.20
4.	Total Assets	212663.90	188166.20
5.	Total Deposits	182946.50	168897.00
6.	Total Loans and Advances	1338492.50	168897.00
7.	Total Contingent Liabilities and Commitments	44121.70	36581.90
8.	Credit Deposit Ratio	75.70	73.69
9.	Percentage of classified loans against total loans and advances	12.67%	11.44%
10.	Profit after tax and provision	-	-
11.	Amount of Classified Loan	17553.90	14243.60
12.	Recovery against classified loan	3831.00	7010.10
13.	Provision surplus/deficit	-	-
14.	Cost of fund	7.45	6.66
15.	Import	128809.00	72912.20
16.	Non-Interest earning Assets	56434.60	41936.40
17.	Return on Investment (ROI)	6.46%	5.93%
18.	Return on Asset (ROA)	2.04%	1.75%
19.	Non Interest Incomes	3266.70	2671.70
20.	Earning per Share	-	-
21.	Net income per Share	-	-
22.	Price Earning Ratio	0.74Times	0.75 Times

Source: Annual Report'2006

CHAPTER FOUR

CONCETUAL FRAMEWORK OF THE STUDY AND AN OVERVIEW OF BANKING ACTIVITIES

Chapter Preview

4.1. CONCEPTUAL FRAMEWORK OF THE STUDY

4.2. BANKING ACTIVITIES

4.2.1 GENERAL BANKING ACTIVITIES

4.2.1.1. DEPOSIT/ACCOUNT OPERATION

4.2.1.1.1. Demand Deposits

4.2.1.1.2. Time Deposits

4.2.1.2. ACCOUNT OPENING

4.2.1.3. CASH SECTION

4.2.1.4. CLEARING

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4.1. CONCEPTUAL FRAMEWORK OF THE STUDY

BANK

“Bank” is a financial intermediary accepting deposit and granting loans; offers many services to the clients and it is the principal source of credit for millions of individuals and businessman and for many units of government.

Few years ago most of the people think that bank play only role—taking deposits and making loans. But now a day total perception is totally changed. Customers’ expectation to the bank increased tremendously. They want to see a bank should play various roles. The roles may be intermediation role, payment role, guarantor role, risk management role, savings and investment advisor role, safekeeping/ certification of value role, agency role, and policy role.

Now-a-days commercial banks are trying to give their customer the best services and try to give the first priority to their customer’s needs and satisfaction.

BANK PRODUCT

A product is something that is capable of satisfying human needs and wants. As any other Products, bank services also have three aspects: core product, fundamental product and augmented product. The core product is the essential benefit or benefits the customer seeks while buying the product. A ‘Savings Bank Account’ customer is not interested

in the passbook and the cheque book, but he is buying core benefits like security, yield, savings, convenience, liquidity and so on. The bank marketers' job is to sell the customer these essential benefits-the core product. All the banking services like Current Account, Savings Account, Fixed Deposit Scheme, Loans and Advances and other banking schemes are intangible fundamental products. In certain cases, the fundamental product is accompanied by a host of related or ancillary offerings-either tangible or intangible. This is the extension of the fundamental product and is known as the augmented product. In banks, it is not a single service, but a package of services that are being sold. When a customer buys a Saving Account, it is accompanied by related services like remittance, collection, credit, safe deposit lockers and so on (Shyam, 1984).

PRODUCT VALUE

Product value based on perceived reliability, durability, performance value. Each and every individual of the world has got his or her own choices. So I should say that their value to that particular product drives the choices. When a person planned to buy anything then he must consider the reliability of the product. When a person came to open a Bank account then he must consider the reliability of the Bank. How reliable are they? Definitely they need to find out the reliability of the

Bank because they are going to deposit the money in the Bank. Money is such a sophisticate thing that's why everybody wants the reliability first. Performance value is another thing, which is seriously considered by the customers. Suppose, a guy maintaining an account with "X" bank but the performance of that bank couldn't satisfied him or her so, he or she switch to another bank "Y". Now he is satisfied with that particular banks performance.

SERVICES VALUE

Service is one of the key elements of business. I think, to sustain in the market you have to care for the customers. Customers should be given the highest priority.

One of the main objectives of the bank is to be a provider of high quality products and services to attract its potential market. The bank also caters to the needs of its corporate clients a provider a comprehensive range of financial services to national and multinational companies. The growing technological revolution in the bank is not so Distant future, the bank are contemplating to introduce ATM services, Credit Card as well as Electronic & Online banking services to their esteemed clients within the shortest Possible time.

The bank management's future plan is to turn this bank into a world-class bank so that all banking related services could be provided

efficiently and effectively. Automation will play a vital role in this regard. We will bring all the branches under one network so that the customer can bank one account whether he/she likes to operate. ATM services have already been introduced for the purpose.

Corporate clients will be provided banking services at their doorsteps. This service will help to ease tension of carrying large quantity of money during the salary period.

- Phone banking and Internet Banking will inspire them to e-commerce and allow the customer to withdraw and transfer money at any time.

IMAGE VALUE

After doing a short survey to the customer of the MBL in Elephant Rd., I found that the customers of this branch are satisfied with the services of the bank and its officers. And most of them want to continue their relationship with for a long time. The number of account holder and the amount of deposits are increasing day by day because of its good image; fulfill needs and satisfaction of its customer. That's why elephant road branch is called model branch of mercantile bank ltd.

TOTAL CUSTOMER SATISFACTION

The customer is satisfied after purchase depends on the offer's performance in relation to the buyer's expectations. In general, satisfaction is a person's feeling of pleasure or disappointment resulting from comparing a product's perceived performance in relation to his or her expectations. In the Banking sector I have found that, the customers are normally satisfied if they are getting more interest. But if they don't get their expectation interest then they are not satisfied. Whether the buyer is satisfied after purchase depends on the others performance in relation to the buyer's expectations. In general, satisfaction is a person's feelings of pleasure or disappointment resulting from comparing a product's perceived performance in relation to his or her expectations. If the performance falls short of expectations, the customer is dissatisfied. If the performance matches the expectations, the customer is satisfied. If the performance exceeds expectations, the customer is highly satisfied or delighted.

The link between customer satisfaction and customer loyalty is not proportional. Suppose customer satisfaction is rated on a scale from one to five. At a very low of customer satisfaction (level one), customers are likely to abandon the company and even bad-mouth it. At levels two to four, customers are fairly satisfied but still find it easy to switch when a better offer comes along. At level five, the customer is very likely to repurchase and even spread good word of mouth about the company.

DELIVERING HIGH CUSTOMER VALUE & SATISFACTION

The key is to generating high customer loyalty to deliver high customer value. Commercial bank should exactly do that. In a hyper competitive economy with increasingly rational buyers, a company can only win by creating and delivering superior value.

CHOICE OF BANKS

Warren Henry in his book "How to choose your bank" wrote, "a customer before choosing a bank should certainly see that its members are liable, in the event of its suspension, for at least twice the amount of its paid up capital and he would doubtless remember that greater the shareholders' liabilities the smaller is his own risk, therefore, other things being equal, he would bank with the company which offered him the best security"⁵. He further stated that before choosing a bank a customer must consider the following five points:

- a) The amount of its paid-up capital.
- b) The amount of its reserve fund.
- c) The proportion of cash held to deposits.
- d) Te amount of reserve liability.
- e) Te amount of its investments.

This point was strongly supported by a study undertaken by William C. Stewart. Stewart believes that the choice of bank, while often subjective, can be based on seven key factors⁶.

His study showed that businessmen mostly considered "financial condition of the banks". The factors used and the number of times responding corporations were as follows singled them out: financial condition, 114; quality of management, 93; location, 92; size, 72; reputation, 69; personal relationships, 58. The factor "financial condition" is getting priority over other factors because of uncertainty in banking business. In a situation where proper guarantee is given by the Central Bank, other factors may get priority over the factor "financial condition of banks". Thus, W. Henry aptly concluded by telling that the larger the paid up capital and reserve fund, and greater the liabilities of the members, the safer is the position of the customers, whilst a good reserve of cash is necessary in order to insure the company against a run⁷.

CUSTOMERS' SERVICES

"The banks while conducting their business have before them three main goals: (1) to retain the existing customers, (2) to get additional business from existing customers, (3) to secure new business for the banks. These can be best achieved through "customers' service"⁸.

A bank can work as an agent of its customers. Even, in its day-to-day activities a bank can give various services to its customers. The services, which can be rendered by banks, are as follows:

- a) Prompt cheque encashment.
- b) Quick deposit of cash.
- c) Prompt collection of cheques and other instruments.
- d) Remittance facilities.
- e) Giving various types of advices.

Thus, opening an account with a bank is not either “the safe keeping money” or “having funds from banks”. Customers may open accounts for having services mentioned above.

CREDIT POLICY

A “credit policy” includes all rules relating to advances made by banks to borrowers. This includes:

- a) Types of credits extended by banks.
- b) Judging the credit-worthiness of borrowers.
- c) Types of securities accepted by banks.

4.2. BANKING ACTIVITIES

The word "Bank" refers to the financial institution deals with money. Commercial banks are the primary contributors to the economy of the country. On the other hand they are borrowing money from the locals and lending the same to the business as loans and advances. So the people and the government is very much dependent on these banks as the financial intermediary. Moreover, banks are profit - earning concern, as they collect deposit at the lowest possible cost and provide loans and advances at higher cost. The differences between two are the profit for the bank.

The total activities of a bank include three major areas. They are:

1. General Banking
2. Loans and Advance
3. Foreign Trade & foreign exchange.

4.2.1. GENERAL BANKING ACTIVITIES

The general banking department does the most important and basic works of the bank. All other departments are linked with this department. It also plays a vital role in deposit mobilization of the branch.

For proper functioning and excellent customer service this department includes following areas:

1. Deposit/ Account Operation
2. Cash Dealing
3. Bills and Clearing
4. Remittance

4.2.1.1. DEPOSIT/ACCOUNT OPERATION

A bank is essentially an intermediary of funds. It can carry out extensive lending operations only when it can effectively channels the saving of community. A good banker is one who effectively mobilizes the saving of the community as well as makes such use of saving by making it available to productive and priority sectors of the economy thereby fostering the growth and the development of the nation economy. Therefore deposit is the blood of bank. From the history and origin of the banking system, we can know those deposit collection the main function of a bank.

The deposits that are accepted by banks may be classified into:

- Demand deposits
- Time deposits

4.2.1.1.1. Demand Deposits

These deposits are withdrawn without notice, e.g. current deposit. Bank accepts demand deposit through the opening of,

- Current account
- Saving account
- Call deposit from the fellow bankers.

4.2.1.1.2. Time Deposits

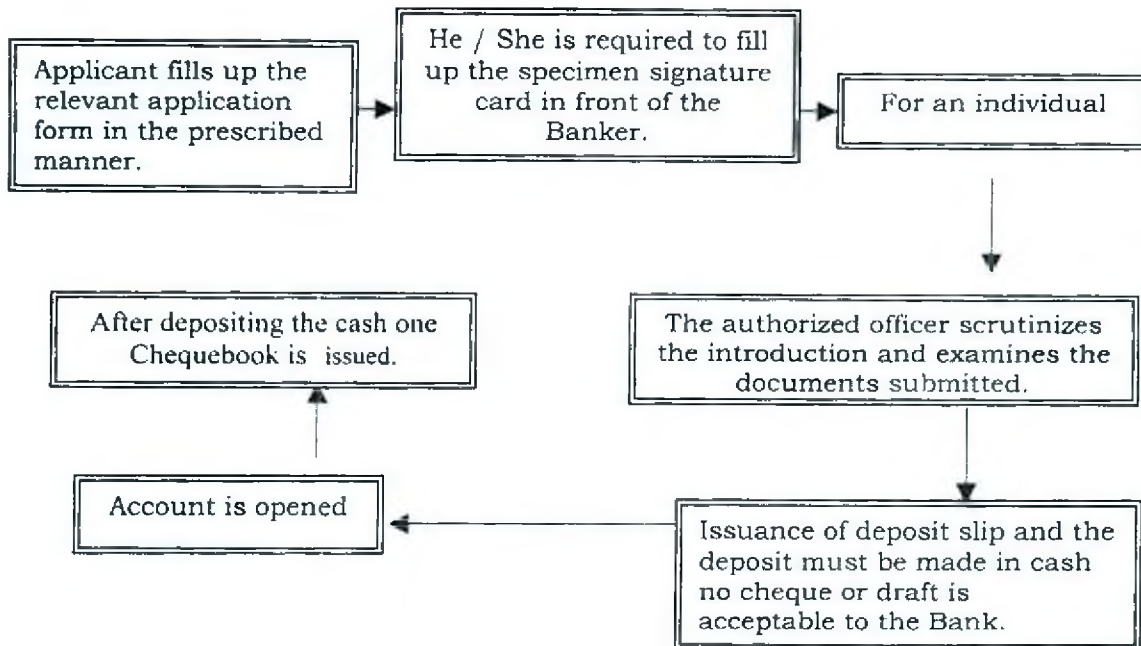
A deposit which is payable at a fixed date or after a period of notice is a time deposit. Bank accepts time deposits through:

- Fixed Deposit Receipt (FDR),
- Short Time Deposit (STD),
- Bearer Certificate Deposit (BCD) etc.

4.2.1.2. ACCOUNT OPENING

Deposits the lifeblood of a bank, which is invested, in a bank through opening an account. The relationship between banker and customer begins with the opening of an account by the customer. Opening of an account binds the Banker and Customer into contractual relationship under the legal framework of the "Contract Act-1872". But selection of customer for opening an account is very crucial for a bank. In fact, fraud and forgery of all kinds start by opening account. So, the banks taken highest caution in this regard.

General Account Opening Procedure is given below:



4.2.1.3. CASH DEALING

Cash section is a very important and busy section of any Bank, any Branch and should handle with extra care. Operation of this section begins at the start of the banking hour. Cash officer begins his / her transaction with taking money from the vault, known as the opening cash balance. Vault is a very secured room. Keys of the room are kept under control of cash officer and branch incumbent. The amount of opening cash balance is entered into a register. After whole days' transaction, the surplus money remains in the cash counter is put back in the vault and known as the closing balance. Money is received and paid in this section.

This section perform the following functions:

- Cash Receipt
- Cash Payment
- Cash Packing
- Allocation of Currency

4.2.1.4. CLEARING

For safety and security in financial transaction people use financial instruments like DD, PO, Cheque etc. The duty of Commercial Banks is to collect these financial instruments on behalf of their customer. This process that the Banks use is known as clearing and collection.

According through the 37(2) of Bangladesh Bank Order 1972, which are the member of the clearinghouse, are called as Scheduled Bank. The scheduled banks clear the cheques drawn upon one another through the clearinghouse. This is an arrangement by the central Bank where every day representative of the member banks gather to clear the cheques.

4.2.1.5. REMITTANCE

Banks have a wide range network of branches all over the country and offer various kinds of remittance facilities to the public. Telegraphic Transfer (TT), Mail Transfer (MT), Travelers Cheque (TC), Demand Drafts (DD) and cheque can do remittance. This remittance may be inland and Foreign remittance.

4.2.2. LOANS and ADVANCE / INVESTMENT

Banks play an important role to the economy of a country by providing facilities for the pooling of savings and making them available for economically and socially desirable purposes in the form of credit. Banking is a business where banks try to earn revenue primarily by lending money to worthy borrowers. According to the Encyclopedia of Banking & Finance by Charles J. Woelfel Bank credit is “the earning asset of commercial banks, including the variety of short and long term loans made to individuals, partnership, corporation, other business firms, banks, and government units and agencies; the banks’ holdings of investments.”

Credit Operation of the Bank is of paramount importance as the greatest share of total revenue of the Bank is generated from it, maximum risk is cent red in it and even the very existence of bank depends on prudent management of its credit portfolio. The failure of a commercial bank is usually associated with the problem in credit portfolio and is less often the result of shrinkage in the value of other assets. As such, credit portfolio not only features dominant in the assets structure of the bank, it is critically importance to the success of the bank also.

4.2.2.1 PRINCIPLES OF LOANS AND ADVANCES

In order to secure a balance between liquidity, profitability and security, MBL follows the following principles of sound lending, -

1. **Liquidity:** It means that while lending, adequate care has to be taken so that the liquidity is not compromised. That's why, MBL chooses such securities which possess sufficient liquidity.
2. **Safety:** MBL exercises the lending function only when it is safe and that the risk factor is adequately mitigated and covered. Safety depends upon,
 - a) The security offered by the borrower,
 - b) The repaying capacity and willingness of the debtor to repay the loan with interest.
3. **Diversity:** In order to minimize risk, MBL invests its funds in different types of securities of different industries situated in different regions of the country.
4. **Yield:** From the commercial point of view, MBL considers sufficient yield or return while financing a project.
5. **Productive Purpose:** MBL exercises its lending function only on productive purpose.
6. **National or Social Interest:** MBL also considers national aspect of any project while financing. They take utmost care so that the project can not be detrimental to the society as well as to the nation.

4.2.2.2 DIFFERENT TYPES OF LOANS AND ADVANCES

As initiated by Bangladesh Bank vide BCD Circular No. 33 dated 16.11.89 different kinds of lending were subdivided into 11 categories w.e.f. 01.01.90 which was subsequently reduced to 9 vide BCD Circular No. 23 dated 09-10.93 and again to 7 prime sectors vide BCD Circular No. 8 dated 25.04.94 for fixation of rates of interest by the individual banks on competitive basis depending on the cost of funds, prevailing marketing condition and monetary policy of the country loans and advances have primarily been divided into two major groups:

A) Fixed-Term Loan

There are the advances made by the bank with fixed repayment schedules. The term of loan are defined as follows:

Short term	©	Up to 12 months.
Medium terms	©	More than 12 and up to 36 months.
Long term	©	More than 36 months.

B) Continuous Credits

These are the advances having no fixed repayment schedule, but have an expiry date at which it is renewable on satisfactory performance. Depending on the various nature of financing, all the lending activities have been brought under the following major heads:

B.01 Cash Credit Hypothecation: A cash credit is an arrangement by which the customer is allowed to borrow money up to a certain limit.

This is a permanent arrangement and the customer need not draw the sanctioned amount at once, but draw the amount as and when required. He can back surplus amount, which he may find with him. Thus cash credit is an active and running account which deposits and withdrawals may be affected frequently. Interest is charged only for the amount withdrawn and not for the whole amount charged.

B.02 Over Draft (OD): Overdraft is an arrangement between a banker and his customer, which the latter is allowed to withdraw over and above his credit balance in the current up to an agreed limit. This is only a temporary accommodation usually granted against securities. The borrower is permitted to draw and repay any number of times, provided the total amount overdrawn does not exceed the agreed limit. The interest is charged only for the amount drawn and for the whole amount sanctioned. A cash credit differs from an overdraft in one respect. Businessmen in doing regular business whereas overdraft is made occasionally and for short duration use cash credit for long term.

🔔 **Secured Overdraft (SOD):** It is a continuous advance facility. By this agreement the banker allows his customer to overdraft his current account up to his credit limits sanctioned by the bank. The interest is charged on the amount, which he withdraws, not on the sanctioned amount MBL sanctions SOD against different security. Based on

different types of security, we can divide the following category of the facility:

- Ⓐ **SOD (General):** Advances allowed to the individuals/firms against financial obligations i.e. lien of F.D.R or Defense Savings Certificate (P.S.P), ICB Unit Certificate etc.

- Ⓐ **SOD (Others):** Advances allowed against assignment of work order for execution of contractual works falls under this head. The advance is generally allowed for a specific purpose. It is not a continuous loan.

- Ⓐ **SOD (Export):** Advance allowed to purchasing foreign currency for payment against L/Cs (Back To Back) where the exporter cannot materialize before the date of import payment.

B.03 IBP (Inland Bill Purchase): Payment made through purchase of inland bills/cheques to meet urgent requirement of the customer falls under this type of credit facility. This temporary advance is adjustable from the proceeds of bills/cheques purchased for collection. If falls under the category 'Commercial Lending'.

B.04 Packing Credit (P.C): Advance allowed to a customer against specific L/C/firm contract for processing/packing of goods to be exported falls under this head and is categorized as Tacking Credit'. The

advances must be adjusted from proceeds of the relevant exports within 180 days. It falls under the 'Export Credit'.

B.05 F.D.B.P (Foreign Document Bill Purchase): Payment made to a customer through purchase/negotiation of a foreign documentary bills falls under this category. This temporary advance is adjustable from the proceeds of the shipping/export documents. It falls under the category 'Export Credit'.

B.06 F.D.B.P (Local): Payment made against documents representing sell of goods to local export oriented industries which are deemed as exports as which are denominated in Local Currency/Foreign Currency falls under this category. This liability is adjustable from proceeds of the Bill.

B.07 F.B.P. (Foreign Bill Purchase): Payment made to a customer through Purchase or Foreign Currency Cheques/Drafts falls under this head. This temporary advance is adjustable from the proceeds of the cheque/draft.

B.08 I.D.B.P (Inland Document Bill Purchase): Payment made to a customer through purchase of inland documentary bills. This temporary liability is adjustable from proceeds of the bill.

B.09 Staff Loan: The bank provides advances to the staff are known as staff loan. Rate of interest is the bank rate. The loan is adjusted from the employee's salary.

B.10 C.C.S (Consumer Credit Scheme): Consumer Credit Scheme is a one of the popular field of micro-credit activities. People with limited income can avail of this credit facility to buy any household effects including car, computer and other consumer durable.

B.11 Small Loan: It is a special credit scheme of MBL and under this scheme the bank provides Tk.2.00 lac as advance to the shopkeepers as working capital. And the loan is allowed on soft terms against personal guarantee and deposit of specified percentage of equity by the customers, the loan is repayable by monthly installment within a fixed period.

B.12 Hire Purchase: Hire Purchase is a type of installment credit under which the Hire-Purchaser agrees to take the goods on hire at a stated rental, which is inclusive of the repayment of Principal as well as interest for adjustment of the loan within a specified period.

B.13 Lease Finance: Leasing is a kind of financing whereby the bank (lessor) finance the acquisition of the asset which enables the user of the asset (lessee) to use it on payment of rentals over a specified period. Lease Financing is a contract between a lesser and a lessee, which

enables the lessee to use the assets for a specified period of time for consideration in the form of payment of "rentals" to the lesser during the lease period.

B.14 Project Loan: Project loan is considered as long-term investment of the bank. If the project is helpful to improve the economy and has a wide market then the bank thinks about giving project loan. To give this kind of loan the bank observes the willingness of the customers, his capacity and his ability to run the project. Having obtained this kind of information the bank makes a credit report about the customers' loan proposal. Interest rate on loan varies from project. Ratio of investment of customer and bank varies from customer to customer and the customer's relationship with the bank.

B.15 Working Capital: The bank gives working capital to run the project efficiently. While giving working capital the bank thinks about security of the loan. For hypothecation the bank takes security from the customer.

B.16 Export Cash Credit: Financial accommodation allowed to a customer for exports of goods falls under this head and is categorized as 'Export Credit', the advances must be liquidated out of export proceeds within 180 days.

B.17 LTR (Loan against Trust Receipts): Advance allowed for retirement of shipping documents and release of goods imported through L/C falls under this head. The goods are handed over to the importer under trust with the arrangement that sale proceeds should be deposited to liquidate the advances within a given period. This is post import finance by MBL.

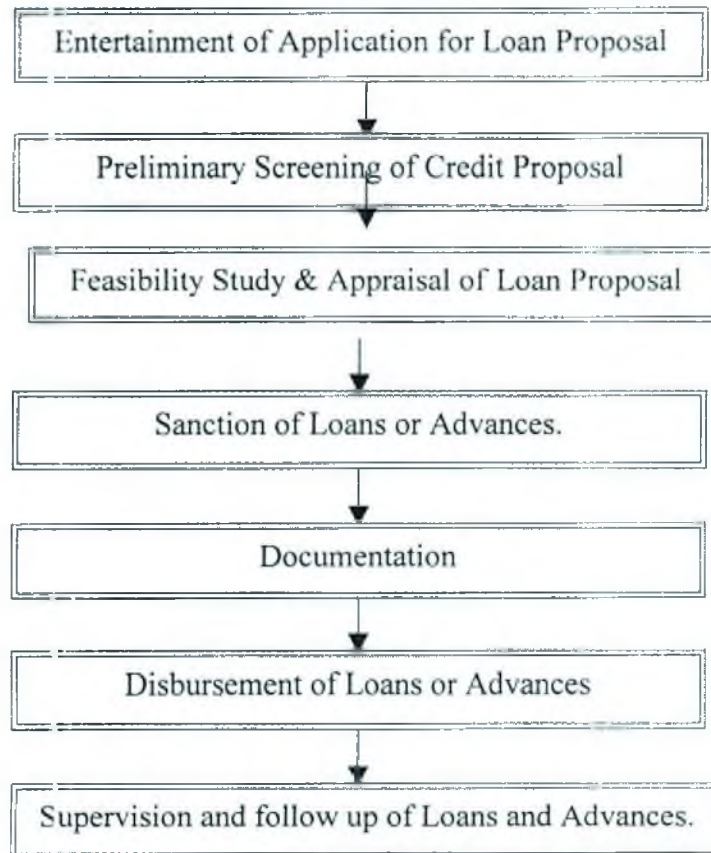
B.18 PAD (Payment against Document): Payment made by the Bank against lodgment of shipping documents of goods imported through L/C falls under this head. It is an interim advance connected with import and is generally liquidated against payments usually made by the party for retirement of the documents for release of imported goods from the customs authority. It falls under the category of 'Commercial Landing'.

4.2.2.3 SELECTION OF BORROWER

In lending, the most important step is the selection of the borrower. Due to the asymmetric information and moral hazard, banks have to suffer a lot due to the classified loans and advances, which weakens the financial soundness of the bank. If the selection of borrower is correct, that is, the borrower is of good character, capital and capacity or of reliability, resourceful and responsible; the bank can easily get the return from the lending.

4.2.2.4 STEPS IN LENDING

The steps in lending can be sum up as follows:



4.2.2.5 SECURITIES

To make the loan secured, charging sufficient security on the credit facilities is very important. The banker cannot afford to take the risk of non-recovery of the money lent. MBL charges the following two types of security -

a) Primary Security:

These are the security taken by the ownership of the items for which bank provides the facility.

b) Collateral Security:

Collateral securities refer to the securities deposited by the third party to secure the advance for the borrower in narrow sense. In wider sense, it denotes any type of security on which the bank has a personal right of action on the debtor in respect of the advance.

4.2.2.6 MODES OF CHARGING SECURITY

There are different modes of charging security are exercised by the bank:

A) Hypothecation

In case of hypothecation, the possession and the ownership of the goods both rest the borrower. The borrower to the banker creates an equitable charge on the security. The borrower does this by executing a document known as Agreement of Hypothecation in favor of the lending bank.

B) Lien

Lien is the right of the banker to retain the goods of the borrower until the loan is repaid. The bankers' lien is general lien. A banker can retain all securities in his possession till all claims against the concern person are satisfied.

C) Mortgage

According to section (58) of the Transfer of Property Act, 1882 mortgage is the "transfer of an interest in specific immovable property for the purpose of securing the payment of money advanced or to be advanced by way of loan, existing or future debt or the performance of an engagement which may give rise to a pecuniary liability". In this case the mortgagor does not transfer the ownership of the specific immovable property to the mortgagee, only transfers some of his rights as an owner. The banker exercises the equitable mortgage.

D) Pledge

Pledge is the bailment of the goods as security for payment of a debt or performance of a promise. A pledge may be in respect of goods including stocks and share as well as documents of title to goods such as railway receipt, bills of lading, dock warrants etc. duly endorsed in bank's favor.

4.2.2.7 DOCUMENTATION

Documentation can be described as the process or technique of obtaining the relevant documents. In spite of the fact that banker lends credit to a borrower after inquiring about the character, capacity and capital of the borrower, he must obtain proper documents executed from the borrower to protect him against willful defaults. Moreover, when money is lent against some security of some assets, the document must be executed in

order to give the banker a legal and binding charge against those assets. Documents contain the precise terms of granting loans and they serve as important evidence in the law courts if the circumstances so desire. That's why all approval procedure and proper documentation shall be completed prior to the disbursement of the facilities.

4.2.2.8 CREDIT DISBURSEMENT

Loan disbursement has to be made after completion documentation and observation of the sanctioning terms against rising of equity by sponsors as laid down. Each phase of loan disbursement to be supervised by bank official that the project and the phase of implementation of the project to be effectively supervised and borrowers persuaded for completion of project in time. There are main three important factors in the loan disbursement, such as:

- i) Completion of documentation.
- ii) Verification of stocks.
- iii) AH important documentation.

4.2.2.9 CREDIT MONITORING

Monitoring is the continuous or periodic surveillance over the implementation of an activity to ensure those input deliveries, work schedules, targeted output and other required action are proceeding according to plan.

The purpose of monitoring is to achieve efficient and effective project performance by providing feedback to project management at all levels in improving operational plan and in taking timely corrective action in case of shortfalls and constraints if any, in implementation of each project as a whole. Monitoring thus is a part the management information system and hence an essential activity.

4.2.2.10 CREDIT SUPERVISION

By the term Supervision, our continuous observations of day management of the firm from implementation stage end to the commercial production or marketing of products. Supervision mainly standard after the loan is sanctioned. Supervision of loan may be categorized in the following terms–

- ☞ The post sanction supervision.
- ☞ The post implementation supervision.
- ☞ The post marketing supervision.

4.2.2.11 FOLLOW-UP

Close Follow Up begins after selection of the borrower and sanction of loan, A good advance may turn bad in the absence of proper and timely follow up. Quite often bankers do not bother to follow up and monitor newly sanctioned loans and advances. Where as, their main function should being after sanctioning of the loan.

4.2.2.12 LOAN CLASSIFICATION

Loan classification is a process by which the risk or loss potential associated with the loan accounts of a bank on a particular date is identified and quantified to measure accurately the level of reserves to be maintained by the bank to provide for the probable loss on account those risky loan.

All types of loans of a bank are fall into following four scales:

- a) **Unclassified:** Repayment is regular.
- b) **Substandard:** Repayment is stopped or irregular but has reasonable prospect of improvement.
- c) **Doubtful debt:** Unlikely to be repaid but special collection efforts may result in partial recovery.
- d) **Bad / Loss:** Very little chance of recovery.

4.2.3. FOREIGN EXCHANGE ACTIVITIES

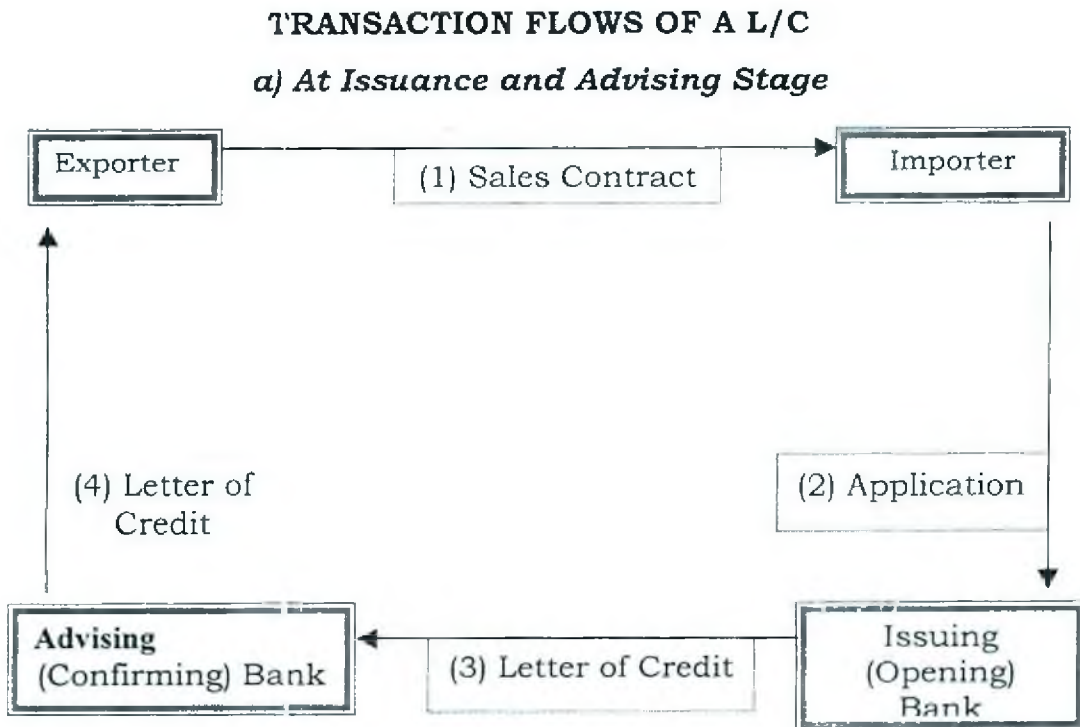
One of the largest businesses carried out by the commercial bank is foreign trading. The trade among various countries falls for close link between the parties dealing in trade. The situation calls for expertise in the field of foreign operations. The bank, which provides such operation, is referred to as rendering international banking operation. Mainly transactions with overseas countries are respects of import; export and foreign remittance come under the preview of foreign exchange transactions. International trade demands a flow of goods from seller to buyer and of payment from buyer to seller. In this case the bank plays a vital role to bridge between the buyer and seller.

4.2.3.1 IMPORT PROCEDURES THROUGH LETTER OF CREDIT

A Letter of Credit (L/C) is an instrument for payment of international trade. It is a written instrument. On the request of the customer (importer) a bank (issuing bank) will issue a L/C in which it obligates itself to pay the seller (exporter) against presentation of a draft and certain documents. Those documents are evidences of shipment and include all of the terms and conditions stipulated in the L/C. The issuing bank advises the exporter that a L/C has been obtained by the importer

through its correspondent (advising bank) in the exporter's country. The exporter may require that the credit be confirmed by another bank (confirming bank). After presentation of the documents in compliance with the terms and conditions of the L/C, the exporter is usually paid through a local bank: (paying bank).

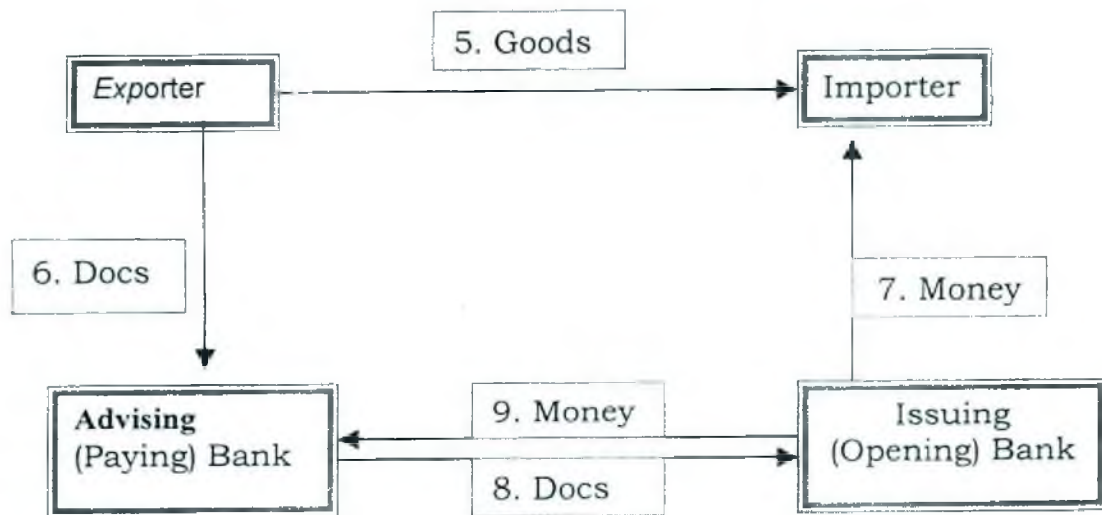
The transaction flow of a L/C opening is shown below:



1. Exporter and Importer sign a sales contract, providing for payment by a L/C.
2. Importer requests bank to open a L/C in favor of the exporter.
3. Issuing Bank requests a second bank to advise (or confirm and advise) the credit.

4. Advising bank informs Beneficiary that the L/C has been issued. Exporter examines L/C to be certain that he can comply with its terms and conditions. If not, he must request the Importer to initiate an amendment, which can only be done with the consent of all parties: buyer, seller, opening and confirming banks. At this stage the transaction flows of the L/C will be as follows:

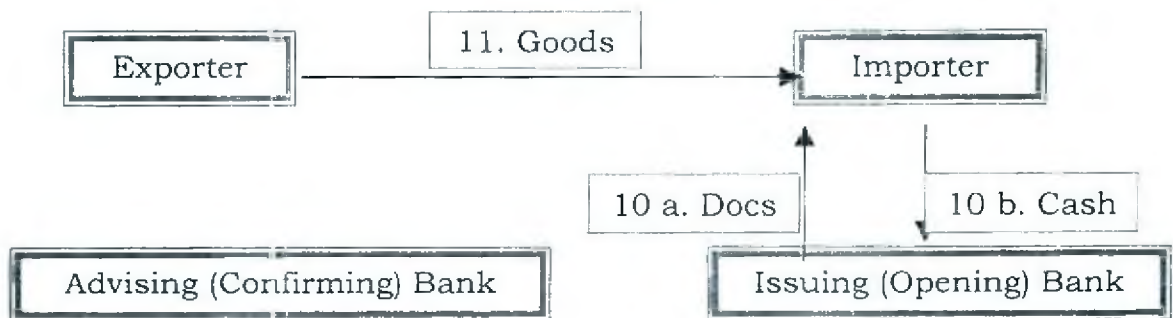
b) At Presentation Stage



5. When satisfied with the terms of the L/C, exporter is ready to ship goods.
6. Exporter sends the required documents to wherever the credit will be available (perhaps at the issuing bank, confirming bank, a named negotiating bank or any other bank willing to negotiate the credit).

7. Bank checks documents against the requirements of the L/C. If in order, bank will pay, negotiate or accept, according to the terms of the credit.
8. The bank, if not the issuing bank, will send the documents to the issuing bank.
1. The issuing bank checks the documents and, if they meet requirements, will either make payment in accordance with the terms of the credit, or reimburse the bank that has already paid, accepted or negotiated the credit. At this juncture, the transaction flows of the L/C will be as follows:

C) At Repayment Stage



10. a) When the issuing bank is satisfied with the documents, they are released to the importer upon payment of the amount due (or upon other terms agreed upon between importer and his bank)
10. b) Ultimately, the importer pays the issuing (opening) bank for the cost of the goods purchased.

11. The buyers then deliver the documents to the carrier and receive the goods. The trade transaction under an L/C is made up of three (sometimes four) separate and independent contracts:

i) Sales Contract defining buyer and seller's obligations to each other.

ii) L/C Application, which includes the credit agreement between buyer and opening bank, in which the importer promises to repay any payments made under the credit.

iii) The Letter of Credit is representing the issuing bank's obligation to the beneficiary.

iv) Confirmation of the L/C represents the issuing bank's obligation to the beneficiary. Confirmation of the L/C is the contractual obligation between the confirming bank and the exporter to pay upon presentation of complying documents.

4.2.3.2 FOREIGN REMITTANCE

Outward Remittance

On March 24, 1994 Bangladesh Taka was declared convertible for current international transaction. As a result remittance become more liberalized. Outward remittances include sale of Foreign Currency by TT, MT, Draft, TC or in cash for private, official and commercial purpose.

Traveler's Cheque

Travelers Cheque (TC) is an instrument for a specific amount of widely accepted foreign currencies, issued in favor of Travelers/ Visitors to carry foreign exchange for meeting heir expenses in abroad.

Issuance of Outward DD and TT

ADs may also issue DD, TT on their foreign correspondent favoring Bangladesh nationals or foreign nationals as per their entitlement. But foreign TT and DD are not issued in this branch.

Inward Remittance

The term inward remittance includes not only purchase of foreign currency by TT, MT, Draft etc. but also purchase of bills, purchase of TC.

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CHAPTER FIVE

FINDINGS OF THE STUDY

Chapter Preview

5.0. FINDINGS

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- 5.3.9. DISTRIBUTION OF BORROWERS ACCORDING TO THEIR OCCUPATION
- 5.3.10. DISTRIBUTION OF BORROWERS ACCORDING TO THEIR INCOME LEVEL
- 5.3.11. DISTRIBUTION OF NATURE OF LOANS RECEIVED BY BORROWERS FROM THE BANKS

5.0. FINDINGS

The major findings of the study has been discussed through some broad headlines. They are:

- i. Bankers point of view
- ii. Depositors Point of view and
- iii. Borrowers point of view

The major headlines have been discussed having recourse to the respondents' opinion through questionnaire.

5.1. BANKERS' POINT OF VIEW

5.1.1. DISTRIBUTION OF SHORTCOMINGS OF LOCAL BANKS TO COMPETE WITH FOREIGN LOCAL BANKS

5.1.1.1: Distribution of Banker According to Shortcomings of Local Commercial Banks Applicable for Mercantile Bank Limited (MBL).

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	13	65.0	65.0	65.0
	No	7	35.0	35.0	100.0
Total		20	100.0	100.0	

5.1.1.2: Distribution of Banker According to Shortcomings of Local Commercial Banks Applicable for Janata Bank (JB).

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	5	25.0	25.0	25.0
	No	15	75.0	75.0	100.0
Total		20	100.0	100.0	

Table 5.1.1.1 and 5.1.1.2 reveal that most of the bankers of MBL opined MBL is capable to compete with foreign commercial banks and their percentage were 65 and they have limited shortcomings and their percentage were 35. On the other hand, most of the bankers of Janata Bank opined they have several shortcomings and their percentage were 75.

5.1.2.DISTRIBUTION OF SHORTCOMINGS OF LOCAL BANKS TO COMPETE WITH FOREIGN LOCAL BANKS (SUPPORT SERVICES)

5. 1.2.1: Distribution of Banker According to Shortcomings of Local Commercial Banks Applicable for Mercantile Bank Limited (MBL).

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Technological Support	3	15.0	42.9	42.9
	Management Policy	4	20.0	57.1	100.0
Total		7	35.0	100.0	
Missing System		13	65.0		
Total		20	100.0		

5.1.2.2: Distribution of Banker According to Shortcomings of Local Commercial Banks Applicable for Janata Bank

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Technological Support	3	15.0	20.0	20.0
	Management Policy	4	20.0	26.7	46.7
	Efficiency of Officers or Executives	3	15.0	20.0	66.7
	Accuracy of Services	5	25.0	33.3	100.0
Total		15	75.0	100.0	
Missing System		5	25.0		
Total		20	100.0		

Table 5.1.2.1 and 5.1.2.2 reveal that bankers of MBL identified that they were facing two types of shortcomings. One is Technological support and another one is Management policy and their percentages were 43 and 57 respectively. Conversely, bankers of Janata bank mentioned that they were facing several shortcomings such as Technological support, Management policy; Efficiency of executives & officers and accuracy of services and their percentage were 20, 26.7, 20 and 33 respectively.

5.1.3.DISTRIBUTION OF PROBLEMS FACED BY BANKER FROM THE CLIENTS

5.1.3.1: Distribution of the Problems Faced by the Banker from the Clients Applicable for Mercantile Bank Limited (MBL).

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	14	70.0	70.0	70.0
	No	6	30.0	30.0	100.0
Total		20	100.0	100.0	

5.1.3.2: Distribution of the Problems Faced by the Banker from the Clients Applicable for Janata Bank.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	16	80.0	80.0	80.0
	No	4	20.0	20.0	100.0
Total		20	100.0	100.0	

Table 5.1.3.1 and 5.1.3.2 reveal that bankers of MBL and bankers of Janata bank were facing several type of problems from their clients and their percentage were 70 and 80 respectively.

5.1.4.DISTRIBUTION OF PROBLEMS FACED BY BANKER FROM THE CLIENTS (NATURE OF PROBLEMS)

5.1.4.1: Distribution of the Problems Faced by the Banker from the Clients Applicable for Mercantile Bank Limited (MBL).

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Violating Banking Rules	5	25.0	35.7	35.7
	Don't Clear A I Information	5	25.0	35.7	71.4
	Unwillingness to Provide Source of Fund	4	20.0	28.6	100.0
Total		14	70.0	100.0	
Missing System		6	30.0		
Total		20	100.0		

5.1.4.2: Distribution of the Problems Faced by the Banker from the Clients Applicable for Janata Bank.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Violating Banking Rules	5	25.0	35.7	35.7
	Don't Clear All Information	5	25.0	35.7	71.4
	Unwillingness to Provide Source of Fund	6	30.0	37.5	100.0
Total		16	80.0	100.0	
Missing System		4	20.0		
Total		20	100.0		

Table 5.1.4.1 and 5.1.4.2 reveal that bankers of MBL were facing several types of problem from their clients such as violating banking rules, don't clear all information and unwillingness to provide source of fund and their percentage were 36, 36 and 29 correspondingly. In contrast, bankers of Janata bank were facing several types of problem from their clients such as violating banking rules, political pressure and undue pressure for sanctioning irregular loans and advances and their percentage were 31, 31 and 38 respectively.

5.1.5.DISTRIBUTION OF COMPLAINT RECEIVED BY BANKER FROM THE CLIENTS.

5.1.5.1: Distribution of the Complaints Received by the Banker from the Clients Applicable for Mercantile Bank Limited (MBL).

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	13	65.0	65.0	65.0
	No	7	35.0	35.0	100.0
Total		20	100.0	100.0	

5.1.5.2: Distribution of the Complaints Received by the Banker from the Clients Applicable for Janata Bank.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	15	75.0	75.0	75.0
	No	5	25.0	25.0	100.0
Total		20	20	100.0	100.0

Table 5.1.5.1 and 5.1.5.2 show that bankers of MBL and bankers of Janata bank were receiving several types of complaints from their clients and their percentage were 65 and 75 respectively.

5.1.6.DISTRIBUTION OF COMPLAINT RECEIVED BY BANKER FROM THE CLIENTS (NATURE OF COMPLAINTS)

5.1.6.1: Distribution of the Complaints Received by the Banker from the Clients Applicable for Mercantile Bank Limited (MBL).

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Increasing Executives	3	15.0	23.1	23.1
	Shortage of Online Facility	6	30.0	46.2	69.2
	Taking More Time to Detect Fake Notes	4	20.0	30.8	100.0
Total		13	65.0	100.0	
Missing System		7	35.0		
Total		20	100.0		

5.1.6.2: Distribution of the Complaints Received by the Banker from the Clients Applicable for Janata Bank.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Service Quality is Upto Mark	3	15.0	20.0	20.0
	Limited Technological Support	4	20.0	26.7	46.7
	Employees Mentality is Not Good	3	15.0	20.0	66.7
	Delaying in Cash Payment	3	15.0	20.0	86.7
	Stick Rules and Regulations	2	10.0	13.3	100.0
Total		15	75.0	100.0	
Missing System		5	25.0		
Total		20	100.0		

Table 5.1.6.1 and 5.1.6.2 show that bankers of MBL were receiving several types of complaints from their clients such as increasing executives, shortage of online facility and taking more time to detect fake notes and their percentage were 23, 46 and 31 respectively. In contrast, bankers of Janata bank were receiving several types of complaints from their clients such as service quality is not upto the mark, limited technological support, employees mentality is not good, delaying in cash payment and stick rules and regulations and their percentage were 20, 27, 20,20 and 13 respectively.

5.1.7.DISTRIBUTION OF FUTURE ACTIVITIES SHOULD BE TAKEN TO IMPROVE SERVICE QUALITY OF THE BANK FROM THE POINT OF VIEW OF BANKER.

5.1.7.1: Distribution of Future Activities Will Be Taken to Improve the Quality of Service Applicable for Mercantile Bank Limited (MBL).

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Increasing Salary and Benefits	5	25.0	27.8	27.8
	Better Technological Support	7	35.0	38.9	66.7
	Changing Policy	6	30.0	33.3	100.0
Total		18	90.0	100.0	
Missing System		2	10.0		
Total		20	100.0		

5.1.7.2: Distribution of Future Activities Will Be Taken to Improve the Quality of Service Applicable for Janata Bank Applicable for Janata Bank.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Introduce New Product and Services	4	20.0	21.1	21.1
	Buildup Technological Instrument	5	25.0	26.3	47.4
	Restructured Banking Policy	3	15.0	15.8	63.2
	Extensive Training Programs	3	15.0	15.8	78.9
	Effective Counseling	4	20.0	21.1	100.0
Total		19	95.0	100.0	100.0
Missing System		1	5.0		
Total		20	100.0		

Table 5.1.7.1 and 5.1.7.2 reveal that bankers of MBL mentioned that they will focus on certain activities in future due to improve their service quality such as increase salary and benefits, improve their technology and change their policy and their percentage were 28, 39 and 33 respectively. In contrast, bankers of Janata bank mentioned that they will focus on certain activities in future due to improve their service quality such as introduce new product and services, build up technological instrument, restructured banking policy, extensive training programs and effective counseling and their percentage were 21,26,16,16 and 21 respectively.

5.1.8 DISTRIBUTION OF BANKER ACCORDING TO THEIR GENDER.

5.1.8.1: Distribution of Banker According to Gender Applicable for Mercantile Bank Limited (MBL).

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	15	75.0	75.0	75.0
	Female	5	25.0	25.0	100.0
Total		20	100.0	100.0	

5.1.8.2: Distribution of Banker According to Gender Applicable for Janata Bank (JB):

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	15	75.0	75.0	75.0
	Female	5	25.0	25.0	100.0
Total		20	100.0	100.0	

Table 5.1.8.1 and 5.1.8.2 show that most of the bankers of MBL and Janata bank were male and their percentage were same i.e.75.

5.1.9.DISTRIBUTION OF BANKER ACCORDING TO THEIR AGE.

5.1.9.1: Distribution of Banker According to Age Applicable for Mercantile Bank Limited (MBL).

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below 25	2	10.0	11.1	11.1
	25 to 35	10	50.0	55.6	66.7
	36 to 45	6	30.0	33.3	100.0
Total		18	90	1000.0	
Missing System		2	10.0		
Total		20	100.0		

5.1.9.2: Distribution of Banker According to Age Applicable for Janata Bank (JB).

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	25 to 35	8	40.0	40.0	40.0
	36 to 45	3	15.0	15.0	55.0
	More than 45	9	45.0	45.0	100.0
Total		20.0	100.0	100.0	

Table 5.1.9.1 and 5.1.9.2 indicate that majority of the bankers of MBL belong to age group 25 to 35 and their percentage were 56. In contrast, majority of the bankers of Janata bank belong to age group more than 45 years and their percentage were 45.

5.1.10. DISTRIBUTION OF BANKER ACCORDING TO THEIR POSITION

5.1.10.1: Distribution of Banker According to Position Applicable for Mercantile Bank Limited (MBL).

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Top Level	4	20.0	21.1	21.1
	Middle Level	8	40.0	42.1	63.2
	Junior Level	7	35.0	36.8	100.0
Total		19	95.0	100.0	
Missing System		1	5.0		
Total		20	100.0		

5.1.10.2: Distribution of Banker According to Position Applicable for Janata Bank.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Top Level	1	5.0	5.00	5.0
	Middle Level	15	75.0	75.0	80.0
	Junior Level	4	20.0	20.0	100.0
Total		20	100.0	100.0	

Table 5.1.10.1 and 5.1.10.2 indicate that majority of the bankers of MBL involve with middle level management and their percentage were 42. In contrast, majority of the bankers of Janata bank also involve with middle level management and their percentage were 80.

5.1.11. DISTRIBUTION OF BANKER ACCORDING TO THEIR ACADEMIC QUALIFICATION.

5.1.11.1: Distribution of Banker According to Education Applicable for Mercantile Bank Limited (MBL).

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Masters	18	90.0	90.0	90.0
	Bachelor with Honors	2	10.0	10.0	100.0
Total		20	100.0	100.0	

5.1.11.2: Distribution of Banker According to Education Applicable for Janata Bank.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Masters	15	75.0	75.0	75.0
	Bachelor with Honors	5	25.0	25.0	100.0
Total		20	100.0	100.0	

Table 5.1.11.1 and 5.1.11.2 indicate that majority of the bankers of MBL and Janata bank hold masters degree and their percentage were 90 and 75 respectively.

5.1.12. DISTRIBUTION OF BANKER ACCORDING TO THEIR EXPERIENCE.

5.1.12.1: Distribution of Banker According to Experience Applicable for Mercantile Bank Limited (MBL).

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	More than 10 Years	5	25.0	25.0	25.0
	5 Years to 10 Years	6	30.0	30.0	55.0
	Less than 5 Years	9	45.0	45.0	100.0
Total		20	100.0	100.0	

5.1.12.2: Distribution of Banker According to Experience Applicable for Janata Bank (JB).

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	More than 10 Years	11	55.0	55.0	55.0
	5 Years to 10 Years	5	25.0	25.0	80.0
	Less than 5 Years	4	20.0	20.0	100.0
Total		20	100.0	100.0	

Table 5.1.12.1 and 5.1.12.2 reveal that majority of the bankers of MBL acquired experience less than 5 years and their percentages were 45. In contrast, majority of the bankers of Janata bank acquired more than 10 years and their percentages were 55.

5.2: DEPOSITORS' POINT OF VIEW

5.2.1. DISTRIBUTION OF DEPOSITORS ACCORDING TO PREFERENCE OF LOCATION.

5.2.1.1: Distribution of Depositor According to Preference of Location Applicable for Mercantile Bank Limited (MBL).

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Near to the Residence	20	20.0	20.0	20.0
	Near to the Office	80	80.0	80.0	100.0
Total		100	100.0	100.0	

5.2.1.2: Distribution of Depositor According to Preference of Location Applicable for Janata Bank.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Near to the Residence	30	30.0	30.0	30.0
	Near to the Office	59	59.0	59.0	89.0
	Near to the Shop	11	11.0	11.0	100.0
Total		100	100.0	100.0	

Table 5.2.1.1 and 5.2.1.2 reveal that majority of the depositors of MBL preferred their banks' location will be held on near to their office and their percentages were 80. In contrast, majority of the depositors of Janata bank also preferred their banks' location will be held on near to their office and their percentages were 59.

5.2.2.DISTRIBUTION OF DEPOSTORS ACCORDING TO KNOWING ABOUT THE BANK

5.2.2.1: Distribution of Depositor According to Knowing About the Bank Applicable for Mercantile Bank Limited (MBL).

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Advertisement	34	34.0	34.0	34.0
	Development Officer	21	21.0	21.0	55.0
	Friend	33	33.0	33.0	88.0
	Relative	12	12.0	12.0	100.0
Total		100	100.0	100.0	

5.2.2.2: Distribution of Depositor According to Knowing About the Bank Applicable for Janata Bank.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Advertisement	11	11.0	11.0	11.0
	Development Officer	19	19.0	19.0	30.0
	Friend	29	29.0	29.0	59.0
	Relative	11	11.0	11.0	70.0
	Others	30	30.0	30.0	100.0
Total		100	100.0	100.0	

Table 1.2.2.1 and 1.2.2.2 reveal that majority of the depositors of MBL heard about MBL from advertisement and their percentages were 34. In contrast, majority of the depositors of Janata bank heard about Janata bank from other sources and their percentages were 30.

5.2.3. DISTRIBUTION OF DEPOSTORS ACCORDING TO OPERATING ACCOUNTS

5.2.3.1: Distribution of Depositor According to Operating Accounts Applicable for Mercantile Bank Limited (MBL).

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Current Account	21	21.0	21.0	21.0
	Savings Account	59	59.0	59.0	80.0
	Fixed Deposit Account	10	10.0	10.0	90.0
	Scheme Deposit Account	10	10.0	10.0	100.0
Total		100	100.0	100.0	

5.2.3.2: Distribution of Depositor According to Operating Accounts Applicable for Janata Bank.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Current Account	33	33.0	33.0	33.0
	Savings Account	56	56.0	56.0	89.0
	Fixed Deposit Account	11	11.0	11.0	100.0
Total		100	100	100.0	

Table 5.2.3.1 and 5.2.3.2 reveal that majority of the depositors of MBL hold savings account and their percentages were 59. In contrast, majority of the depositors of Janata bank also hold savings account and their percentages were 56.

5.2.4. DISTRIBUTION OF DEPOSITORS ACCORDING TO PROBLEM FACED BY THE BANK

5.2.4.1: Distribution of Problems Faced by Depositors from Mercantile Bank Limited (MBL).

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Lack of Quality Service	12	12.0	31.6	31.6
	Limited Products	14	14.0	36.8	68.4
	Misbehavior by employees	12	12.0	31.6	100.0
Total		38	38.0	100.0	
Missing System		62	62.0		
Total		100	100.0		

5.2.4.2: Distribution of Problems Faced by Depositors from Janata Bank (JB).

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Complexity of Service	19	19.0	50.0	50.0
	Taking Time to Withdraw Money	10	10.0	26.3	76.3
	Client Service is Not Upto Mark	9	9.0	23.7	100.0
Total		38	38	38.0	100.0
Missing System		62	62.0		
Total		100	100.0		

Table 5.2.4.1 and 5.2.4.2 reveal that depositors of MBL were facing several types of problem such as lack of quality service, limited products and misbehavior by employees and their percentage were 32, 37 and 32 respectively. In contrast, depositors of Janata bank were facing several types of problem such as complexity of service, taking time to withdraw money and client service is not up to mark and their percentage were 50, 26 and 24 respectively.

5.2.5.DISTRIBUTION OF DEPOSITORS SUGGESTIONS TO IMPROVE THE QUALITY OF SERVICES OF THE BANK

5.2.5.1: Distribution of Suggestions Recommended by Depositors for Mercantile Bank Limited (MBL).

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Training Arrangement for Employees	33	33.0	43.4	43.4
	Recruitment of Efficient Officer	6	6.0	7.9	51.3
	Good Management	10	10.0	13.2	64.5
	Evening Banking	10	10.0	13.2	77.6
	Changing Policy and Attitude of Management	8	8.0	10.5	88.2
	Limited Paper Works	9	9.0	11.8	100.0
Total		76	76.0	100.0	
Missing System		24	24.0		
Total		100	100.0		

5.2.5.2: Distribution of Suggestions Recommended by Depositors for Janata Bank.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Changing Policy and Attitude of Management	49	49.0	53.3	53.3
	Recruiting Efficient Officer	11	11.0	12.0	65.2
	Good Management	11	11.0	12.0	77.2
	Re-structuring Salary	11	11.0	12.0	89.1
	Using Online Banking	10	10.0	10.9	100.0
Total		92	92.0	100.0	
Missing System		8	8.0		
Total		100	100.0		

Table 5.2.5.1 and 5.2.5.2 reveal that depositors of MBL recommended for MBL due to improve their quality of service such as training arrangement for employees, recruitment of efficient officer, good management, evening banking, changing policy and attitude of management and limited paper works and their percentage were 43,8,13,13,10 and 12 respectively. In contrast, depositors of Janata bank recommended for Janata bank due to improve their quality of service such as changing policy and attitude of management, recruiting efficient officer, good management, restructuring salary and using online banking and their percentage were 53,12,12,12 and 11 respectively.

5.2.6.DISTRIBUTION OF DEPOSITORS ACCORDING TO THEIR GENDER

5.2.6.1: Distribution of Depositor According to Gender Applicable for Mercantile Bank Limited (MBL).

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	94	94.0	94.0	94.0
	Female	6	6.0	6.0	100.0
Total		38	100	100.0	

5.2.6.2: Distribution of Depositor According to Gender Applicable for Janata Bank.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	88	88.0	88.0	88.0
	Female	12	12.0	12.0	100.0
Total		100	100.0	100.0	

Table 5.2.6.1 and 5.2.6.2 reveal that most of the depositors of MBL and Janata bank were male and their percentages were 94 and 88 respectively.

5.2.7.DISTRIBUTION OF DEPOSITORS ACCORDING TO THEIR AGE

5.2.7.1: Distribution of Depositor According to Age Applicable for Mercantile Bank Limited (MBL).

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below 25	6	6.0	6.0	6.0
	25 to 35	66	66.0	66.0	72.0
	36 to 45	18	18.0	18.0	90.0
	More than 45	10	10.0	10.0	100.0
Total		100	100.0	100.0	

5.2.7.2: Distribution of Depositor According to Age Applicable for Janata Bank.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below 25	19	19.0	19.0	19.0
	25 to 35	73	73.0	73.0	92.0
	36 to 45	6	6.0	6.0	98.0
	More than 45	2	2.0	2.0	100.0
Total		100	100.0	100.0	

Table 5.2.7.1 and 5.2.7.2 reveal that majority of the depositors of MBL belong to age group 25 to 35 and their percentages were 66. On the other hand, majority of the depositors of Janata Bank belong to age group 25 to 35 and their percentages were 73.

5.2.8.DISTRIBUTION OF DEPOSITORS ACCORDING TO THEIR ACADEMIC QUALIFICATION

5.2.8.1: Distribution of Depositor According to Education Applicable for Mercantile Bank Limited (MBL)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Masters	62	62.0	62.0	62.0
	Bachelor with Honors	26	26.0	26.0	88.0
	Bachelor	9	9.0	9.0	97.0
	Below Bachelor	3	3.0	3.0	100.0
Total		100	100.0	100.0	

5.2.8.2: Distribution of Depositor According to Education Applicable for Janata Bank.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Masters	70	70.0	70.0	70.0
	Bachelor with Honors	19	19.0	19.0	89.0
	Below Bachelor	11	11.0	11.0	100.0
Total		100	100.0	100.0	

Table 5.2.8.1 and 5.2.8.2 reveal that majority of the depositors of MBL hold masters degree and their percentages were 62. On the other hand, majority of the depositors of Janata Bank also hold masters' degree and their percentages were 70.

5.2.9. DISTRIBUTION OF DEPOSITORS ACCORDING TO OCCUPATION

5.2.9.1: Distribution of Depositor According to Occupation Applicable for Mercantile Bank Limited (MBL).

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Businessmen	22	22.0	22.0	22.0
	Service holders	64	64.0	64.0	86.0
	Student	6	6.0	6.0	92.0
	Others	8	8.0	8.0	100.0
Total		100	100.0	100.0	

5.2.9.2: Distribution of Depositor According to Occupation Applicable for Janata Bank.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Businessmen	31	31.0	34.8	34.8
	Service holders	37	37.0	41.6	76.4
	Student	21	21.0	23.6	100.0
Total		89	89.0	100.0	
Missing System		11	11.0		
Total		100	100.0		

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Table 5.2.9.1 and 5.2.9.2 reveal that majority of the depositors of MBL were service holders and their percentages were 64. On the other hand, majority of the depositors of Janata Bank also were service holders and their percentages were 42.

5.2.10. DISTRIBUTION OF DEPOSITORS ACCORDING TO INCOME LEVEL

5.2.10.1: Distribution of Depositor According to Income Applicable for Mercantile Bank Limited (MBL).

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Tk. 5001 to Tk. 20000	63	63.0	63.0	63.0
	Tk. 20001 to Tk. 50000	28	28.0	28.0	91.0
	More than Tk. 50000	9	9.0	9.0	100.0
Total		100	100.0	100.0	

5.2.10.2: Distribution of Depositor According to Income Applicable for Janata Bank.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less Than Tk. 5000	21	21.0	21.0	21.0
	Tk. 5001 to Tk. 20000	48	48.0	48.0	69.0
	Tk. 20001 to Tk. 50000	20	20.0	20.0	89.0
	More than Tk. 50000	11	11.0	11.0	100.0
Total		100	100.0	100.0	

Table 1.2.10.1 and 1.2.10.2 reveal that majority of the depositors of MBL belong to income group Tk. 5001.00 to Tk. 20,000 and their percentages were 63. On the other hand, majority of the depositors of Janata Bank also belong to income group Tk. 5001.00 To Tk.20, 000.00 and their percentages were 48.

5.2.11. CORRELATION MATRIX OF SERVICE QUALITY OF THE BANK

5.2.11.1: Correlation Matrix of Service Quality Applicable for MBL (Depositors).

	<i>APHFC</i>	<i>APPERL</i>	<i>SISCPR</i>	<i>PSATP</i>	<i>WIHCL</i>
APHFC	1.0000				
APPERL	.0712	1.0000			
SISCPR	.2171	.4966	1.0000		
PSATP	.2701	.7639	.3943	1.0000	
WIHCL	.0049	.2796	.2989	.5636	1.0000
PTRSFS	.2576	.5855	.4270	.6124	0.7064
FRCST	-0.0245	.1629	.0416	.3827	0.8055
BHKAQ	.0487	.3241	.1944	.6214	0.8441
IATGS	.1430	.0276	.0122	.3086	0.7600
USNCL	.1283	.2443	.3375	.4881	0.9214
OVEST	.3728	.3257	.3543	.5769	0.4869
	PTRSFS	FRCST	BHKAQ	IATGS	USNCL
PTRSFS	1.0000				
FRCST	.6446	1.0000			
BHKAQ	.6898	.9466	1.0000		
IATGS	.4941	.9096	.8567	1.0000	
USNCL	.7275	.8392	.8658	.8744	1.0000
OVEST	.4538	.5698	.6487	.5141	.5214
	OVEST				
OVEST	1.0000				

Table 5.2.11.1 reveals that there is highly positive correlation between Friendliness and Courtesy of Staff (FRCST) and Bankers having Knowledge to Answer Questions (BHKAQ) (**0.9466**). There is negative correlation between Appearance of Physical Facilities (APHFC) and Friendliness and Courtesy of Staff (FRCST)(**-0.0245**).

5.2.11.2: Correlation Matrix of Service Quality Applicable for Janata Bank (Depositors).

	APHFC	APPERL	SISCPR	PSATP	WIHCL
APHFC	1.0000				
APPERL	.6778	1.0000			
SISCPR	.7165	.4251	1.0000		
PSATP	.6146	.4270	.5778	1.0000	
WIHCL	.1786	.2447	.4367	.3812	1.0000
PTRSFS	.1590	-.2530	.1110	.6564	.2421
FRCST	.4254	.4192	.6859	.2744	.6175
IATGS	.0870	.3498	.5094	-.1253	.5494
IATGS	-.0225	-.0313	-.0313	.1013	.2676
USNCL	-.0692	.1886	.1657	-.4181	.4676
OVEST	.0492	.3351	.4278	-.2475	.5148

	PTRSFS	FRCST	BHKAQ	IATGS	USNCL
PTRSFS	1.0000				
FRCST	-.0437	1.0000			
BHKAQ	-.4642	.8318	1.0000		
IATGS	.0710	.1398	.3387	1.0000	
USNCL	-.4924	.4950	.7757	.4214	1.0000
OVEST	-.5420	.6967	.9556	.4639	.9084

	OVEST
OVEST	1.0000

Table 5.2.11.2 reveals that there is highly positive correlation between Understanding Special Needs of the Clients (USNCL) and Overall Satisfaction (OVEST)(**0.9084**). There is highly negative correlation between prompt response from staff (PTRSFS) and overall satisfaction (OVEST) (**-0.5420**).

**5.2.12. RELIABILITY ANALYSIS OF SERVICE QUALITY
APPLICABLE FOR BANKS.**

**5.2.12.1 Reliability Analysis of Service Quality Applicable for MBL
(Depositors)**

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item total Correlation	Squared Multiple Correlation	Alpha if Item Deleted
APHFC	34.7500	42.5530	.1876	.8759	.9092
APPERL	35.0300	40.5951	.4596	.9138	.9014
SISCPR	34.7400	37.9115	.3279	.8075	.9169
PSATP	34.9400	34.9055	.6526	.9842	.8921
WIHCL	35.1700	35.4355	.8486	.9736	.8814
PTRSFS	35.3100	35.5494	.7918	.9754	.8839
FRCST	35.2200	33.8905	.7661	.9977	.8842
BHKAQ	35.1000	33.8081	.8892	.9960	.8769
IATGS	35.3500	34.9167	.6997	.9933	.8886
USNCL	34.9500	32.7348	.8805	.9936	.8763
OVEST	34.5400	39.7055	.6684	.8266	.8955

Reliability Coefficients 11 items

Alpha = .9012

Standardized item alpha = .9040

5.2.12.2 Reliability Analysis of Service Quality Applicable for Janata Bank (Depositors)

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item total Correlation	Squared Multiple Correlation	Alpha if Item Deleted
APHFC	31.0200	29.4743	0.4502		.7933
APPERL	31.1200	29.4198	0.4666		.7918
SISCPR	31.5100	26.6363	0.7704		.7609
PSATP	31.2500	30.0278	0.3027		.8100
WIHCL	31.0100	29.3635	0.6757		.7792
PTRSFS	30.8700	34.9627	-0.1239		.8448
FRCST	31.2300	27.8759	0.8038		.7656
BHKAQ	31.5000	26.1313	0.6582		.7693
IATGS	31.2100	30.2282	0.3802		.7997
USNCL	31.3900	28.3413	0.4032		.8011
OVEST	31.3900	26.7858	0.6242		.7739

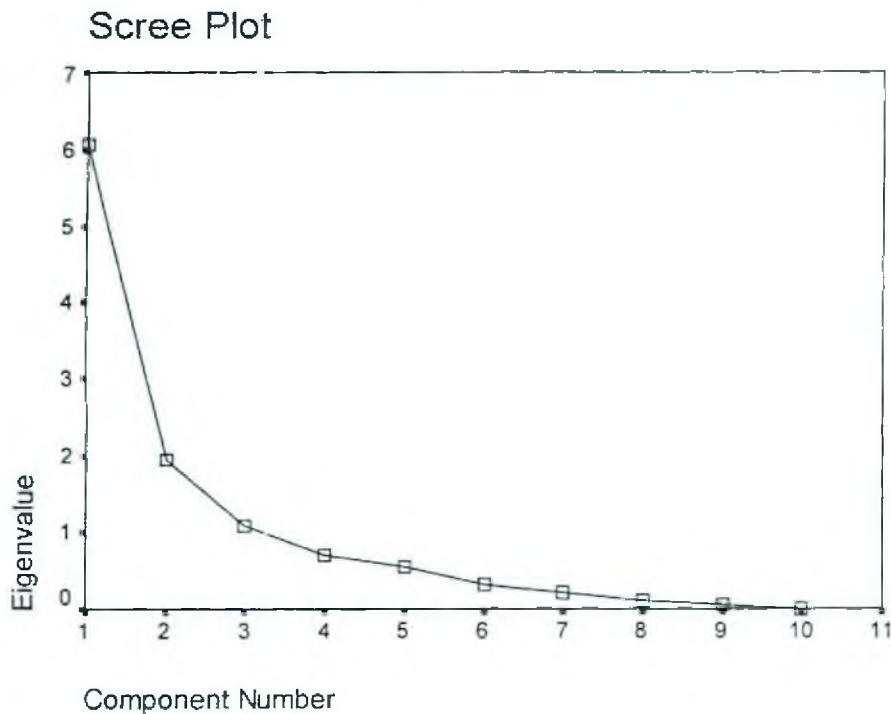
Reliability Coefficients 11 items

Alpha = .8069 Standardized item alpha = .8200

Table 5.2.12.1 demonstrates the high internal consistency of the constructs and their stability (Nunnally and Bernstein 1994). In each case, Cronbach's alpha far exceeded Nunnally and Bernstein's (1994) recommendation of 0.7 and Bagozzi and Yi's (1988) of 0.6. Here most of the alpha exceeded more than 0.8 and 0.7. Thus, the scales were sufficiently reliable for data analysis.

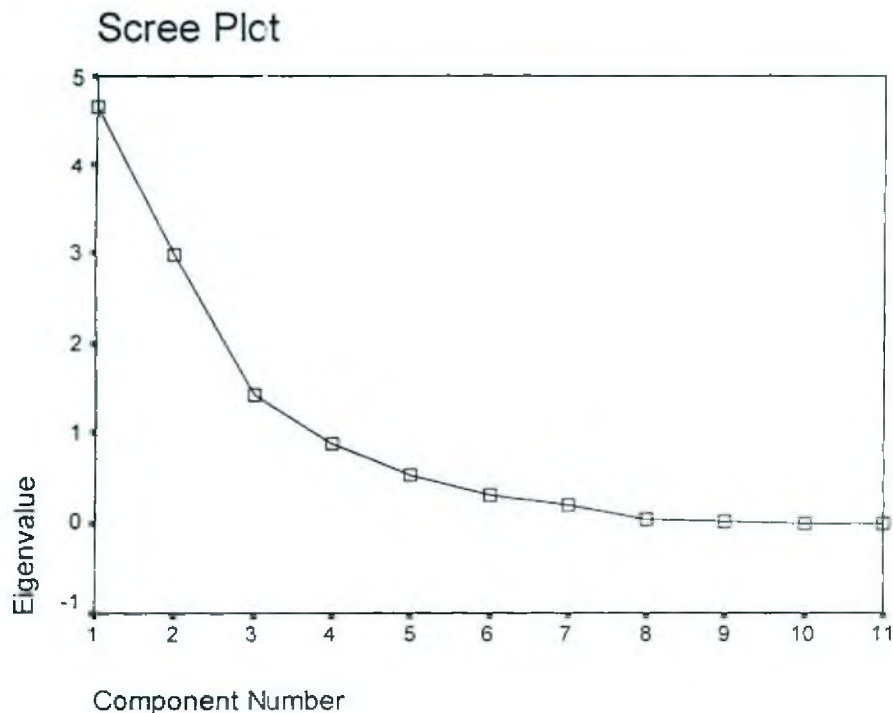
5.2.13. SCREE PLOT OF SERVICE QUALITY APPLICABLE FOR BANKS.

5.2.13.1: Scree Plot of Service Quality Applicable for MBL (Depositors)



Scree plot are formed by plotting the number of factors against their respective Eigen values (Hackett and Foxall 1999). In the present analysis (**Figure 1.2.13.1**), an elbow in the Scree plot suggests the retention of eleven factors (factors one to three may be connected by a line in a more vertical plane, whilst factors four to eleven join in a more horizontal plane). Together the eleven factors accounted for 100 percent of the cumulative variance. The Eigen values for the eleven factors were as follows: factor 1 (6.070), factor 2 (1.949), factor 3 (1.085), factor 4 (.694), factor 5 (.542), factor 6 (.296), factor 7 (.196), factor 8 (.110), factor 9 (.047), factor 10 (.009), factor 11 (.001).

5.2.13.2: Scree Plot of Service Quality Applicable for Janata Bank (Depositors)



In the present analysis (Figure 1.2.13.2), an elbow in the scree plot suggests the retention of eleven factors (factors one to three may be connected by a line in a more vertical plane, whilst factors four to eleven join in a more horizontal plane). Together the eleven factors accounted for 100 percent of the cumulative variance. The Eigen values for the eleven factors, we explained nine factors were as follows: factor 1 (4.680), factor 2 (2.970), factor 3 (1.432), factor 4 (.869), factor 5 (.531), factor 6 (.296), factor 7 (.181), factor 8 (.033), factor 9 (.008).

5.2.14. ROTATED COMPONENT MATRIX OF SERVICE QUALITY APPLICABLE FOR BANKS.

5.2.14.1: Rotated Component Matrix of Service Quality Applicable for MBL (Depositors)

	Component		
	Assurance and Empathy	Tangibles and Reliability	Tangibles and Overall Satisfaction
APHFC	-.016	.114	.951
APPERL	.075	.924	-.063
SISCPR	.021	.726	.203
PSATP	.375	.772	.188
WIHCL	.873	.312	-.041
PTRSFS	.605	.598	.128
FRCST	.970	.060	-.006
BHKAQ	.930	.271	.052
IATGS	.948	-.095	.160
USNCL	.908	.248	.096
OVEST	.530	.339	.522

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization. A Rotation
Converged in 4 iterations.

Table 5.2.14.1 reveals that the varimax rotated factor loadings against the 11 variables. Factor 1 named as 'assurance and empathy' consisted of seven variables. The names of the variables are friendliness and courtesy of staff (0.970), individual attention given by staffs (0.948), bankers having knowledge to answer questions (0.930), understanding

specific needs of the clients (0.908), willingness to help clients (0.873), prompt response from staff (0.605) and overall satisfaction (0.530). Factor 2 named as 'tangibles and reliability'. The factor is constituted by four variables including appearance of personnel (0.924), provide services at the time they promise to do so (0.772), sincere interest in solving clients problems (0.726) and prompt response from staff (0.598). Factor 3 named as 'tangibles and overall satisfaction'. The factor is constituted by two variables including appearance of physical facilities (0.951) and overall satisfaction (0.522).

5.2.14.2: Rotated Component Matrix of Service Quality Applicable for Janata Bank (Depositors).

	Component		
	Responsive and Assurance	Tangibles and Reliability	Responsive and Reliability
APHFC	.008	.905	.182
APPERL	.023	.858	-.249
SISCPR	.551	.678	.175
PSATP	.127	.622	.725
WIHCL	.767	.240	.147
PTRSFS	.085	-.023	.948
FRCST	.659	.558	-.180
BHKAQ	.742	.275	-.555
IATGS	.716	-.153	.123
USNCL	.683	-.037	-.636
OVEST	.756	.174	-.629

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization. A Rotation

Converged in 8 iterations.

Table 5.2.14.2 reveals that the varimax rotated factor loadings against the 11 variables. Factor 1 named as 'responsive and assurance' consisted of seven variables. The names of the variables are willingness to help clients (0.767), overall satisfaction (0.756), bankers having knowledge to answer questions (0.742), individual attention given by staff (0.716), understanding specific needs of the clients (0.683), friendliness and courtesy of staff (0.659) and sincere interest in solving clients problems (0.551). Factor 2 named as 'tangibles and reliability'. The factor is constituted by five variables including appearance of physical facilities (0.905), appearance of personnel (0.858), sincere interest in solving clients problems (0.678), provide services at the time they promise to do so(0.622), and friendliness and courtesy of staff (0.558). Factor 3 named as 'responsive and reliability'. The factor is constituted by five variables including prompt response from staff (0.948), provide services at the time they promise to do so (0.725), understanding specific needs of the clients (-0.636), overall satisfaction (-0.629) and bankers having knowledge to answer questions (-0.555).

5.3: BORROWERS' POINT OF VIEW

5.3.1. DISTRIBUTION OF BORROWERS ACCORDING TO PREFERENCE OF LOCATION

5.3.1.1: Distribution of Borrowers According to Preference of Location
Applicable for Mercantile Bank Limited (MBL)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Near to the Residence	35	35.0	35.0	35.0
	Near to the Office	50	50.0	50.0	85.0
	Near to the Shop	15	15.0	15.0	100.0
Total		100	100.0	100.0	

5.3.1.2: Distribution of Borrowers According to Preference of Location
Applicable for Janata Bank.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Near to the Residence	13	13.0	13.0	13.0
	Near to the Office	48	48.0	48.0	61.0
	Near to the Shop	39	39.0	39.0	100.0
Total		100	100.0	100.0	

Table 5.3.1.1 and 5.3.1.2 reveal that majority of the borrowers of MBL preferred their banks' location will be held on near to their office and their percentages were 50. In contrast, majority of the borrowers of Janata bank also preferred their banks' location will be held on near to their office and their percentages were 48.

5.3.2. DISTRIBUTION OF BORROWERS ACCORDING TO KNOWING ABOUT THE BANKS

5.3.2.1: Distribution of Borrowers According to Knowing About the Bank Applicable for Mercantile Bank Limited (MBL).

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Advertisement	23	23.0	23.0	23.0
	Development Officer	28	28.0	28.0	51.0
	Friend	22	22.0	22.0	73.0
	Relative	13	13.0	13.0	86.0
	Others	14	14.0	14.0	100.0
Total		100	100.0	100.0	

5.3.2.2: Distribution of Borrowers According to Knowing About the Bank Applicable for Janata Bank.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Advertisement	40	40.0	40.0	40.0
	Development Officer	26	26.0	26.0	66.0
	Relative	13	13.0	13.0	79.0
	Others	21	21.0	21.0	100.0
Total		100	100.0	100.0	

Table 5.3.2.1 and 5.3.2.2 reveal that majority of the borrowers of MBL heard about MBL from development officer and their percentages were 28. In contrast, majority of the borrowers of Janata bank also heard about Janata bank from advertisement and their percentages were 40.

5.3.3. DISTRIBUTION OF BORROWERS ACCORDING TO OPERATING ACCOUNT OF THE BANKS

5.3.3.1: Distribution of Borrowers According to Operating Accounts
Applicable for Mercantile Bank Limited (MBL)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Company	36	36.0	36.0	36.0
	Cooperative	15	15.0	15.0	51.0
	Partnership	22	22.0	22.0	73.0
	Sole Proprietorship	14	14.0	14.0	87.0
	Others	13	13.0	13.0	100.0
Total		100	100.0	100.0	

5.3.3.2: Distribution of Borrowers According to Operating Accounts
Applicable for Janata Bank

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Company	13	13.0	13.0	13.0
	Partnership	28	28.0	28.0	41.0
	Sole Proprietorship	39	39.0	39.0	80.0
	Others	20	20.0	20.0	100.00
Total		100	100.0	100.0	

Table 5.3.3.1 and 5.3.3.2 reveal that majority of the borrowers of MBL hold company account and their percentages were 36. In contrast, majority of the borrowers of Janata bank also hold Sole Proprietorship account and their percentages were 39.

5.3.4. DISTRIBUTION OF BORROWERS PROBLEMS FOR AVAILING CREDIT FACILITY FROM THE BANKS

5.3.4.1: Distribution of Problems Faced by Borrowers from Mercantile Bank Limited (MBL).

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Lack of Technological Support	32	32.0	69.6	69.6
	Time Consuming	14	14.0	30.4	100.0
Total		46	46.0	100.0	
Missing System		54	54.0		
Total		100	100.0		

5.3.4.2: Distribution of Problems Faced by Borrowers from Janata Bank.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Back dated System	14	14.0	16.1	16.1
	Taking More Time to Delivery Cash	13	13.0	14.9	31.0
	Misbehavior	8	8.0	9.2	40.2
	Unusual Complexity	13	13.0	14.9	55.2
	Unusual Delay in Sanctioning Loan	26	26.0	29.9	85.1
	Non-Cooperation	13	13.0	14.9	100.0
Total		87	87.0	100.0	
Missing System		13	13.0		
Total		100	100.0		

Table 5.3.4.1 and 5.3.4.2 reveal that borrowers of MBL were facing several types of problem such as Lack of Technological Support and Time Consuming and their percentage were 70 and 30 respectively. In contrast, borrowers of Janata bank were facing several types of problem such as Backdated System, Taking more Time to Delivery Cash, Misbehavior, Unusual Complexity, Unusual Delay in Sanctioning Loan and Non-cooperation and their percentage were 16,15, 9,15, 30 and 15 respectively.

5.3.5. DISTRIBUTION OF BORROWERS SUGGESTIONS FOR INCREASING SERVICE QUALITY OF THE BANKS

5.3.5.1: Distribution of Suggestions Recommended by Borrowers for Mercantile Bank Limited (MBL)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Developing Technology	13	13.0	14.9	14.9
	Online Banking	29	29.0	33.3	48.3
	Prompt Service	29	29.0	33.3	81.6
	Training Arrangement for Employees	16	16.0	18.4	100.0
Total		87	87.0	100.0	
Missing System		13	13.0		
Total		100	100.0		

5.3.5.2: Distribution of Suggestions Recommended by Borrowers for Janata Bank.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Online Banking	13	13.0	15.1	15.1
	Effective Recruitment System	13	13.0	15.1	30.2
	Changing Employees Attitude	34	34.0	39.5	69.8
	Increasing Salary	13	13.0	15.1	84.9
	Changing Management Outlook	13	13.0	15.1	100.0
Total		86	86.0	100.0	
Missing System		14	14.0		
Total		100	100.0		

Table 5.3.5.1 and 5.3.5.2 reveal that borrowers of MBL recommended for MBL due to improve their quality of service such as Developing Technology, Online Banking, Prompt Service, Training arrangement for employees and their percentage were 15,33,33 and 18 respectively. In contrast, Borrowers of Janata bank recommended for Janata Bank due to improve their quality of service such as Online Banking, Effective Recruitment System, Changing Employees Attitude, Increasing Salary and Changing Management Outlook and their percentage were 15,15,40,15 and 15 respectively.

5.3.6. DISTRIBUTION OF BORROWERS ACCORDING TO THEIR GENDER.

5.3.6.1: Distribution of Borrowers According to Gender Applicable for Mercantile Bank Limited (MBL).

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	86	86.0	86.0	86.0
	Female	14	14.0	14.0	100.0
Total		100	100.0	100.0	

5.3.6.2: Distribution of Borrowers According to Gender Applicable for Janata Bank.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	88	88.0	88.0	88.0
	Female	12	12.0	12.0	100.0
Total		100	100.0	100.0	

Table 5.3.6.1 and 5.3.6.2 reveal that most of the borrowers of MBL and Janata bank were male and their percentages were 86 and 88 respectively.

5.3.7. DISTRIBUTION OF BORROWERS ACCORDING TO THEIR AGE

5.3.7.1: Distribution of Borrowers According to Age Applicable for Mercantile Bank Limited (MBL).

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below 25	3	3.0	3.3	3.3
	25 to 35	62	62.0	67.4	70.7
	36 to 45	27	27.0	29.3	100.0
Total		92	92.0	100.0	
Missing System		8	8.0		
Total		100	100.0		

5.3.7.2: Distribution of Borrowers According to Age Applicable for Janata Bank.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below 25	27	27.0	27.0	27.0
	25 to 35	13	13.0	13.0	40.0
	36 to 45	34	34.0	34.0	74.0
	More than 45	26	26.0	26.0	100.0
Total		100	100.0	100.0	

Table 5.3.7.1 and 5.3.7.2 reveal that majority of the borrowers of MBL belong to age group 25 to 35 and their percentages were 67. On the other hand, majority of the borrowers of Janata Bank belong to age group 36 to 45 and their percentages were 34.

5.3.8. DISTRIBUTION OF BORROWERS ACCORDING TO THEIR ACADEMIC QUALIFICATION

5.3.8.1: Distribution of Borrowers According to Education Applicable for Mercantile Bank Limited (MBL).

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Masters	70	70.0	70.0	70.0
	Bachelor with Honors	15	15.0	15.0	85.0
	Bachelor	15	15.0	15.0	100.0
Total		100	100.0	100.0	

5.3.8.2: Distribution of Borrowers According to Education Applicable for Janata Bank.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Masters	21	21.0	21.0	21.0
	Bachelor with Honors	13	13.0	13.0	34.0
	Bachelor	13	13.0	13.0	47.0
	Below Bachelor	53	53.0	53.0	100.0
Total		100	100.0	100.0	

Table 5.3.8.1 and 5.3.8.2 reveal that majority of the borrowers of MBL hold masters degree and their percentages were 70. On the other hand, majority of the borrowers of Janata Bank unable to get bachelor degree and their percentages were 53.

5.3.9. DISTRIBUTION OF BORROWERS ACCORDING TO THEIR OCCUPATION.

5.3.9.1: Distribution of Borrowers According to Occupation Applicable for Mercantile Bank Limited (MBL).

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Businessmen	46	46.0	46.0	46.0
	Service holders	40	40.0	40.0	86.0
	House wife	14	14.0	14.0	100.0
Total		100	100.0	100.0	

5.3.9.2: Distribution of Borrowers According to Occupation Applicable for Janata Bank.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Businessmen	83	83.0	83.0	83.0
	Service holders	4	4.0	4.0	87.0
	Student	13	13.0	13.0	100.0
Total		100	100.0	100.0	

Table 5.3.9.1 and 5.3.9.2 reveal that majority of the borrowers of MBL were businessmen and their percentages were 46. On the other hand, majority of the borrowers of Janata Bank also were businessmen and their percentages were 83.

5.3.10. DISTRIBUTION OF BORROWERS ACCORDING TO THEIR INCOME LEVEL

5.3.10.1: Distribution of Borrowers According to Income Applicable for Mercantile Bank Limited (MBL)

Income (Monthly)		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than Tk. 5000.00.	2	2.0	2.0	2.0
	Tk. 5001.00 to Tk. 20000.00	15	15.0	15.0	17.0
	Tk. 20001.00 to Tk. 50000.00	61	61.0	61.0	78.0
	More than Tk. 50000.00	22	22.0	22.0	100.0
Total		100	100.0	100.0	

5.3.10.2: Distribution of Borrowers According to Income Applicable for Janata Bank.

Income (Monthly)		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than Tk. 5000.00.	13	13.0	13.0	13.0
	Tk. 5001.00 to Tk. 20000.00	47	47.0	47.0	60.0
	Tk. 20001.00 to Tk. 50000.00	27	27.0	27.0	87.0
	More than Tk. 50000.00	13	13.0	13.0	100.0
Total		100	100.0	100.0	

Table 5.3.10.1 and 5.3.10.2 reveal that majority of the borrowers of MBL belong to income group Tk.20, 000.00 to Tk. 50000.00 and their percentages were 61. On the other hand, majority of the borrowers of Janata Bank earn Tk.5, 000.00 to Tk. 20,000.00 per month and their percentages were 47.

5.3.11. DISTRIBUTION OF NATURE OF LOANS RECEIVED BY BORROWERS FROM BANKS.

5.3.11.1: Distribution of nature Loans Received by Borrowers Applicable for Mercantile Bank Limited (MBL).

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Continuous or Revolving Credit	50	50.0	50.0	50.0
	Demand Loan	14	14.0	14.0	64.0
	Term Loan	36	36.0	36.0	100.0
Total		100	100.0	100.0	

5.3.11.2: Distribution of Nature Loans Received by Borrowers Applicable for Janata Bank.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Continuous or Revolving Credit	39	39.0	39.0	39.0
	Demand Loan	13	13.0	13.0	52.0
	Term Loan	48	48.0	48.0	100.0
Total		100	100.0	100.0	

Table 5.3.11.1 and 5.3.11.2 reveal that majority of the borrowers of MBL received continuous or revolving credit and their percentages were 50. On the other hand, majority of the borrowers of Janata Bank received term loan and their percentages were 48.

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CHAPTER SIX

**CONCLUSION
&
RECOMMENDATION**

Chapter Preview

- 6.1. CONCLUSION
- 6.2. RECOMMENDATION

6.1. CONCLUSION

Commercial Banks are one of the key contributors in the economy of Bangladesh. People and the government itself are very much dependent on the services provided by these banks in the financial market for the process of economic development to function properly. A bank is usually defined as a financial institution, which deals in money. Today, however, the functions of a bank have increased so much that it is considered as a very vital agent of development in country like ours. Because of their positive involvement in trade, industry, business finance and a host of other allied services, banks today form a very important part of an economy.

This study compared customer attitude towards banking service quality and bank performance between Mercantile Bank Limited (MBL) and Janata Bank. The service quality was measured by using five dimensions namely Tangibles, Reliability, Responsive, Assurance and Empathy. From the study it is revealed that private bank are in better position compare to Public commercial bank even sometimes Private commercial banks are able to compete with the certain area of customer services. And already they have made a distinct mark in the world of private sector banking through personalized services, innovative practices, dynamic approach and efficient management.

The variety banking products and services are not enough to meet the customer expectation especially in Public banks but private banks already introduced a number of Deposit and Loan products for the customer and they are regularly upgraded and redesigned to fulfill customer expectations. Their delivery standards are constantly monitored and improved to assure the highest satisfaction.

The study shows the Officers and executive of Private commercial banks are skilled, responsible, well behaved, mentally sound, careful for their customer compare to the public commercial banks and they are routinely up skilled and empowered to be able to effectively respond to customer needs.

From the survey, it is very clear to us regarding customer attitude towards selection of a bank in terms of Public Commercial banks depends on - Location of the branch, Banker –Customer relationship, Ownership of the bank (Private or nationalized), Loan Price and safety ensured by Government. On the other hand, selection of private commercial banks depends on Efficiency, Financial Health of the bank, Quality of the bank services, Location of the branch, Reputation of the bank, Banker –Customer relationship, Interest rate, Loan Price & Incentives, Physical facilities available in the branch, Technological support of the bank etc.

It is also seen that due to many banks, completion has become unhealthy. As a result, sometimes it appears difficulties to keep the customer in the rule & regulation of the bank.

From this analysis (Table 5.2.11.2) it is also reveals that there is highly positive correlation between Understanding Special Needs of the Clients (USNCL) i.e. customer attitude and Overall Satisfaction (OVEST)(0.9084).

There is highly negative correlation between Non response from staff (PTRSFS) and overall satisfaction (OVEST) (-0.5420).

Last of all, on the basis of the study I can draw conclusion in this way: Bankers should know-“Customer is the King, with him we rise and with him we fall. He provides bread and butter for the banker”. Therefore, main motto should be for a commercial Bank (public and private) and a Banker as well that -“we are for customer, for customer services and we honor customer attitude”.

6.2. RECOMMENDATIONS

This study compared service quality and bank performance between Mercantile Bank Limited (MBL) and Janata Bank. To measure the service quality, it has been used has been used five dimensions namely Tangibles, Reliability, Responsive, Assurance and Empathy. Mercantile Bank Limited (MBL) was found superior to Janata Bank in different dimensions of service quality. Both banks were receiving several types of complaints from their depositors and borrowers. Bankers, Depositors and borrowers also recommend for some measures to improve service quality of the Bank to compete with the foreign commercial banks, to establish itself as a world-class bank and for making profit in this competitive age for survival. On the basis of recommendations of them and from my experience for improving the present situation of the banks, I recommend the following measures:

- i) To compete in the market banks should evaluate customer attitudes toward banking services.
- ii) Quality of services should be ensured in the best possible manner by improving quality of officers & executives.
- iii) Banks should emphasis on the behavioral aspects of the officers and executive of the bank.

- iv) Better Pay package i.e. Salary and emoluments of the officers and executive should be increased especially in the public commercial bank, which will make them attentive and careful to the job.
- v) Various product and services should be introduced according to the customer's need, wants and choice.
- vi) Communication gap should be minimizing between banker and customer.
- vii) Relationship Banking should be encouraged in banking sector.
- viii) Technological development should make to cope up with the modern banking.
- ix) To acquire specialized skills and international competitiveness it is recommended to provide periodical need based training to the staff in the area of client's service and new laws and directives of central bank. The services of international trainers from reputed institutions are to be properly utilized for it.
- x) Introducing online banking facilities in all branches will help to reduce drudgery of the work, faster clearance of cheques and improvement in quality of service to clients.
- xi) Welcoming customers complaint regarding services, Clients complaints should be considered as a feedback received free of charge to find out operational deficiency. The nature of

complaints is to be analyzed periodically and it should be rectified as quickly as possible.

- xii) Banks should emphasis on accurate and prompt services at lowest cost.
- xiii) Bangladesh Banks' recent regulatory measures such as Money Laundering Act, CTR, STR, KYC etc. should be unique. So that misunderstanding will minimize among the banker customer relationship.
- xiv) Client need based computer programming and software should be developed.
- xv) Branches of the private banks should be set up in the rural area.
- xvi) Banks should implement service package such as One stop Services etc. to attract customers.
- xvii) Banks should make understand to the officers and executives about their duty, responsibility of the job.
- xviii) Accountability should be set up for the officers and executives.
- xix) Disclosure about the bank should be made among the customers society.
- xx) Reducing of Procrastination in approving loans.

- xxi) To survive in the market, banks should shift from product-based focus to clients focus.
- xxii) Banks policy should be Vision & Mission oriented.
- xxiii) Bangladesh Bank should provide information sector wise-investment position to the commercial banks so that they can set the sector wise allocation of loans and advances in considering national development.

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APPENDICES-1

CODE SHEET

CODE SHEET

Variable No.	Variable Name	Code
V1	Shortcomings of Local Commercial Banks	SLCB/SLCBK
V2	Facing Problems from Clients	FPFC/FPFCL
V3	Complaints Received from Clients	CRFC/CRFCL
V4	Future Plan to Improve the Quality of Services	FPIQS
V5	Education	EDUCACIO
V6	Experience	EXPERIEN
V7	Preference of Location	POLOC
V8	Knowing About the Bank	KABANK
V9	Operating Accounts	OPACTS
V10	Problems Faced by Depositors	PFDEP
V11	Appearance of Physical Facilities	APHFC
V12	Appearance of Personnel	APPERL
V13	Sincere Interest in Solving Clients Problems	SISCPR
V14	Provide Services at the Time They Promise to Do So	PSATP
V15	Willingness to Help Clients	WIHCL
V16	Prompt Response from Staff	PTRSFS
V17	Friendliness and Courtesy of Staff	FRCST
V18	Bankers Having Knowledge to Answer Questions	BHKAQ

Variable No.	Variable Name	Code
V19	Individual Attention Given by Staffs	IATGS
V20	Understanding Specific Needs of the Clients	USNCL
V21	Overall Satisfaction	OVEST
V22	Recommendations for Improving Services	RFIMS
V23	Receiving Loans	RELON
V24	Problems Faced by Borrowers	PFBR
V25	Suspicious Transaction Report	STR
V26	Cash Transaction Report	STR

APPENDICES-2

QUESTIONNAIRE

Questionnaire for M. Phil Thesis Program

Part-A

"Questionnaire for Banker"

This survey is strictly for the academic purpose.

<p>Name of the Respondent:</p> <p>Name of Bank :</p> <p>Designation:.....</p> <p>Address:</p> <p>.....</p>
--

Please give the following information regarding your organization (Use Tick)

A-1 : Nature of the Bank :

- Private Commercial Bank
- Public Commercial Bank
- Others ---

A-2 : Please specify the No. of employees working in your Bank.

A-3 : Please specify the No. of Branches of your Bank:

A-4 : Please specify the Performance of your Bank in terms of following parameters (Tk. In Crore) :

Parameters	2006	2005
Deposit		
Loans & Advances		
Profit/Loss		
Interest Income		
Interest expenses		
Non Interest Income		
Salary Expenses		

A-5 : a) What are the different forms of Deposit accounts you are offering to your customers? (use tick marks).

- i) Savings Account
- ii) Current Account
- iii) Fixed Deposit Account (FDR)
- iv) Scheme Deposit Account

b) . If your answer a (iv) is Yes, Please mention the name of Scheme Deposit Account(s) in your Bank:

A-6 : What are the different forms of loan you are offering to your customers? (use tick marks).

A) **Continuous Credit /Revolving credit**

- i) Overdraft:
 - a) Secured
 - b) Unsecured
- ii) Cash credit:
 - a) Hypothecation
 - b) Pledge

B) Term loans

a) Short Term loans (up to 1 year)

- i) TR /LIM/AAIM (Loan against Imported merchandises)
- ii) PC (Packing credit)
- iii) IBP (Inland bill purchased)
- iv) FBP (Foreign bill purchased)
- v) Others (specify) -----

b) Medium -Term loans (up to 5 years)

- i) House building
- ii) Car Loan
- iii) Hire Purchase
- iv) Lease Finance
- iv) Consumer Credit Scheme / Personal Loan etc.
- v) Others (specify)-----

c) Long Term Loan (More Than 5 Years)

- i) House building
- ii) Term Loan
- iii) Hire Purchase/ Lease Finance
- vi) Others (specify)-----

A-7 : a) Is your branch an Authorized Dealer ?

Yes No

b) If your answer (a) is Yes, Please mention the different facilities/ services that you are allowing to your customers.

- i) Remittance:
 - a) Inward
 - b) Outward
- ii) Bill Purchase:
 - a) Local
 - b) Foreign
- iii) L/C :
 - a) Import
 - b) Export
- iv) Others (specify)-----

A-8: a) Do you think that bank customers are guided by certain factors in selecting their bank? Yes No

b) If your answer in (a) is yes, please rank the following factors on the basis of importance (Rank the factor 1 to 13).

Types of A/C	Ranking
Factors and Reasons	
Efficiency	
Financial Health of the bank	
Quality of the bank services	
Location of the branch	
Reputation of the bank	
Banker -Customer relationship	
Ownership of the bank (Private or nationalized)	
Atmosphere of the Bank	
Interest rate, Price & Incentives	
Products of the Bank	
Physical facilities available in the branch	
Techno-strength	
Business network of the Bank	

A-09: As a bank officials you are giving various services to the bank customers. Would you please indicate the level of satisfaction of bank customers? (Consider 5 as the highest level of satisfaction and 1 for lowest level. Use Tick marks).

Level of satisfaction	Totally unsatisfied	Unsatisfied	Satisfied	More than satisfied	Fully satisfied
Services and Behavior					
Formalities followed for opening an account					
Promptness of cheque encashment					
Quickness of cash deposit					
Promptness of collection of cheque and other instruments					
Attention of the employees to the customers					
Products of the Bank					
Quality of counseling of the customer					
Loan negotiations					
Foreign Trade & Foreign Exchange service quality					
Remittance facilities (inward and outward including international)					
Attitude towards risk (conservative or Progressive)					
Compliance of credit formalities					

A-10 : a) Who are your Target Group actually ? (Use tick marks).

- | | |
|--|---|
| <input type="checkbox"/> Industrialists | <input type="checkbox"/> Service holders |
| <input type="checkbox"/> Traders | <input type="checkbox"/> Players |
| <input type="checkbox"/> Importers | <input type="checkbox"/> Exporters. |
| <input type="checkbox"/> Housewives | <input type="checkbox"/> Foreigners |
| <input type="checkbox"/> New Entrepreneurs | <input type="checkbox"/> Existing Entrepreneurs |

A-11 : a) Which method do you follow to attract the Potential customer ?

(Use tick marks).

- | | |
|---|--------------------------|
| i) Advertising | <input type="checkbox"/> |
| ii) Personal Relationship | <input type="checkbox"/> |
| iii) References | <input type="checkbox"/> |
| iv) Other Bank's customer list | <input type="checkbox"/> |
| v) Renowned Personalities, Trading House, Groups etc. | <input type="checkbox"/> |
| v) Secondary Sources (Owners Association, FBCCI,
List of Importers & Exporters etc.) | <input type="checkbox"/> |

b) If there is any other sources available, then please mention the
source(s) -----

A-12 : a) Which tools will be more effective you think to promote your banking
services of the followings ? (Use tick marks).

- | | |
|-----------------------|--------------------------|
| i) Publicity | <input type="checkbox"/> |
| ii) Advertising | <input type="checkbox"/> |
| iii) Personal selling | <input type="checkbox"/> |
| iv) Sales Promotion | <input type="checkbox"/> |

A-13 : a) Do you think that your asset products are congenial to promote new
entrepreneurs? Yes No

b) Which section of client usually gets preference in selecting borrowers

- | | |
|---|--|
| i) New Entrepreneurs <input type="checkbox"/> | ii) Existing/Reputed Entrepreneurs? <input type="checkbox"/> |
|---|--|

A-14 : a) Do you think that your bank's service is competitive with the foreign

Commercial banks? Yes No

b) If your answer (a) is "No", Please Mark Tick (✓) the shortcomings of local commercial banks.

- i) Technological Support
- ii) Management Policy
- iii) Efficiency of Officers/Executives
- iv) Deposit Rate/Loan Pricing
- v) Cost of Service
- vi) Accuracy of Services
- vii) Promptness of services

c) If there is any other shortcoming, then please mention: -----

A-15 : a) Do you think that your bank's service quality is competitive with the

Local Commercial banks (Private/Public) ? Yes No

b) Please mark "S" for strength & "W" for weakness of your bank :

- i) Technological Support
- ii) Management Policy/Government Policy
- iii) Efficiency/Mentality of Officers/Executives
- iv) Deposit Rate/Loan Pricing
- v) Cost of Service
- vi) Accuracy of Services
- vii) Promptness of services

A-16 : Banks' main purpose is to (Use Tick) -

- i) Make Profit only disregarding customer side
- ii) Make Profit through customer satisfaction
- iii) Making Profit through greater welfare of the society
- iv) Profit through Economic development of the country.
- v) Making wealth for the sponsors/owner of the bank

c) If there is any other purpose, then please mention: -----

A-18 : a) Do you think that the present policy pursued in your bank is helpful in order to achieve the overall national growth objectives ?

Yes No

b) If your answer (a) is "No", In which direction do you think necessary to be adopted to achieve the overall national objectives? Please give some suggestions.

A-19 : Do you think that Bangladesh Bank is performing its duty properly as a regulatory body or central bank ?

Yes No

A-20: Do you think that Bangladesh Bank is always concerned with the services of commercial Banks regarding customer satisfaction and their greater interest?

Yes No

A-21: a) Do you think that Bangladesh Bank's recent regulatory measures such as Anti-Money Laundering Program, CTR, STR, BASEL-1&2 etc. creates problems which results dissatisfaction of the customer?

Yes No

b) If your answer (a) is "Yes", Please mention some reasons.

A-22: (a) Do you face any problem from the clients/ customer?

Yes No

(b) If the answer is "Yes", then what type of problems do you face? Please mention.

A-23: (a) Do you receive any complain from your customer/clients?

Yes No

(b) If the answer is "Yes", then what type of complaints do you receive? Please mention.

A-24: Do you have any plan to improve the quality of your service? If yes, what is your plan?

A-25: Please opine the qualities that a good and efficient bank Officer/Executive should possess.

A-26: a) There is a common perception that the efficiency and customers' services is better in Private commercial bank compare to nationalized/ Public commercial banks in Bangladesh. Do you agree?

Yes No

b) If yes, please state the reasons.

c) What steps you consider necessary for improving the overall efficiency of your bank?

A-27: Anything you want to add that is not included in this questionnaire.

A -28 : Please provide the following information for statistical analysis:

- a) You are - i) Male ii) Female
- b) Your age : Years
- c) Position held by you?
i) Top level ii) Middle level iii) Junior level
- d) What is the last degree acquired by you?
i) Masters ii) Honors
iii) Pass graduate iv) Undergraduate
iv) Others (please specify):
- e) What is the length of your experience?
i) Banking: Less than 5 years
 5 years to 10 years
 More than 10 years

"Thank you very much for your time and effort in answering my questions."

Questionnaire for M. Phil Thesis Program

Part-B

"Questionnaire for Depositor "

This survey is strictly for the academic purpose.

Name of the Respondent:

Occupation:

D-01 : Please specify the nature of Bank where you banking :

- Private Commercial Bank
- Public Commercial Bank
- Others --- -----

D-02 : Which location will you prefer most?

- a) Near to the residence
- b) Near to the business place/office
- c) Near to the place of business (shop or plant)

D-03: How did you come to know about this bank? (√ the box)

- Advertisement
- Development Officer
- Friend
- Relative
- Others : -----

D-04 : Types of accounts which you are operating:

- i) Current Account.
- ii) Saving Account.
- iii) Short Term Deposit Account.
- iv) Fixed Deposit Account
- v) Scheme Deposit Account

b) Please mention the Scheme Deposit account which you are maintaining:

.....

D-05: a) Do you think that bank you are guided by certain factors in selecting bank?

Yes No

b) If your answer in (a) is yes, please rank the following factors on the basis of importance (Rank the factor 1 to 13).

Types of A/C	Ranking
Factors and Reasons	
Efficiency	
Financial Health of the bank	
Quality of the bank services	
Location of the branch	
Reputation of the bank	
Banker –Customer relationship	
Ownership of the bank (Private or nationalized)	
Atmosphere of the Bank	
Interest rate, Price & Incentives	
Products of the Bank	
Physical facilities available in the branch	
Techno-strength	
Business network of the Bank	

D-06: Would you please indicate the level of your satisfaction of the bank's various services? (Consider 5 as the highest level of satisfaction and 1 for lowest level. Use Tick marks).

Level of satisfaction	Totally unsatisfied 1	Unsatisfied 2	Satisfied 3	More than satisfied 4	Fully satisfied 5
Services and Behavior					
Formalities followed for opening an account. & others.					
Promptness of cheque encashment & deposit of cash.					
Bank is offering complete deposit rates amongst the existing Banks.					
Attention of the Employees with you When they are running against the time.					
Products of the Bank.					
Quality of counseling of the customer. (Critical situation handling capacity.)					
Foreign Trade & Foreign Exchange service quality					
Remittance facilities (Inward and outward including international)					
As a Customer you are getting the highest value					
Bank encourages customer comments & Complaints.					

D-07 : a) Do you want any special type of advice from banks?

Yes No

b) If your answer in (a) is yes, please note the areas regarding which you need bank advice.

D-08 : a) Do you have any problem(s) about the bank's present services?

Yes No.

b) If the answer is yes, then mention the problem(s) that you have faced.

D-09 : What are the services, you think, a bank can and should render to you?

D-10 : Service Quality Measurement:

Service Quality Measurement:	Highly Satisfied / Agree (5)	Satisfied / Agree (4)	Neutral (3)	Dissatisfied / Disagree (2)	Highly Dissatisfied / Highly Disagree (1)
(A) Tangibles					
<i>Appearance of physical facilities</i>					
<i>Appearance of Personnel</i>					
(B) Reliability					
<i>Sincere interest in solving clients problems</i>					
<i>Provide services at the time they promise to do so</i>					
(C) Responsive					
<i>Willingness to help clients</i>					
<i>Prompt response from staff</i>					
(D) Assurance					
<i>Friendliness and courtesy of staff</i>					
<i>Bankers having knowledge to answer questions</i>					
(E) Empathy					
<i>Individual attention given by staffs</i>					
<i>Understanding specific needs of the clients</i>					
Overall Satisfaction					
I am satisfied with the bank's service					

D-11 : Banks' main purpose is to (Use Tick) -

- i) Make Profit only disregarding customer side
- ii) Make Profit through customer satisfaction
- iii) Making Profit through greater welfare of the society
- iv) Profit through Economic development of the country
- v) Making wealth for the sponsors/owner of the bank

c) If there is any other purpose, then please mention: -----

D-12 : a) Do you think that there is a gap in overall efficiency in bank management and customers' service between Private Commercial Banks & Public Commercial Banks in Bangladesh?

- Yes No.

b) If your answer in (a) is yes, please mention some gap/variations.

c) What steps would you consider necessary for minimizing the variation/gap for increasing the overall efficiency in your bank?

D-13 : Do you think that Bangladesh Bank is performing its duty properly as a regulatory body or central bank ?

- Yes No

D-14: Do you think that Bangladesh Bank is always concerned with the services of commercial Banks regarding customer satisfaction and their greater interest?

- Yes No

D-15: a) Do you think that Bangladesh Bank's recent regulatory measures such as Anti-Money Laundering Program, CTR, STR creates problems which results dissatisfaction among you ?

Yes No

b) If your answer (a) is "Yes", Please mention some reasons.

D-16: Do you have any advices to improve the quality of services of the bank? If yes, what are these?

D-17: a) There is a common notion that overall efficiency and customers' services is better in Private commercial bank compare to nationalized/ Public commercial banks in Bangladesh. Do you agree?

Yes No

b) If yes, please state the reasons.

c) What steps you consider necessary for improving the overall efficiency of your bank?

D-18: Please mention some of the qualities, an ideal "bank-Officials " should have.

D-19: Anything you want to add that is not included in this questionnaire.

D -20 : Please provide the following information for statistical analysis:

a)	You are -	i) Male <input type="checkbox"/>	ii) Female <input type="checkbox"/>
b)	Your age :	Years	
d)	What is the last degree acquired by you?		
	i) Masters <input type="checkbox"/>	ii) Honors <input type="checkbox"/>	
	iii) Pass graduate	iv) Undergraduate <input type="checkbox"/>	
	iv) Others (please specify):	
e)	What is your income level ?		
	Less than Tk. 5000	<input type="checkbox"/>	
	Tk. 5001 to Tk. 20000	<input type="checkbox"/>	
	Tk. 20001 to Tk. 50000	<input type="checkbox"/>	
	More than Tk. 50000	<input type="checkbox"/>	

“Thank you very much for your time and effort in answering my questions.”

Questionnaire for M. Phil Thesis Program

Part-C

"Questionnaire for Borrower"

This survey is strictly for the academic purpose.

Name of the Respondent:

Occupation:

B-1 : Please specify the nature of Bank where you banking :

- Private Commercial Bank
- Public Commercial Bank
- Others --- -----

B-2 : Which location will you prefer most?

- a) Near to the residence
- b) Near to the business office
- c) Near to the place of business (shop or plant)

B-03 : a) How did you come to know about this bank? (✓ the box)

- Advertisement
- Development Officer
- Friend
- Relative

b) If you knew from other sources, then please mention the sources:

.....

B-04 : Types of accounts which you are operating:

- | | | | |
|---------------------------------------|--------------------------|---------------------|--------------------------|
| (1) Company | <input type="checkbox"/> | (2) Corporation | <input type="checkbox"/> |
| (3) Cooperative | <input type="checkbox"/> | (4) Partnership | <input type="checkbox"/> |
| (5) Nationalized unit | <input type="checkbox"/> | 6) Sole trader-ship | <input type="checkbox"/> |
| (7) Co-operative Society/
Club etc | <input type="checkbox"/> | 8) Other | <input type="checkbox"/> |

B-05 : Please mention the nature of loan you are availing ? (use tick marks).

- | | |
|--|--------------------------|
| a) Continuous Credit /Revolving credit | <input type="checkbox"/> |
| b) Demand Loan | <input type="checkbox"/> |
| c) Term Loan | <input type="checkbox"/> |

B-06 : a) Please give your ranking to the factors you consider in selecting a Bank on the basis of importance (Rank the factor 1 to 13).

Types of A/C	Ranking
Factors and Reasons	
Efficiency	
Financial Health of the bank	
Quality of the bank services	
Location of the branch	
Reputation of the bank	
Banker –Customer relationship	
Ownership of the bank (Private or nationalized)	
Atmosphere of the Bank	
Interest rate, Price & Incentives	
Products of the Bank	
Physical facilities available in the branch	
Techno-strength	
Business network of the Bank	

B-07 : a) Do you think that the loan product of the bank are adequate and your need oriented ?

Yes No

b) Please mention the form of loan you are enjoying from the bank.

B-08: What statements and / or documents are required to be submitted to the bank at the time of taking loan from banks?

Types of statements / documents	Tick marks
Brief history of the business & Qualification & experience of the person behind the business	
Income statement (P & L Account)	
Balance sheet	
Feasibility report	
Cash flow statements	
Income tax certificate and clearance	
Title deed & other documents related with the Title Deed	
Lease hold deed & other documents related with the Title Deed	
Memorandum of Association	
Articles of Association	
Partnership deed	
Others	

Please add, if left any:

B-09 : a) Do you want any special type of advice from banks?

Yes No

b) If your answer in (a) is yes, please note the areas regarding which you need bank advice.

B-10 : a) Do you have any problem(s) about the bank's present services?

Yes No.

b) If the answer is yes, then mention the problem(s) that you have faced.

B-11 : What are the services, you think, a bank can and should render to you?

B-12: a) Are you satisfied with the present system (Method / Procedure) followed by your bank at the time of sanctioning loans? Yes No

b) If your answer is no, what are the reasons of your being dissatisfied?

Yes No

c) What remedial measures a bank should take for improving the system?

B-13: How does your bank measure your profitability?

- a) Amount of EAT
- b) % of EAT on total sales
- c) % of EAT on borrowed capital
- d) EAT to sales
- e) EAT to net worth
- f) All of the above
- g) Do not know

B-14: In case of secured loans, would you please give the ranking of the following assets in order of (1) your banker's preference and (2) your convenience (Consider most preferable one as the first).

Types of assets	Your banker's preference		Your convenience
	Short-term (up to 1 year)	Intermediate term (up to 5 years)	
Banks Deposit/FDR			
Gold			
Govt. Securities			
Shares			
Securities (Debenture)			
Saving certificate			
Raw materials			
Real Estate			
Machinery			
Personal			
Other (specify) ...			

B-15: which value does the bank in case of securities accept?

Types of value	Market value	Book value	Estimated value
Types of assets			
Gold			
Govt. Securities			
Shares			
Securities (Debenture)			
Saving certificate			
Raw materials			
Real Estate			
Machinery			
Personal			
Other (specify)			

B-16: At the time of allowing loans, does your bank check with other businessmen about your financial conditions? Yes No

B-17: Do you support the establishment of an agency for supplying financial information of bank customers? Yes No

B-18: Please give reason in support of your answer in B - 17.

B-19: a) Do you think the present credit policy pursued by your bank should be changed? Yes No

b) If yes, please mention some suggestive changes.

B-20 : a) Do you think that your bank's service is competitive with the foreign

Commercial banks? Yes No

b) If your answer (a) is "No", Please Mark Tick (✓) in appropriate box (es) which you think needed:

- i) Technological Support
- ii) Management Policy
- iii) Efficiency of Officers/Executives
- iv) Deposit Rate/Loan Pricing
- v) Cost of Service
- vi) Accuracy of Services
- vii) Promptness of services
- viii) Others (Specify)-----

B-21: a) Do you think that your bank's service quality is competitive with the

Local Commercial banks (Private/Public) ? Yes No

b) If your answer (a) is "No"/"Yes", Please Mark Tick (✓) in appropriate box (es) which you think needed :

- i) Technological Support
- ii) Management Policy/Government Policy
- iii) Efficiency/Mentality of Officers/Executives
- iv) Deposit Rate/Loan Pricing
- v) Cost of Service
- vi) Accuracy of Services
- vii) Promptness of services
- viii) Others(Specify) -----

B-22 : Service Quality Measurement:

Service Quality Measurement:	Highly Satisfied / Agree 5)	Satisfied/ Agree (4)	Neutral (3)	Dissatisfied/ Disagree (2)	Highly Dissatisfied/ Highly Disagree (1)
(A)Tangibles					
<i>Appearance of physical facilities</i>					
<i>Appearance of Personnel</i>					
(B)Reliability					
<i>Sincere interest in solving clients problems</i>					
<i>Provide services at the time they promise to do so</i>					
(C)Responsive					
<i>Willingness to help clients</i>					
<i>Prompt response from staff</i>					
(D)Assurance					
<i>Friendliness and courtesy of staff</i>					
<i>Bankers having knowledge to answer questions</i>					
(E)Empathy					
<i>Individual attention given by staffs</i>					
<i>Understanding specific needs of the clients</i>					
Overall Satisfaction					

B-23 : Banks' main purpose is to (Use Tick) -

- i) Make Profit only disregarding customer side
- ii) Make Profit through customer satisfaction
- iii) Making Profit through greater welfare of the society
- iv) Profit through Economic development of the country.
- vi) Making wealth for the sponsors/owner of the bank

c) If there is any other purpose, then please mention: -----

B-24 : a) Do you think that foreign banks have superiority over the nationalized commercial banks in respect of services and efficiency? Yes No

b) If your answer in (a) is yes, please mention some reasons.

B-25 : a) Do you think that there is a gap in overall efficiency in bank management and customers' service between Private Commercial Banks & Public Commercial Banks in Bangladesh?

Yes No.

d) If your answer in (a) is yes, please mention some gap/variations .

e) What steps would you consider necessary for minimizing the variation/gap for increasing the overall efficiency in your bank?

B-26 : Do you think that Bangladesh Bank is performing its duty properly as a regulatory body or central bank ?

Yes No

B-27: Do you think that Bangladesh Bank is always concerned with the services of commercial Banks regarding customer satisfaction and their greater interest?

Yes No

B-28: a) Do you think that Bangladesh Bank's recent regulatory measures such as Anti-Money Laundering Program, CTR, STR, BASEL-1&2 etc. creates problems which results dissatisfaction among you ?

Yes No

b) If your answer (a) is "Yes", Please mention some reasons.

B-29: Do you have any advices to improve the quality of services of the bank? If yes, what are these?

B-30: a) There is a common notion that overall efficiency and customers' services is better in Private commercial bank compare to nationalized/ Public commercial banks in Bangladesh. Do you agree?

Yes No

d) If yes, please state the reasons.

e) What steps you consider necessary for improving the overall efficiency of your bank?

B-31: Please mention some of the qualities, an ideal "bank-executive" should have.

B-32: Anything you want to add that is not included in this questionnaire.

B -33: Please provide the following information for statistical analysis:

- a) You are - i) Male ii) Female
- b) Your age : Years
- d) What is the last degree acquired by you?
- i) Masters ii) Honors
- iii) Pass graduate iv) Undergraduate
- iv) Others (please specify):
- e) What is your income level ?
- i) Less than Tk. 5000
- ii) Tk. 5001 to Tk. 20000
- iii) Tk. 20001 to Tk. 50000
- iv) More than Tk. 50000
- f) Mention your business experience:
- i) Less than 5 years
- ii) 5 years to 10 years
- iii) More than 10 years

“Thank you very much for your time and effort in answering my questions.”