Marketing of Banking Products and Services: A Study on Southeast Bank Limited

HAJEE MOHAMMAD DANESH SCIENCE AND TECHNOLOGY UNIVERSITY, DINAJPUR

Internship Report

By

Kaniz Fatema
Student ID. 1505099
MBA in Marketing
Department of Marketing
HSTU, Dinajpur

MASTER OF BUSINESS ADMINISTRATION (MBA)

(This internship report has been prepared for submission into the Department of Marketing, Hajee Mohammad Danesh Science & Technology University, Dinajpur, as a partial requirement for fulfillment of MBA Degree in Marketing)

June- 2016

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SUPERVISED BY:

Md. Jamal Uddin
Assistant Professor
Department of Marketing
Faculty of Business Studies
HSTU, Dinajpur

CO-SUPERVISED BY:

Md. Abdur Rouf
Lecturer
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June- 2016

DEDICATED

TO MY

YOUNGER BROTHER

সাউথইস্ট ব্যাংক লিমিটেড
Southeast Bank Limited

Rangpur Branch
Holding # 9416, Jail Road
Radhaballabh, Thana-Kotwali, Rangpur,
Tel : 0521-64778, 64779, PABX : 0521-64672, 64673
Fax : 0521-64780, SWIFT : SEBDBDDH
E-mail : credit.rp@southeastbank.com.bd
Website : www.southeastbank.com.bd

SEBL/RANG/INTERNSHIP/2016/ 1192
MAY , 2016

TO WHOM IT MAY CONCERN

This is to certify that Kaniz Fatema having student ID: 1505099, a MBA student (Major in Marketing) of Hajee Mohammad Danesh Science & Technology University , Dinajpur completed her 90 (Ninety) days internship successfully. During the period of internship her attendance, performance in connection with her assigned duties & behavior with us are outstanding enough. She is obedient and hard working person also. She adopted all relevant works of different desks within the aforesaid period. During her internee period we found her good moral attitude and sound behavior.

We are satisfied with his performance and wish her success in life.

For Southeast Bank Limited.

(Authorized Signature)

Atiqur Rahman
PA. No-706

Letter of Transmittal

May, 2016

To

Md. Jamal Uddin

Assistant Professor

Department of Marketing

Faculty of Business Studies

Hajee Mohammad Danesh Science and Technology University, Dinajpur-5200

Subject: Submission of Internship Report on "Marketing of Banking Products and Services: A Study on Southeast Bank Limited."

Dear Sir

This a great pleasure to submit my internship report on **"Marketing of Banking Products and Services: A Study on Southeast Bank Limited**"**,** which is a part of MBA program. To you for your kind consideration, I made sincere effort to study related documents, materials, observe operations, examine related records, and collect primary data regarding attitude for preparation the report.

Within the time, I have tried my best to complete the pertinent information as comprehensive as possible.

Therefore, I will be very much glad to hear from you for further clarification.

Sincerely yours,

Kaniz Fatema

Student ID. 1505099

MBA in Marketing

Department of Marketing

HSTU, Dinajpur**.**

Declaration

I, am **Kaniz Fatema, Student ID No. 1505099**, MBA in Marketing, Department of Marketing, submitted my internship report entitled **"Marketing of Banking Products and Services: A Study on Southeast Bank Limited"** after completing my internship program. I have tried my level best to get together as much information as possible to enrich the report. I believe that it was a great experience and it has enriched both my knowledge and experience.

This report has been submitted in partial fulfillment of the requirement for the degree of Master of Business Administration (MBA) in Marketing at Hajee Mohammad Danesh Science and Technology University, Dinajpur.

Kaniz Fatema
Student ID. 1505099
MBA in Marketing
Department of Marketing
HSTU, Dinajpur.

Certificate of Supervisor

I, hereby declare that the Internship report entitled **"Marketing of Banking Products and Services: A Study on Southeast Bank Limited"** is a useful record of the Internship work done by **Kaniz Fatema, Student ID No. 1505099**, MBA in Marketing, Department of Marketing, Hajee Mohammad Danesh Science and Technology University, Dinajpur-5200. This report represents an independent and original work prepared on the basis of primary and secondary data collected and analyzed by the candidate. This report has not been accepted for any other degree and is not concurrently submitted in candidature of any other degree.

This entire work has been planned and carried out by the candidate by my supervision and guidance. In my opinion, this report is sufficient in terms of scope and quality for the award of the degree of Master of Business Administration (MBA) in Marketing from Hajee Mohammad Danesh Science and Technology University, Dinajpur.

SUPERVISOR
OF THE
Internship Program
Md. Jamal Uddin
Assistant Professor
Department of Marketing
Faculty of Business Studies
HSTU, Dinajpur.

Certificate of Co-Supervisor

I, hereby declare that the thesis report entitled **"Marketing of Banking Poroducts and Services: A Study on Southeast Bank Limited"**is a useful record of the internship work done by **Kaniz Fatema, Student ID No. 1505099**, MBA in Marketing, Department of Marketing, Hajee Mohammad Danesh Science and Technology University, Dinajpur-5200. This report represents an independent and original work prepared on the basis of primary and secondary data collected and analyzed by the candidate. This report has not been accepted for any other degree and is not concurrently submitted in candidature of any other degree.

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CO-SUPERVISOR
OF THE
Internship Program
Md. Abdur Rouf
Lecturer
Department of Marketing
Faculty of Business Studies
HSTU, Dinajpur.

Acknowledgement

At first, I would like to express my gratefulness and harmony to the ALLMIGHTY the supreme authority of the Universe, without whom we would be nothing. Next I would like to express my kindness to my Beloved Parent whose continuous inspiration enrages me to make a right move in my life.

I am grateful towards some respected persons for their advice, suggestions, direction and cooperation which have enabled me to have an experienced in the dynamic environment such like in banking sector.

I would like to thank my honorable supervisor **Md. Jamal Uddin,** Assistant Professor, Department of Marketing, Faculty of Business Studies, Hajee Mohammad Danesh Science and Technology University, Dinajpur, whose help, suggestions and co-operations, the total report will be valuable.

I would like to thank my honorable co-supervisor **Md. Abdur Rouf,** Lecturer, Department of Marketing, Faculty of Business Studies, Hajee Mohammad Danesh Science and Technology University, Dinajpur, whose help, suggestion and co-operation in preparing the report.

I would like to thank from the deep of my heart to those people who are related with making of this report and make it a success.

I would like to express my indebtedness to my report all the teachers, Department of Marketing, Faculty of Business Studies, Hajee Mohammad Danesh Science and Technology University, Dinajpur, for helping me and giving assistance in preparing the report.

Kaniz Fatema

June- 2016

Abstract

In the last term of final year of Mater of Business Administration (MBA) course, I was sent to Southeast Bank Ltd (SEBL) to have a practical exposure on banking activities under the program “Marketing of Banking products and services : A study on Southeast Bank Limited)”. SEBL is a leading private commercial Bank which starts it operation on under Companies Act, 1994 on March 12, 1995. Through its countrywide 35 branch network, it is providing a comprehensive and competitive banking service to its clients. With the starting the operation of SEBL, the main branch continue its operation .Through its three core departments, namely General Banking, Advance and Foreign Exchange, its provides all kinds of banking service to its customers. Throughout my overall study I have mainly tried to critically review the General Banking Activities of southeast Bank Ltd. Rangpur Branch. General banking comprises of account opening, bills, remittance, clearing cash and computer sections. Through these sections it establishes Banker customer relationship, collects bills for customers, remit funds of customers from one place to another, honoree cheques drawn on this branch. General Banking department provides these services in a faster and better manner. First chapter Introduction of the report prelude, background of the report, objectives of the study, definition of key terms, importance of the study, methodology of the study etc. Second chapter Literature review of the report. Third chapter focused on overview of SEBL contains history, vision, mission, objective, product and services of SEBL and so on. The forth section focused the Situation analysis and interpretation which called product and services strategies of Southeast Bank ltd. The five sections focused on Findings, recommendation and conclusion. The least Section focused my ninety days internship experience which I learned from SEBL Rangpur Branch as well as the some sort of problem which I have found from my observation. In this part I also try to recommend some solutions to solve these marketing related problems.

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CHAPTER-1

INTRODUCTION

1.1 Prelude

Generally by the word "Bank" we can easily understand that the financial institution deals with money. But there are different types of bank like; Central Banks, Commercial Banks, Savings Banks, Investment Banks, Industrial Banks, Co-operative Banks, etc. But when use the name term "Bank" without any prefix, or qualification it refers to the Commercial banks. Commercial Banks are the primary contributor to the economy of a country. So we can say Commercial Banks are a profit making institution that holds the deposit of the individuals and business in checking and saving account and then uses these funds to make loans. For these, people and government are very much dependent on these banks as the financial intermediary. As banks are profit earning concern; they collect deposit at the lowest possible cost and provide loans and advanced a higher cost. The differences between two are the profit for the bank.

Banking sector is expanding its hand in different events every day. At the same time the banking process is becoming faster, easier, and the banking area becoming wider. As the demand for better service increases day by day, they are coming with different innovative ideas and products. In order to survive in the competitive field of the banking sector, all banking organization are looking for better service opportunity to provide their fellow clients. As a result, it has become essential for every person to have some idea on the bank and banking procedure.

Southeast Bank Limited is a scheduled commercial bank in the private sector established under the ambit of Bank Company Act, 1991 and incorporated as a Public Limited Company under Companies Act, 1994 on March 12, 1995. The Bank started commercial banking operations on May 25, 1995. During this short span of time the Bank is successful in positioning itself as a progressive and dynamic financial institution in the country. The bank had been widely acclaimed by the business community, from small entrepreneurs to large traders and industrial conglomerates, including the top-rated corporate borrowers for its forward – looking business outlook and innovative financial solutions. Thus within this very short period of time it has been able to create an image and earn significant reputation in the country's banking sector as a Bank with Vision. Presently, it has 43 branches.

Southeast Bank Limited has been licensed by the Government of Bangladesh as a Scheduled commercial bank in the private sector in pursuance of the policy of liberalization of banking and financial services and facilities in Bangladesh. In view of the above, the Bank within a period of 10 years of its operation achieved a remarkable success and met up capital adequacy requirement of Bangladesh Bank.

Bank education is a practice-oriented education and Banking Sector in Bangladesh is facing challenges from different angles though its prospect is bright in the future. The objective of the 3 month Internship to develop the specific skills and the breadth of judgment required of effective financial executives or bankers. To growing up my knowledge, I was sent to Southeast Bank Limited Rangpur Branch from 01 February, 2016 to 30 April, 2016. This Report has been prepared on the basis of my practical experiences on the day-to-day banking activities and under the close supervision of my Organizational Supervisor Md. Atiqur Rahman and close guidance of Manager of Branch A.N.M. Serazul Karim.

1.2 Background of the Report

As a student of Master of Business Administration (MBA) everyone has to conduct a practical orientation in any organization for fulfilling the requirements of the 90 days Internship Program. The main purpose of the program is to expose the students to the real world situation. This report is done as a partial requirement of the internship program for the MBA students. This report is prepared for the internship program consisting of a major in depth study of the total banking business of Southeast Bank Ltd. Practical knowledge is fundamental for the application of theoretical intelligence. Bearing this in mind and internship program was being included in the MBA curriculum. The goal of this analysis is to expose the student in the organizational work situation and also to provide an opportunity for applying classroom learning in practice. There are some difference between theories and practice. This report is done as partial requirement of the 90 days internship program for the MBA students of HSTU, Dinajpur, Bangladesh.

1.3 Objectives of the Study

- To know the overall banking activities of Southeast Bank Limited.
- To evaluate the customer service of the Southeast Bank Limited.
- Identify the statistical performance of Southeast Bank Ltd.
- Discussion on function and operation of each level of the organization of the Southeast Bank Ltd.

1.4 Definition of key terms

1.4.1 Banking Products

A product is anything that is offered to the market for acquisition, use or consumption that might satisfy customers needs and wants. Intangible products are service based like the tourism industry, the hotel industry and the financial industry. Tangible products are those that have an independent physical existence. Every product is subject to a life-cycle including a growth phase followed by a maturity phase and finally an eventual period of decline as sales falls. Marketers must do careful research on how long the life cycle of the product they are marketing is likely to be and focus their attention on different challenges that arise as the product moves through each stage. The marketer must also consider the product mix. Marketers can expand the current product mix by increasing a certain product line's depth or by increasing the number of product lines.

1.4.2 Marketing in Banking Products

Marketing approach in banking sector had taken significance after 1950 in western countries and then after 1980 in Turkey. New banking perceptiveness oriented toward market had influenced banks to create new market. Banks had started to perform marketing and planning techniques in banking in order to be able to offer their new services efficiently. Marketing scope in banking sector should be considered under the service marketing framework. Performed marketing strategy is the case which is determination of the place of financial institutions on customers' mind. Bank marketing does not only include service selling of the bank but also is the function which gets personality and image for bank on its customers' mind. On the other hand, financial marketing is the function which relates uncongenitalies, differences and non similar applications between financial institutions and judgment standards of their customers. The reasons for marketing scope to have importance in banking and for banks to interest in marketing subject can be arranged as: Change in demographic structure: Differentiation of population in the number and composition affect quality and attribute of customer whom benefits from banking services. Intense competition in financial service sector: The competition became intense due to the growing international banking perceptiveness and recently being non limiting for new enterprises in the sector. Increase in liberalization of interest rates has intensified the competition. Bank's wish for increasing profit: Banks have to increase their profits to create new markets, to protect and develop their market shares and to survive on the basis of intense competition and demographic chance levels.

1.4.3 Service Marketing Strategies of Banking Products

Recently, banks are in a period that they earn money in servicing beyond selling money. The prestige is get as they offer their services to the masses. Like other services, banking services are also intangible. Banking services are about the money in different types and attributes like lending, depositing and transferring procedures. These intangible services are shaped in contracts. The structure of banking services affects the success of institution in long term. Besides the basic attributes like speed, security and ease in banking services, the rights like consultancy for services to be compounded are also preferred.

1.5 Importance of the study

The Importance of this part is that it gives a good idea about the overall knowledge about the Marketing of Banking Products and Services. It also provides extensive idea about the organizational part of SEBL and its performance in comparison with the industry performance and also to the private commercial banking sector of Bangladesh.

1.6 Methodology of the study

In order to get the information about the organizational part, the main source that has been used is the primary source. In depth interview with the staff of different divisions regarding their job, their service, the products that they offer and various other things were gathered from them. Frequent visit and close interaction with the various divisions was very much helpful for the preparation of this report.

Some secondary sources were also used for the completion of this part. These includes

i) Internal sources:

- Annual Reports of Southeast Bank Limited, Dhaka Bank, Prime bank, National bank.
- Group business principal manual.
- Group instruction manual and business instruction manual prior research report.
- Information regarding the banking sector.
- Other necessary books and materials
- Publishing of Ministry of Finance

ii) External sources:

- Different books and periodicals related to banking sector Bangladesh Bank report.
- Website.
- Newspapers.

1.7 Scope and Limitations

The scope of this part is limited to the overall scenario of the organization. This part has covered the different divisions of Southeast Bank, the products offered by Southeast Bank Limited and the major functional areas of the bank. The present scenario of the banking industry is also covered in this part. A financial analysis of Southeast Bank Limited is also covered in this part.

Like most of the banks, SEBL also does not provide access to all kinds of information for secrecy purposes. Moreover, officials and officers are very much busy with their work to give required time. So, in some cases, observation and some extent of assumptions were needed.

Due to lack of job experience, faults may have arisen in the report though maximum effort has been given to avoid any kind of mistake or uncertainty in preparing this report.

Making a comparative study needs information from different leading banks of the country and getting those information from different banks is a very tough job in reality, because most of the banks do not provide information for study purposes to the students from different organizations and institutions.

Some of the information that were used are not recent as the latest information regarding those issues were not accessible and open to all. Only authorized person can get those information.

Time constrain was also one of the major limitations while preparing this part as the total report is quiet a long one so allocation of time to the organizational part was really short.

CHAPTER-2

LITERATURE REVIEW

2.1 Review of Literature

According to Anselmi (2000) the relative market share might be influenced by manufacturer's selling and promotion allocation decision. He also added that advertising develops the manufacturer's relationship with the distributors and allocation to promotion could be increased in terms of discrete relationship among them.

Teng (2009) aims to show the considerable effects of the price discounts. He explained that price discounts may change consumers' attitudes and purchase intentions regarding a particular brand by moving it from consumers' hold set to consideration set. Here it could be added that the consumer were not only sensitive to price but also to the firms' advertising efforts.

Moorthy (2005) stated differently that advertising expenditure works as a signal of product quality for experience goods because consumers guess that high-quality products would advertise more than low-quality products. He provides substantial support for ad repetition that influences perceived quality.

Thomas *et al.* (1998) also agreed earlier that advertising is related with quality signaling and manufacturers use both price and advertising to signal the quality of their products. Consumer's choice behaviour was also a vital thing here.

Foxall (1994) also labeled four classes of consumer behaviour including maintenance (activities necessary for the consumer's physical survival and welfare such as food), accumulations (behaviours involved in certain kinds of saving, collecting, and installment buying), pleasure (consumption of popular entertainment), and accomplishment (behavior showing social and economic achievement). These four types of behavior could be applied to the communications of innovations of new products.

Darke (2005) also examined that different promotional frames increases the perceptions of deal value. But it needs to concern about that negative price-quality inferences were most likely to occur when the brand name or seller is not well-known (Rao and Monroe, 1989) and free gift frames were effective in increasing deal value under such conditions.

Kopetz *et al.* (2011) said that like most behaviour, consumer behavior was goal driven too. A choice made after a difficult search might increase consumers' satisfaction as a result of an effort justification process.

Arun and Turner (2003) supported the need for the broader approach to corporate governance for banking institutions and also argue for government intervention to restrain the behavior of bank management. In many countries, deposit insurance is used as a mechanism to safeguard the Banking system as well as the depositors.

(Shleifer and Vishny, 1997; Arun and Turner, 2003). However, there is an argument that active role by regulators may cause problems as well, as regulators may not have a Convincing/sufficient motivation to monitor the banks as they do not have much at stake in case of bank failures. Recently, the financial markets of developing economies have experienced rapid changes due to the growth of wider range of financial products. As a result of this, banks have been involved with high risk activities such as trading in financial markets and different off balance sheet activities more than ever before which necessitates an added emphasis on quality of corporate governance of banks in developing economies.

CHAPTER-3

OVERVIEW OF SOUTHEAST BANK LIMITED

3.1 Background of Southeast Bank Limited

The Nation can look back with certain justifiable pride at the achievements of the banking sector of Bangladesh. In the wake of liberation struggle, the banking structures of Bangladesh were in shambles in the war ravaged economy of the country. The banking business in the country was performed entirely by the nationalized banks till 1981/82. Thereafter, some banks were allowed to function as private sector banks for the purpose of widening the area of private sector operation. Some nationalized banks were denationalized, and they started operation as private commercial bank. The banking system of Bangladesh has undoubtedly made significant strides during the last years. Banking network now covers the entire country. Commercial banks play a very important role in our economy; in fact, it is difficult to imagine how our economic system could function efficiently without many of their services. They are the heart of our financial structure since they have the ability, in co-operation with Bangladesh Bank to add to the money supply of the nation and thus create additional purchasing power. This characteristic sets commercial Banks apart from other financial institutions. In addition to issuing deposits payable in demands, they accept time deposits. By lending and investing these resources, and by transferring funds throughout the nation and even between countries, they make possible a more complete utilization of the resources of the nation. Although banks create no new wealth, their lending, investing and related activities facilitate the economic processes of production, distribution and consumption. Human resource development through training is most crucial for organization growth. Training is a means to reduce obsolesce among the people in organization in the face of relentless innovation. Training is the process of increasing the skills and knowledge of personnel for the purpose of improving individual and organizational performance. Training is essential for the continued growth and development of both individual employee and the organization. Southeast Bank Limited is a scheduled commercial bank in the private sector established under the ambit of Bank Company Act, 1991 and incorporated as a Public Limited Company under Companies Act, 1994 on March 12, 1995. During this short span of time the Bank is successful in positioning itself as a progressive and dynamic financial institution in the country. The bank achieved the Certificate of commencement of business by the Registrar of Joint Stock Companies and Firms on the date of its incorporation and started its operations under private sector. Bangladesh Bank issued Banking License to the bank on March 25, 1995. Mr. M. Saifur Rahman, former Finance Minister of Bangladesh, inaugurated the foremost branch of the bank at 1, Dilkusha Commercial Area, Dhaka on 25th of the same year. In view of the above, the Bank within a period of 18 years of its operation achieved a remarkable success and met up capital adequacy requirement of Bangladesh Bank. In present the Bank has 100 Branches which they are leading very successfully all over Bangladesh.

List of Banks in Bangladesh

The commercial banking system dominates Bangladesh's financial sector. Bangladesh Bank is the Central Bank of Bangladesh and the chief regulatory authority in the sector. The banking system is composed of four state-owned commercial banks, five specialized development banks, thirty private commercial Banks and nine foreign commercial banks. The Nobel-prize winning Grameen Bank is a specialized micro-finance institution, which revolutionized the concept of micro-credit and contributed greatly towards poverty reduction and the empowerment of women in Bangladesh.

- Central Bank
- State-owned Commercial Banks
- Private Commercial Banks
- Foreign Commercial Banks
- Specialized Development Banks

3.2 Vision and mission of SEBL

Vision: To stand out as a pioneer banking institution in Bangladesh and contribute significantly to the national economy.

Mission:

- High quality financial services with the help of the latest technology
- Fast and accurate customer service.

- Balanced growth strategy.
- High standard business ethics.
- Steady return on shareholders' equity.
- Innovative banking at a competitive price.
- Attract and retain quality human resource.
- Firm commitment to the society and the growth of national economy.

3.3 Business objectives and commitments to clients

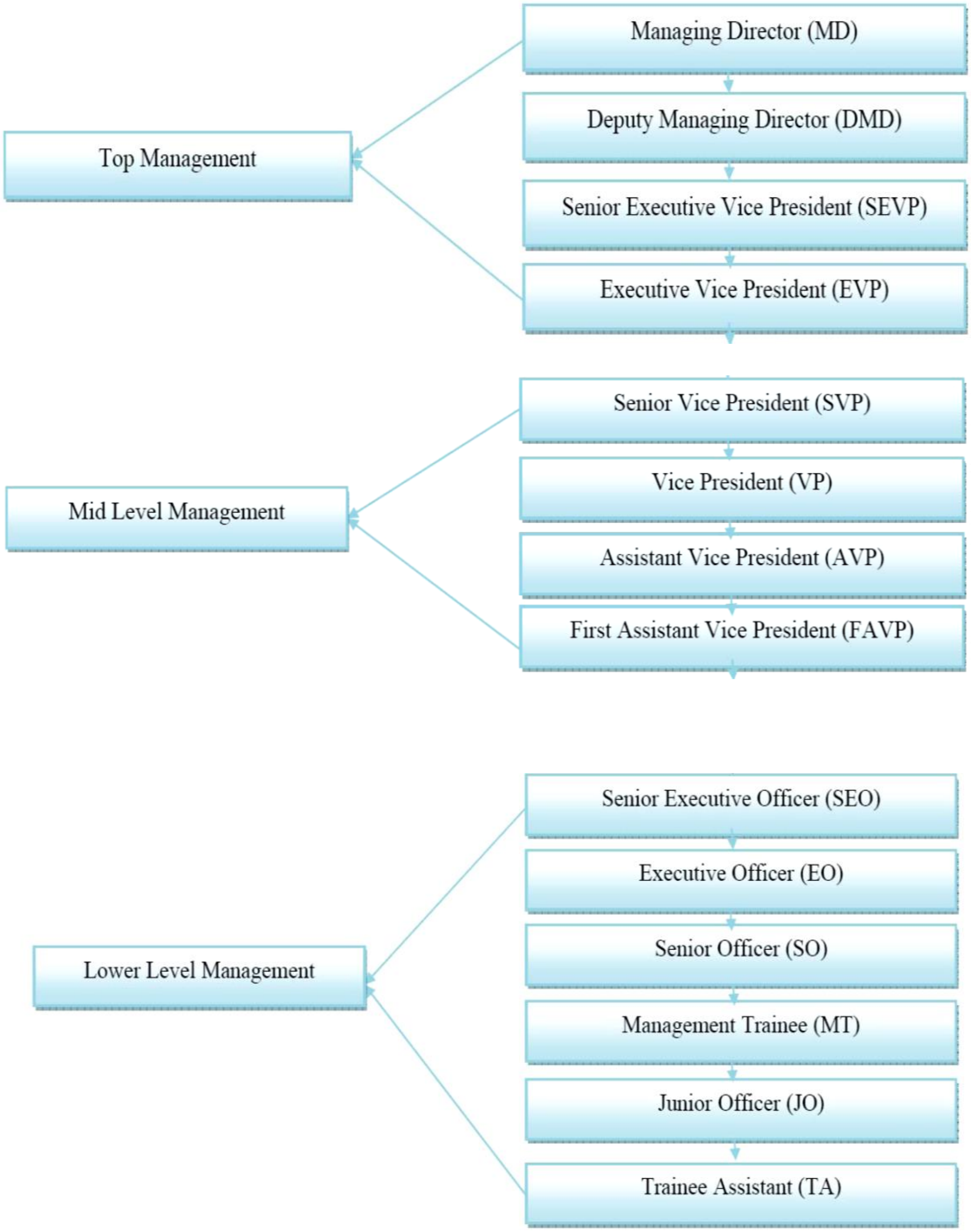
- Make sound investments.
- Meet capital adequacy requirement at all the time.
- Ensure a satisfied work force.
- Ensure 100% recovery of all advances.
- Focus on fee-based income.
- Adopt an appropriate management technology.

Commitments to clients

- Provide service with high degree of professionalism and use of most modern banking technology.
- Create life-long relationship based on mutual trust and respect.
- Respond to customer needs with speed and accuracy.
- Share their values and beliefs.
- Grow as the Bank's customers grow.
- Offer first-rated solutions of clients' banking problems and issues.

3.4 Organizational structure

Figure 3.1: Organizational structure



3.5 Corporate culture, Slogan

Southeast Bank is one of the most disciplined Banks with a distinctive corporate culture. The people of bank can see and understand events, activities, objects and situation in a distinctive way. They should their manners and etiquette, character individually to suit the purpose of the Bank and the needs of the customers who are of paramount importance to them the people in the Bank see themselves as a tight knit team/family that believes in working together for growth. The corporate culture they belong has not been imposed; it has rather been achieved through their corporate culture.

Slogan **.....a bank with vision**

3.6 Description of business

Southeast Bank Limited offers full-fledged banking service including general banking service, foreign exchange business, investment service etc. The general banking service includes taking deposits. The different deposit accounts are:

Fixed deposit account
Savings deposit account
Special saving deposit account
Short term deposit account
Term deposit account
Current account

These account are mainly opened by middle and lower income groups, sole-proprietorships, partnerships, limited companies, clubs, societies and associates. There are other deposits that are offered by Southeast Bank Limited in order to expand its product range so that it can compete with the other banks. These deposits are as follows:

Pension savings scheme
Education savings scheme
Marriage savings scheme
Savers beneficial deposit scheme
General loan scheme
Consumer credit scheme
House building loan/Apartment loan scheme

The foreign exchange business includes issuance of Letter of Credit (L/C), Foreign Demand Draft (DD), Foreign Telegraphic Transfer (TT), Inward Remittance, Import and Export Financing etc. Investment services of the Bank includes Small Business Investment Scheme, Housing Investment Scheme, Small Transport Scheme, Transport Investment Scheme, Car Loan Scheme, Rural development Scheme and etc. Major functions of the Bank are as follows:

Deposit: The prime function of the Bank is to collect money from the clients in the form of deposits. Different types of deposits accounts are open by clients to get different types of benefits from the account. In the deposit mix, the Bank earns most from fixed deposit. The other deposits that are performing well are savings deposit and current deposit.

Loans and Advances: The other major function of the Bank is to give loans and advances to the clients from the money that they collect as deposits. The main income of the Bank comes from the interest income that they earn from these loans and advances. The Bank offers different types of loans and advances to the clients from different purpose. Detail function of loan and advances are described in the project part of this report.

Investments: Investment is one of the other functions of the Bank that is common to all the Banking institutions. The investment portfolio of the Bank includes Government Treasury Bills, Prize Bonds and shares in Public Limited companies etc. The bank has always given emphasis on investment of Funds in highly yield areas simultaneously maintaining Statutory Liquidity Requirement (SLR) as fixed by Bangladesh Bank.

Treasury Operations: The treasury operations had long been considered as an important avenue of income generation for the Bank. The foreign banks operating in Bangladesh earn a considerable amount of their profit through treasury operations. With automated Reuters Terminal, the Bank has been able to develop its infrastructure capabilities for treasury dealings. The Bank has taken necessary steps for treasury dealings more adequately for meeting the demands of the customers.

Functional departments

Southeast bank currently have 12 divisions that are functioning in full-fledged manner. Among these 12 divisions, recently the Bank has opened its new Islamic Wing that is working on the Islamic Banking of the Bank. The Bank has already started two Islamic

Banking branches in July 2003 that are already doing business. The Bank also plans to introduce one new divisions namely Legal Affairs division. This new division will handle all the legal issues regarding the bank. Each of the division of the bank and their functions are discussed below:

3.7 Financial Control and Accounts Division (FCADs):

One of the most important department of Bank or any institution is the Finance and Accounts Department. The main functions of this department are discussed below in a very brief manner.

♣ Budgeting

♣ Payment of salary

♣ Financial Analysis

♣ Disbursement of Bills

♣ Reconciliation:

♣ Provident Fund (PF), Gratuity, Superannuation Fund (SF):

3.8 Credit Division:

The Credit Division of Southeast Bank limited is divided in two parts. (i) General Credit (ii) Corporate Finance.

General Credit: The functions of this division are given below:

♣ Analysis and appraisal/ evaluation of credit proposals for approval of Credit Committee

♣ Preparation of Board Memo

♣ Communication of Sanction Advice

♣ Preparation and Submission of periodical returns to Bangladesh Bank.

Corporate Finance: Under this division all the corporate credit like industrial credit, long-term project credits etc. are taken into account. SEBL recently is trying to increase the amount of corporate loan portfolio although it has been seen that most of the other banks are concentrating mainly on consumer loans. The main functions of corporate credit division are

♣ Analysis, appraisal / evaluation of credit proposals

♣ Processing Credit proposals for approval of Credit Committee

♣ Preparation of Credit Information Memo (CIM) for Board

♣ Communication of Sanction Advice

3.9 Loan Administration Division (LAD):

The major function of this department is to monitor the activities of the credit that are already disbursed. The functions of this department are

♣ Post Sanction documentation

♣ Monthly review and Follow up of Loan and Advances (LDO’s)

♣ Development of Early Warning System (EWS)

♣ Follow up for recovery of over dues

♣ Classification of Loans

♣ Legal affairs/ Litigation

3.10 International Division (ID):

One of the most important divisions of a bank is the International division. This is the department where the foreign exchange of the bank is maintained. Important works like L/C advising, collection of remittances are also done in this division. The functions of this department are

♣ To set up Agency Arrangement with correspondent Bank and to facilitate mutual exchange of business, document and information

♣ Remittance, for payment to beneficiaries.

♣ Letters of Credit, Advising, Confirmation, Negotiation, Acceptance, Payment, Bill, Cheque Collection.

♣ Guarantees, issuance of, including performance bonds, etc.

♣ Reconciliation of Nostro Accounts (Accounts with other foreign banks)

♣ Test keys / Specimen Signature Books for authentication of messages.

♣ Credit Lines.

♣ Extending and granting credit lines to correspondent banks for confirmation of their L/Cs, issuance of Guarantees, Money Market, FX Dealings etc.

♣ Obtaining credit lines from Correspondent Banks as above.

♣ Maintaining / monitoring record of credit lines obtained / utilized.

♣ Compile and circulate the foreign exchange circulars to the branches.

3.11 Human Resources Division (HRD):

One of the most important departments of any organization is the Human Resources division because it has to deal with the whole manpower planning of an organization. The need of manpower, excess manpower, training to the staff and other works are all organized by this division. The functions carried out by the HRD of SEBL are

♣ Recruitment, Selection of Manpower and Manpower Planning.

♣ Arranging and imparting training for Human Resources Development.

♣ Placement, Performance Evaluation, Increment, Promotion, Incentive Schemes etc.

♣ Processing of Leave.

♣ Disciplinary Action.

♣ Formulation / Implementation of Administrative Rules / Policies

♣ Preparation of Board Memo and Implementation of Board Decisions.

♣ Employees Service Benefits.

3.12 Information Technology Division (IT):

Information Technology nowadays is a very critical part of any organization. To have upgrade knowledge about the world, advanced computer system in order to make the job more efficient and effective it is very important to have a good IT division. The functions of the IT division of SEBL are

♣ Monitoring / Supervision of overall computerized banking operations.

♣ System Administration Data processing and Data Entry.

♣ Software Development and Maintenance.

♣ Maintenance of Hardware.

3.13 Logistic and General Services Division:

The functions of the logistics division of SEBL are very basic jobs. They are

♣ To arrange Printing and Purchase of Security / General stationery.

♣ To arrange efficient Utility Services.

♣ Maintenance of Premises

♣ Transport pool, Protocol etc.

3.14 Marketing and Outreach Division:

One of the basic divisions of any organization is the marketing department. The world today is totally dominated by marketing. The stronger marketing strategy of an organization, the more successful is the organization. The functions of this division of SEBL are

♣ Cost Benefit Analysis of existing banking products and development of new products.

♣ Liability Marketing.

♣ Branch Expansion.

♣ Mass Media and Event Management.

♣ To compile analyze and interpret key Management Information (MIS)

3.15 Branches Control Division (BCD):

The functions of this division are as follows

♣ Internal Audit and Inspection.

♣ Compliance / follow up and monitoring of internal inspection.

♣ Monitoring of General Bank's Inspection / External Audit Report.

3.16 Card Division:

The card division of SEBL is pretty new and small in the sense that not too many services by this division is offered to the customers. So the work of the card division is very much limited. The functions of the card division are:

♣ Managing debit card account and also credit card which is going to be introduced soon

♣ All the works that are related to the ATM card like managing the credit and debit balance of a client.

♣ Maintaining correspondence with the branches regarding different clients of ATM card.

♣ Works related to customer and vendor management.

3.17 Board and Share Division:

The functions of this division are

♣ Arranging / conducting of Board, EC meeting.

♣ Preparations of minutes and implementation of Board decisions.

♣ Company affairs.

♣ Issuance of Bank's share etc.

3.18 Performance of SEBL at a glance

Table 3.1 Performance of SEBL at a glance

Taka in Million (where applicable)

Particulars	2013	2012	2011	2010	2009
Authorized Capital	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Paid up Capital	8,732.86	8,732.86	8,317.01	6,930.84	3,422.64
Reserve fund and other Reserve	13,074.71	10,864.68	10,683.05	10,265.96	6,504.52
Total capital	21,807.57	19,597.54	19,000.06	17,196.80	9,927.16
Deposits	1,77,519.46	1,52,901.24	1,27,178.22	1,07,253.19	96,669.05
Advances	1,34,863.82	1,26,968.97	1,07,288.56	93,981.20	77,497.57
Investments	57,589.06	39,011.28	29,846.60	18,869.07	21,350.23
Import Business	1,31,644.82	1,11,537.50	99,509.01	1,03,726.70	69,582.92
Export Business	95,220.40	84,464.20	75,982.06	58,158.06	46,724.47
Foreign Remittance	39,299.10	41,455.40	49,544.10	28,082.25	23,779.20
Guarantee Business including ILC	17,226.41	21,506.65	25,673.90	22,781.19	11,916.74
Total income	26,918.30	23,134.18	19,931.91	16,100.81	13,415.21
Total expenditure	20,218.11	17,638.99	13,846.24	9,331.55	8,800.55
Operating Profit	6,700.20	5,495.19	6,085.67	6,769.26	4,614.66

Net profit after Tax and provision	3,378.82	1,648.72	1,912.19	2,763.93	1,870.19
Fixed Assets	7,795.65	7,677.51	7,373.11	4,463.64	4,323.59
Total Assets	2,20,930.85	1,91,276.30	1,58,078.59	1,31,784.27	1,12,676.98
Earnings per share (EPS) (TK)	3.87	1.89	2.19	3.77	3.24
Dividend Cash (%)	16%	15%	15%	10%	-
Bonus Shares	5%(20:1)	5%(20:1)	20%(5:1)	35%(20:7)	
Return on Equity (ROE)	16.20%	8.42%	10.47%	19.41%	16.51%
Return on Assets (ROA)	1.64%	0.95%	1.32%	2.26%	1.66%
Non Performing Loan	3.94%	4.47%	3.51%	4.26%	3.73%
Number of Correspondent Banks	211	183	161	152	146
Number of Foreign Correspondents	778	691	654	645	589
Number of Shareholders	65,413	64,060	68,039	66,898	22,152
Number of Employees Banking	1,704	1,655	1,526	1,373	1,254
Non Banking	414	355	322	240	148
Number of Branches	103	94	84	76	56

Source: Southeast Bank Limited Annual Report 2013

3.19 Product mix, Product Line and Brands of Products of Southeast Bank Limited

A range of associated products that yields larger sales revenue when marketed together than if they were marketed individually or in isolation from others. Product mix, also known as product assortment, refers to the total number of product lines that a company offers to its customers. For example, a small company may sell multiple lines of products. Sometimes, these product lines are fairly similar, such as dish washing liquid and bar soap, which are used for cleaning and use similar technologies. Other times, the product lines are vastly different, such as diapers and razors. The four dimensions to a company's product mix.

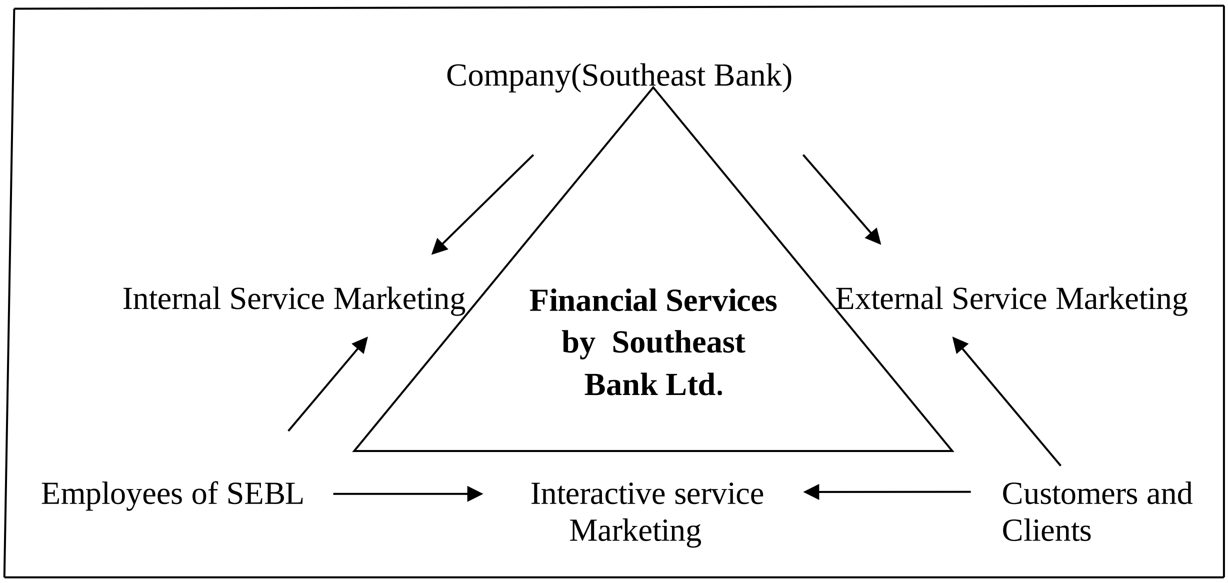
- Width,
- Length,
- Depth
- Consistency.

Figure 3.2: Product mix, product line products and Brands of Southeast Bank Limited

Brands	Products	Product lines	Product Mix
Saving Acccount Current Account Special Notice Account Fixed Deposit Receipt Double Benefit Scheme Millioner Deposit Scheme Monthly Savings Scheme Monthly Income Scheme	Deposit Product	Deposit, Loan, Advance Product and Service line of Bank Products	Combination of 16 Brands is called Promotion mix
Working Capital Finance and Advance Overdraft Project loan Syndicated Loan Packing Credit Loan Against Export Bill Loan Against Trust receipt Pension Scheme	Loan Products		

3.20 Types of Service Marketing Of SEB Products

Figure 3.3: Scenario of Service Marketing of SEB Limited



Internal Marketing

Especially in service sector like external relations, internal relations also have significance. It requires finding and keeping successful personnel. For personnel of the organization to be considered their own goals and service situation, values of the organization are sold to them. With an internal marketing strategy, employees are treated as "internal customers" who must be convinced of a company's vision and worth just as aggressively as "external customers." The goal of internal marketing is to align every aspect of a company's internal operations to ensure they are as capable as possible of providing value to customers.

External Marketing

In an external marketing, marketers interact directly to the end users. They try to understand the need of customers and satisfy them after fulfilling their demands. In an external marketing, marketers set the pricing policies and create awareness about the products and design promotional strategies and techniques that help to attract the customers towards their products and services. They communicate with their customers directly and convince them to buy their products. They also grab the attention of the market and produce interest in their services. External marketing is one of the important parts of service marketing triangle.

Interactive Marketing

Interactive marketing involves in the delivery of products or service to the customers and front –office employees of the company. It is the most important part of the service marketing triangle because it establishes a long term or short term relations with customers.. Marketers who cannot compromise on quality and deliver high quality products to their customers have a great community of loyal customers.

3.21 Service-Profit Chain of Southeast Bank Ltd

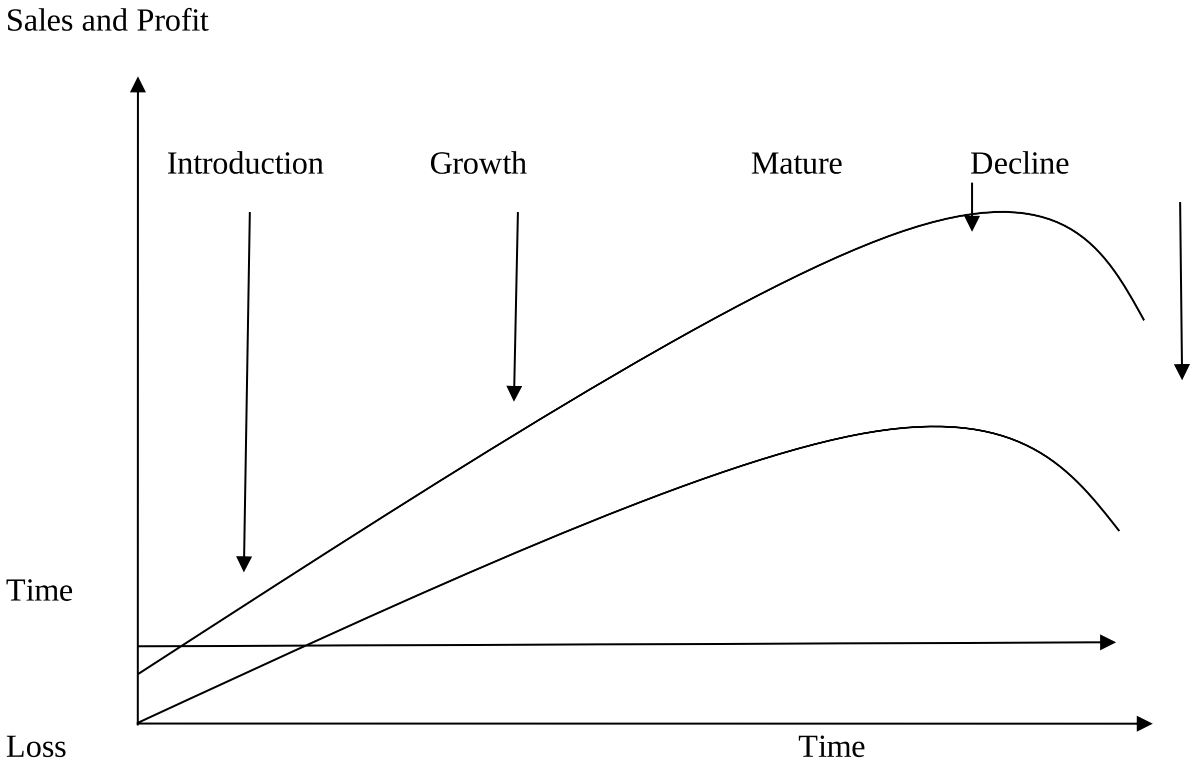
The **service-profit chain** establishes relationships between profitability, customer loyalty, and employee satisfaction, loyalty, and productivity. The links in the chain (which should be regarded as propositions) are as follows: Profit and growth are stimulated primarily by customer loyalty. Loyalty is a direct result of customer satisfaction. Satisfaction is largely influenced by the value of services provided to customers. Value is created by satisfied, loyal, and productive employees. Employee satisfaction, in turn, results primarily from high-quality support services and policies that enable employees to deliver results to customers. The service-profit chain is also defined by a special kind of leadership that emphasizes the importance of each employees and customers.

Figure 3.4: Service Profit Chain of Southeast Bank Ltd.

• **Profitability and Revenue Growth** **Customer loyalty** • **Customer satisfaction** • **External Service** • **Employee retention** • **Employee productivity** • **Employee satisfaction** • **Internal Quality drives Employee Satisfaction** • **Leadership Underlies the Chain's Success**	**Service-profit chain of SEBL**

3.22 Product Life Cycle Stages of Banking Product in case of SEB Ltd.

Figure 3.5: Product Life Cycle Stages of SEBL



Introduction	Growth	Mature	Decline
MICR Cheque On Line Banking Mobile Banking Web Banking	ATM cards, Debit and Credit Card	Cheque books	Ledger book Cash book

Introduction Stage – This stage of the cycle could be the most expensive for a company launching a new product. The size of the market for the product is small, which means sales are low, although they will be increasing. On the other hand, the cost of things like research and development, consumer testing, and the marketing needed to launch the product can be very high, especially if it's a competitive sector.

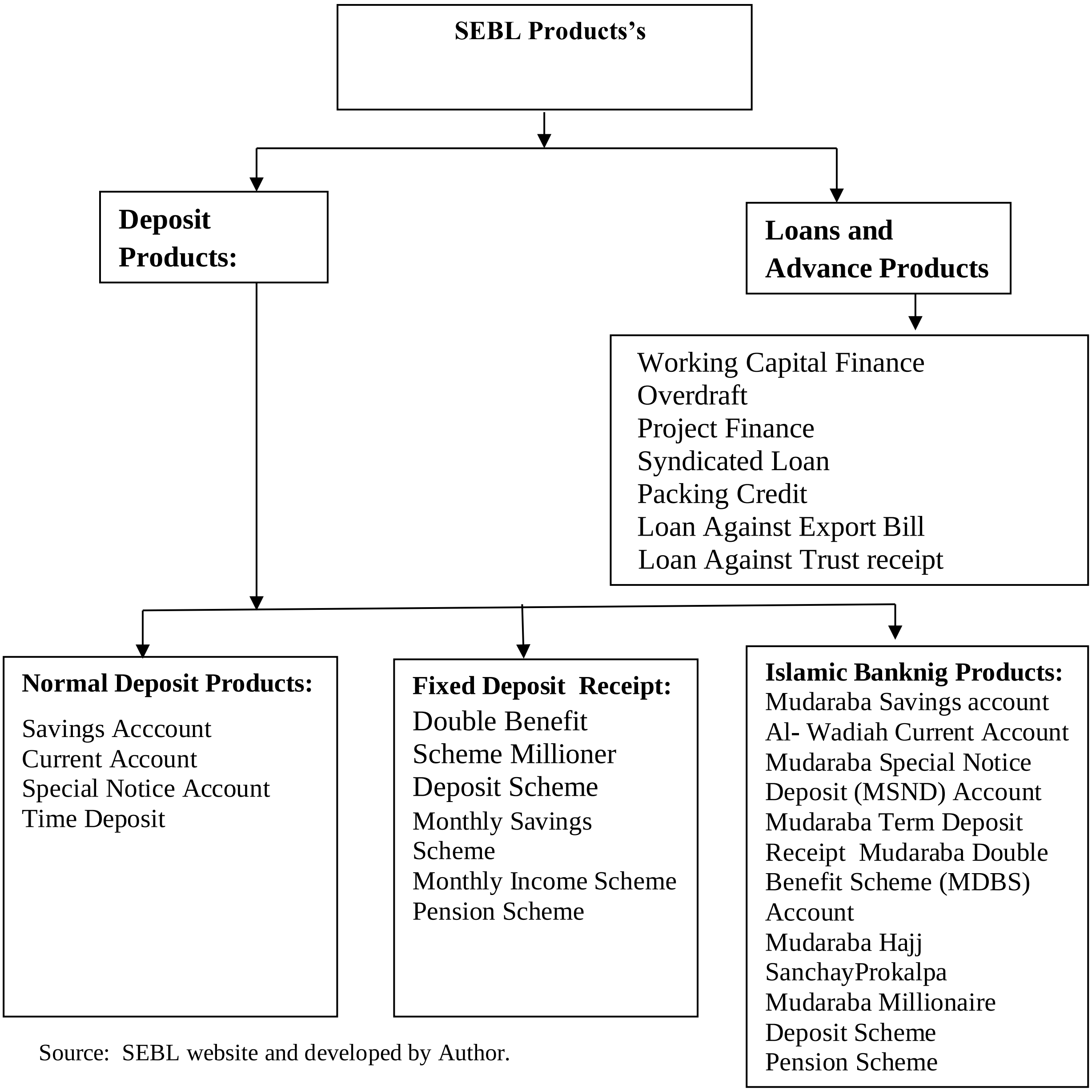
Growth Stage – The growth stage is typically characterized by a strong growth in sales and profits, and because the company can start to benefit from economies of scale in production, the profit margins, as well as the overall amount of profit, will increase. This makes it possible for businesses to invest more money in the promotional activity to maximize the potential of this growth stage.

Maturity Stage – During the maturity stage, the product is established and the aim for the manufacturer is now to maintain the market share they have built up. This is probably the most competitive time for most products and businesses need to invest wisely in any marketing they undertake.

Decline Stage – Eventually, the market for a product will start to shrink, and this is what's known as the decline stage. This shrinkage could be due to the market becoming saturated (i.e. all the customers who will buy the product have already purchased it), or because the consumers are switching to a different type of product.

3.23 Classification of Southeast Bank' Products and Services

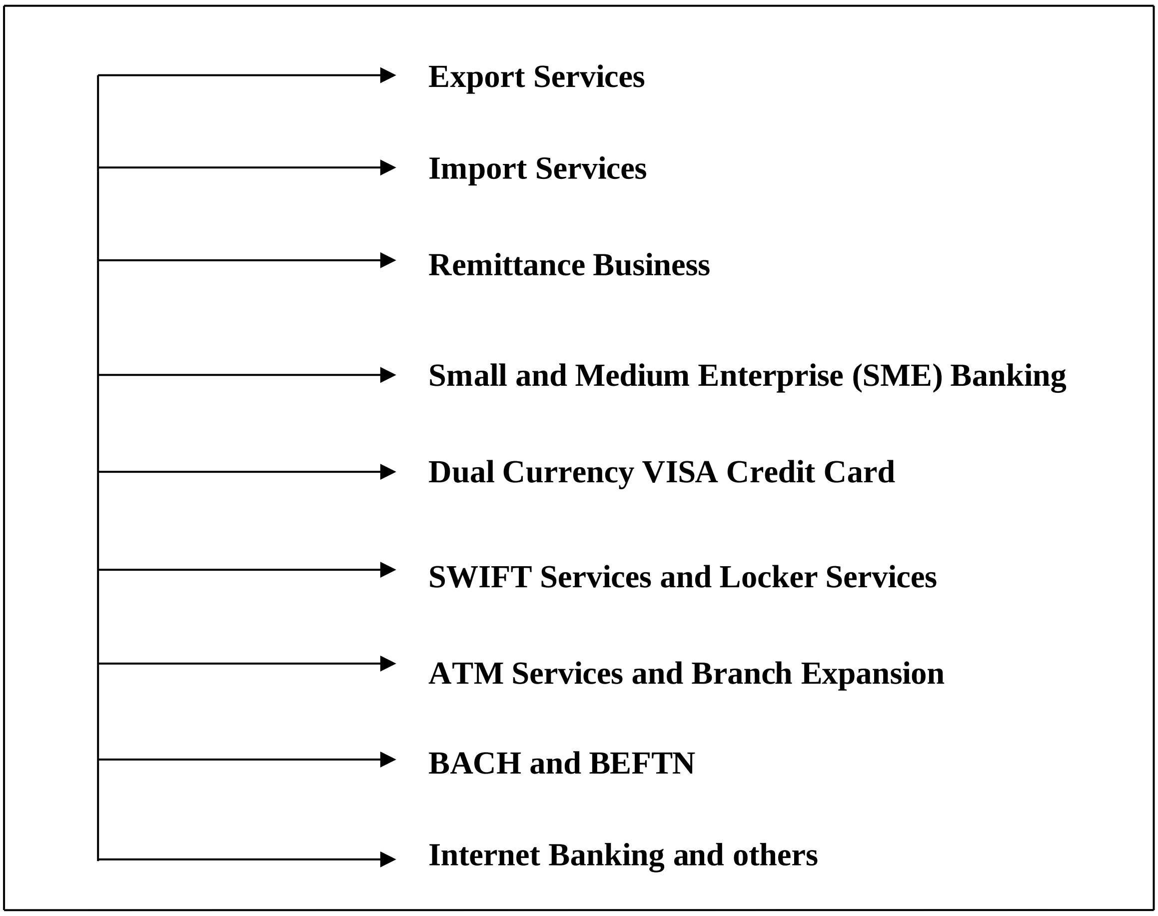
Figure 3.6: Classification of Southeast Bank' Products and Services



Source: SEBL website and developed by Author.

3.24 Classification of Southeast Bank's Service

Figure 3.7: Classification of Southeast Bank's Service



Source: SEBL website and developed by Author.

3.25 Features of Bank products:

3.25.1 Savings Bank (SB) Account

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

Features and Benefits

- Bank pays attractive interest.

- Personalized MICR Cheque Book is available.
- Nominal service charge.
- Any branch banking facility (Cash withdrawal and deposit from any branch).
- Bank accepts Standing Instructions from A/C holders.
- Nomination facility is available to nominate beneficiary for account proceeds.
- Interest is payable on half yearly basis.
- free statement of A/C, Balance Confirmation Certificate twice in a year on half yearly basis.

3.25.2 Current Deposit (CD) Account

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

- Unlimited transactions (both deposit and withdrawals) are allowed.
- Personalized MICR Cheque Book is available.
- No withdrawal notification required.
- Nominal service charge.
- Any branch banking facility (Cash withdrawal and deposit from any branch)
- Bank accepts Standing Instructions from A/C holders.
- Nomination facility is available to nominate beneficiary for account proceeds.
- Charge free statement of A/C, Balance Confirmation Certificate twice in a basis.

3.25.3 Special Notice Deposit (SND) Account:

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

Features and Benefits

- Bank pays attractive interest.
- Personalized MICR Cheque Book is available.
- Nominal service charge.

- Any branch banking facility (Cash withdrawal and deposit from any branch)
- Bank accepts and supports Standing Instructions.
- Nomination facility is available to nominate beneficiary for account proceeds.

3.25.3 Fixed Deposits Account :

Fixed deposits are neither transferable nor negotiable. Fixed Deposits shall be opened singly or jointly Fixed Deposits shall be opened in the name of a minor jointly with the guardian Fixed Deposits shall be opened tot a period of one month and above Interest on Fixed Deposits shall be payable at the rates fixed by Head Office from time to time, depending on the period of maturity. The branch shall take prior written approval from Head Office on case-to-case basis in case of issuance of any FDRs for the period above one year. Interest accrued on FDRs shall be paid only on maturity of the instruments. In case of pre-mature encashment of FDR, interest shall be paid as per the circular to be issued by Head Office from time to time. Different amounts of FDR purchased on different dates by any depositor shall be considered as separate deposits and rate of interest shall be applied as per the prescribed rate sheet for those deposits. Payment of FOR shall be made on demand after the expiry of the maturity period on presentation of FDR duly discharged by the depositors(s).

The FDR shall be paid before die expire of the maturity period at the request of the party. For payment of interest on premature FDR Head Office Circular issued from lime to time, is to be followed. If an FDR is issued to one individual, additional name(s) shall be added/ included in the FDR at his request. If FDR is in joint names and request for adding additional named comes of all other depositors. Each time FDR is opened it shall be considered as a separate contract. Various deposits in the name of be same depositor or in the names of the-------

3.25.4 Documents required for FDR Account:

Account opening form for FDFL

Specimen Signature card.

KYC(Know Your Customer)

Fixed Deposit Receipt (FDR) Account	Individual	Corporate
	For any amount	For any amou
1 (one) month	6.50%	6.75%
3 (three) months	8.75%	9.00%
6 (six) months	8.50%	8.75%
1 (one) year	8.50%	8.75%

3.25.5 Double Benefit Scheme (DBS) Account

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

Features and Benefits

- Amount to be deposited TK 10,000 or its multiple;
- Deposited amount will be doubled in 7 years;
- Account can be opened at any working day of the month;
- Allowed to open more than one DBS Account at any branch of the Bank;
- Loan facility against lien of DBS Account;
- The Scheme is covered by Insurance and Insurance Premium is borne by the bank;
- Premature closure facility.

3.25.6 Short term Deposit A/C

Short Term Deposit A/C [STD/Special notice deposit account are opened usually by Corporations, Banks, Financial Institutions. Public Limited. The deposits held in these accounts shall be payable on 7 to 30 days prior notice. IF otherwise, interest for the month shall not be allowed. The rate of interest on such deposit is subject to change to be fixed by Head Office from time to time. Interest shall be paid in the client's account on daily product basis to be calculated at the end of each calendar year. Statement of account shall be dispatched to all account holders by the Bank on a monthly/quarterly/half yearly basis as per desire of the customers to be specified in the A/C opening form while opening an A/C.

Documents required for short term Deposit Account:

Short term deposit account shall be opened in the account opening forms used for current deposit account and the documents required for current A/C shall be equally applicable for STD A/C. In case of a STD A/C on the lop of current deposit A/C opening form the word -"Short Term Deposit Account" shall be written in the block letters and the notice period shall be noted on the Specie] Instructions column.

Special savings Schemes:

The types of special purpose Deposits/Savings schemes along with their operational procedures are:

3.25.7 Pension saving scheme (PSS):

With this scheme One can save on a monthly basis and this shall ultimately grow into a large amount of money the duration of 4, 6, 8 and 10 years. Monthly installment size to be deposited TK500/ or multiple up to TK.25000/ A person of 18 years of age and above can open the account. A person can open more than one PSS account for different amount at any branch of the Bank and in such case separate form shall be filled.

The applicant shall open a Cc/Saving Account with the branch from where monthly installment shall be realized automatically. Separate photograph and introduction shall not be required for PSS account as this is covered in his/her **SB/CD** account opened with the bank. PSS account can be opened any time of the month. But if the account is opened after 10th of any month in That case 1st installment shall be due from the following month and shall be realized m the following month. The account holder shall give a standing instruction to the branch and installments shall be realized to the PSS account by debiting designated *CD/SB* account within the first 5 (five) working days of the month. An account holder requires nominating one or more person(s)s) as his/her nominee(s). PSS account can be opened at any working day of the month.

3.25.8 Monthly saving scheme (MSS):

With this scheme One can save on a monthly basis and this shall ultimately grow into a large amount of money the duration of 3 years or 5 years. Monthly installment size to be deposited TK500/ or multiple up to TK.25000/- A person of 18 years of age and above can open the account. A person can open more than one MSS account for different amount at any branch of the Bank and in such case separate form shall be filled.

The applicant shall open a Cc/Saving Account with the branch from where monthly installment shall be realized automatically. Separate photograph and introduction shall not be required for MSS account as this is covered in his/her **SB/CD** account opened with the bank. MSS account can be opened any time of the month. But if the account is opened after 10th of any month in That case 1st installment shall be due from the following month and shall be realized m the following month. The account holder shall give a standing instruction to the branch and installments shall be realized to the MSS account by debiting designated *CD/SB* account within the first 5 (five) working days of the month. An account holder requires nominating one or more person(s) as his/her nominee(s). MSS account can be opened at any working day of the month. One can close the account before maturity.

3.25.9 Time Deposits:

A deposit which is payable at a fixed date or after a period of notice is a time deposit. In SEBL Rangpur Branch (Islamic Banking) accepts time deposits through Mudaraba Term Deposit Receipt (MTDR), Mudaraba Short Noticed Deposit (MSND), and Mudaraba Schemes etc. While accepting these deposits, a contract is done between the bank and the customer. When the banker opens an account in the name of a customer, there arises a contract between the two. This contract will be a valid one only when both the parties are competent to enter into contracts. SEBL accepts time deposits through the opening of –

i. Mudaraba Term Deposit Recipt(MTDR)

ii. Mudaraba Short Notice Deposit(MSND)

iii. Mudaraba Monthly Saving Scheme(MMSS)

3.25.10 Mudaraba Term Deposit Recipt (MTDR)

MTDR are opened for a fixed period varying from one months to three years or above and are payable at a fixed date of maturity. In case of MTDR Account the banks do not have to maintain a cash reserve. So SEBL offers a high interest rate in MTDR accounts. It is usually paid on maturity of the fixed deposit. SEBL calculates interest at each maturity date and provision is made on that “Miscellaneous creditor expenditure payable accounts” is debited for the accrued interest.

Table 3.2: Rate of Interest/Munafah, Pre-Mature Encashment of Term Deposit

No	Term Deposit	Rate of Interest/Munafah	Pre-mature encashment	Rate of Interest/Munafah
1.	1 months	6.75%	Before 30 days	No Interest
2.	2 months	7.25%	Before 2 month	No Interest
3.	3 months	11.25%	Before expiry of 3 month	No Interest
4.	6 months	11.50%	Before expiry of 6 month	No Interest
5.	12 months	12%	Before expiry of 12 month	No Interest

3.25.11 Mudaraba Monthly Saving Scheme (MMSS)

It is one type of savings scheme where instalment payment should be deposited to the bank within first 10 days of each month. It can be opened for five, eight and ten years maturity period for Tk. 250/-, Tk. 500/-, Tk.1000/-, Tk.1500/-, Tk.2500/-, and Tk. 5000/-. Interest/munafah is paid to the customer @ 12.5% for MSS.

Table 3.3: Installment Sizes of MMSS and Their Maturity Values

Time Period	Size of the Installments in Taka					
	Tk. 250	Tk. 500	Tk. 1000	Tk. 1500	Tk. 2500	Tk. 5000
Five years	20,625	41,250	82,500	1,23,750	2,06,250	4,12,400
Eight years	40,375	80,750	1,61,500	2,42,250	4,03,750	8,07,500
Ten years	57,500	1,15,000	2,30,000	3,45,000	5,75,000	11,50,000

3.25.12 Export Services

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

- Export LC Advising
- Export Packing Credit

- Export Bill Negotiation
- Retention quota facility for the exporter
- Provide complete documentation, lower cost, faster processing.

3.25.13 Import Services:

Southeast Bank Limited offers comprehensive range of Import services. Southeast Bank Limited is highly respected in the world of international finance and cross border transactions. Through our expertise and experience, they can structure and customize solutions suited to specific business requirements

- Import Services
- Import Letters of Credit
- Import Collection Bill Services
- Back to Bank L/C facility against Export LC.
- Post shipment finance such as LIM, LTR etc for your immediate liquidity.
- Details about conventional banking

Remittance Business:

Although Southeast Bank has entered into remittance late compared to the other private banks, it has continuously strived to build its remittance business around quality service by making it easy for remitters to remit money through a network of agreements with reputed banks and remittance houses abroad and an extensive network in the country to deliver the money to the beneficiaries at their door in the quickest possible time and without hassles.

3.25.14 Small and Medium Enterprise (SME) Banking:

Bank provides credit facilities to the small and medium entrepreneurs to be more productive and stable. There are 3 programms for SME Banking:

1. Southeast Shopan

2. Southeast Shikhor

3. Southeast Shuprova

3.25.15 Dual Currency VISA Credit Card

SEBL Visa (Dual) Credit Card has unique feature of allowing limits both for local and international usage in a single card. However, one may opt for separate cards if he / she find the same convenient for him / her. SEBL Visa (Dual) Credit Card is accepted at any merchant locations or payment counters displaying Visa logo in any part of the world.

Feature and Benefits

- Single Card-Dual Use (Local and International)
- 20 – 50 Days Interest Free Credit Facility
- 50% Cash Drawing Facility at ATMs and any Southeast Bank Branch
- 100% Cash Drawing Facility at purchase mode through Card Cheque
- Easy Repayment
- Auto Payment facility
- Payment of International Roaming Bill of Mobile Phone
- Free Supplementary Cards
- SMS Push – Pull Service

3.25.16 SWIFT Services

The Society for Worldwide Inter Bank Financial Telecommunication ("SWIFT") operates a worldwide financial messaging network. Messages are securely and reliably exchanged between banks and other financial institutions. Southeast Bank Limited has SWIFT services. The Bank's SWIFT address is SEBD BD DH.

3.25.17 Locker Services

Southeast bank offers locker facilities to its clients in various branches. It offers small, medium and large lockers at different service charge.

3.25.18 ATM Services

Southeast Bank Limited is a member of the E-cash Shared ATM Network. E-Cash has a network of 32 ATM's located in strategically important locations on five important cities /

towns of the country namely: Dhaka, Chittagong, Sylhet, Cox's Bazar and Rajshahi. It is providing ATM service coverage to our 30 branches.

Branch Expansion

Southeast Bank Limited has already passed eleven years of its business operations. Within this period it has already set-up fifty eight branches around the around the country. These branches have been spread around four major divisions within the country. SEBL is considering opening more branches at Dhaka City and other important cities in a few months.

BACH and BEFTN

Southeast Bank Ltd. is one of the successful banks which have implemented Bangladesh Automated Clearing House (BACH) and Bangladesh Electronic Fund Transfer Network (BEFTN).

Internet Banking

Southeast bank Ltd has recently implement Internet banking service to its customers so that they can do: Account Balance Inquiry, Account Statement View and Download, Account Information View, Cheque Leaf Stop for payment Request and Cheque Book Issue Request from any remote PC having internet connection.

Money Transaction:

Sending/Transfer money from one place to another place for the customer is another important service of banks. For this service, people, especially businessmen can transfer funds from one place to another place very quickly. Demand Draft, Pay Order, Online Transaction. The bank followed modern online transaction (payment andwithdrawal of fund) through high-speed WAN service. It is remarkable that customers are often taking advantage of the online transaction. The charges of online transaction are tabled below. It should be mentioned that, there is no commission and fee charged in online transaction inside the clearinghouse. In case of outside the clearinghouse, commission is tk.0.10 and 15% VAT on the commission. The minimum charge is tk.0.10 commission and VAT on it.

Points	Pay Order	Demand Draft	Online Transaction
Explanation	Pay Order gives the payee the right to claim payment from the issuing bank	Demand Draft is an order of issuing bank on another branch of the same bank to pay specified sum of money to payee on	Issuing branch requests another branch to pay specified money to the specific payee on
Payment from	Payment from issuing branch only	Payment from ordered branch	Payment from ordered branch
Generally used to Remit fund	Within the clearinghouse area of issuing branch	Outside the clearing house area of issuing branch. Payee can also be the purchaser	Anywhere in the country
Payment Process of the paying bank	Payment is made through clearing	1. Confirm that the DD is not forged one. 2.Confirm with sent advice 3.Check the „Test Code‟ 4.Make payment	1.Confirm issuing branch 2.Confirm Payee A/C 3.Confirm amount 4.Make payment 5.Receive advice
Charge	Commission + Vat	Commission + telex charge	No charge/Commission

CHAPTER-4

SITUATION ANALYSIS AND INTERPRETATION

4.1 Situation of Banking Industry in Bangladesh

Banking System in Pre-independent Bangladesh

The branch banking system of Bangladesh is inherited from the British colonial regime. There were 44 banks and financial institutions in operation in erstwhile Pakistan before the partition of Indo-Pak sub-continent in 1947. After the emergence of Pakistan in 1947, State Bank of Pakistan became the Central Bank of Pakistan in July 1948. In the whole Pakistan there were 36 scheduled commercial banks in operation until 1971. The ownership pattern of the commercial banks shows that most of the commercial banks were owned by the West Pakistanis. Only three commercial banks namely, Habib Bank Ltd, National Bank of Pakistan, and the Australasia Bank Ltd. had one branch of each in East Pakistan until 1949. Subsequently during 1950-58 three other Pakistani-owned banks (Premier Bank Ltd., Muslim Commercial Bank and Bank of Bahwalpur Ltd.) had opened their branches in East Pakistan. Another four banks (the United Bank Ltd., Union Bank Ltd., Standard Bank Ltd. and the Commerce Bank Ltd.) also commenced their operation in the East Pakistan during 1959-1965. However, all of those banks had their head office in West Pakistan. Local business groups of East Pakistan owned only two banks, Eastern Mercantile Bank Ltd. (presently Pubali Bank Ltd.) and Eastern Banking Corporation Ltd. (presently Uttara Bank Ltd.) established in 1959 with headquarters in Dhaka

Banking System in Bangladesh after the Independence

In East Pakistan, there were 12 banks with a total number of 1130 branches in operation in the beginning of 1971. After the independence of Bangladesh, the Government of Bangladesh declared the Dhaka branch of the State Bank of Pakistan as the central bank of the country, and it was renamed as Bangladesh Bank. This was done through the Presidential Order No. 127of 1972 and the Bangladesh Bank came into existence with retrospective effect from 16 December 1971. The Bangladesh government decided to nationalize all banks except foreign banks and renamed the various banks in 1972.

All the domestic banks were merged and grouped into six commercial banks. The aim of the government was to channel funds to the public sector and to prioritize credit to those sectors that sought to reconstruct the war-affected country – mainly industries and agricultural sectors. However, these banks were unable to function well because of the government control at the wrong sectors. The situation was worsened by the fact that loans were provided to the public sector without taking account of the commercial viability. At that period banks had poor capital lease, poor customer services and lacked any market-based monetary instruments.

But mostly, as credits were given out without commercial viability, and because it took a long time to call a loan non-performing, and when it was called so, recovery was so abjectly expensive under the erstwhile laws, the loan recovery rate was also extremely poor. To set up a proper regulatory system that would diagnose such problems and correct them was also tough while the government intervention were in existence everywhere. Therefore, banking concept like profitability, liquidity and capital adequacy were alien to bank managers.

Privatization of the Banking System in Bangladesh

There were no domestic private commercial banks in operation until 1982; When the Arab-Bangladesh Bank Ltd. (currently AB bank Ltd.) started its business as private commercial bank in the country. To adopt with more market based system as well as to increase competition, in early 1980 the government encouraged some private banks to flourish in the country. Accordingly, licenses were given to six new private banks to operate in the country till 1983. With the good performance of the new private banks and keeping in view the poor performance of nationalized commercial banks government privatized two state owned banks namely the Uttara Bank and the Pubali Bank during 1984-85. Another state owned bank, The Rupali Bank Ltd. has also been transferred to the private sector in 1986. More commercial banks were permitted to operate in the private sector during the mid 1990s. Often people categorize private commercial banks into three group like first, second or third generation private banks. But interestingly there is no thumb rule for this categorization. Generally private commercial banks which got license from the central bank at the initial stage i.e. early 1980s are called first generation banks, the bank which got license at the late 1980s and the early 1990s are called as second generation private banks. Finally the bank which got license at late 1990s and onward are called as third generation private banks. Besides privatization, in November

2007 three government banks namely Sonali Bank, Agrani Bank and Janta Bank were also converted to a Public Limited Company with 100% ownership of the government. It was done aiming to make these banks competitive, profitable and also to make them able to run their business autonomously.

Table 7.1shows the number of banks from the year 1975 to 2012. Then number of Nationalized and Specialized Banks remained almost the same with only a little change. The number of Foreign Banks grew up a little but decreased to 9 after the year 2000. However, the number of private banks had a rising trend up to the year 2005. The number of private banks increased substantially in the period from 1995 to 2000. 14 new private banks were allowed to come into operation in this period. After the year 2000, only 3 more private banks came into the market. The number of private banks remain unchanged after the year 2005 i.e. 30.

Table:-4.1: Number of Banks in Bangladesh from 1975 to 2012

	1975	1980	1985	1990	1995	2000	2005	2012
Total Number of Banks	12	14	21	24	31	49	48	47
Nationalized banks	6	6	4	4	4	4	4	4
Specialized banks	2	2	2	3	5	5	5	4
Private banks			8	10	13	27	30	30
Foreign banks	4	6	7	7	9	13	9	9
Number of bank branches	1611	3820	4943	5539	5813	6065	6412	7246

*Source: Annual Report and Monthly Economic Trends of Bangladesh Bank for several years

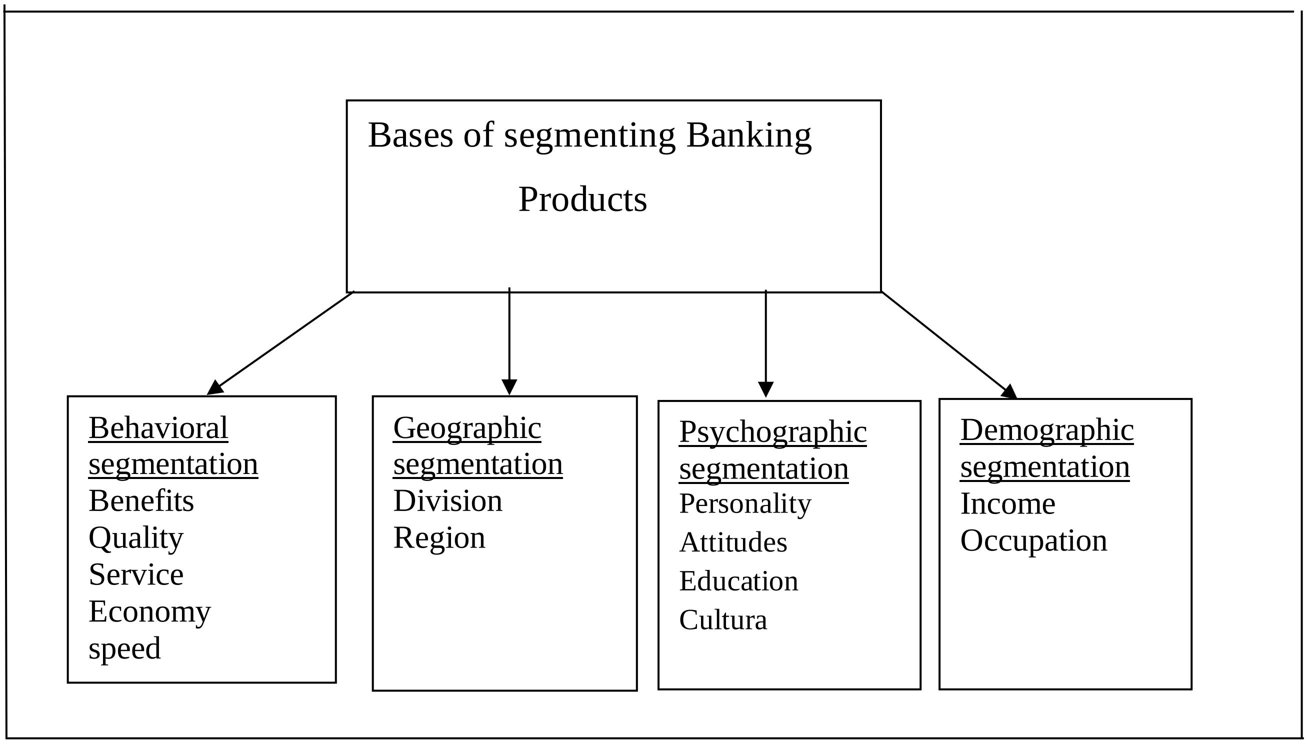
4.2 The Current Structure of Financial System in Bangladesh

At present the financial system in Bangladesh is mainly comprised of two types of institutions like banks and non-bank financial institution (NBFIs). The formal financial sector in Bangladesh includes: (a) Bangladesh Bank as the central bank, (b) 47 commercial banks, including 4 Government owned commercial banks, 30 domestic private banks (PCBs) 9 foreign banks (FCBs); and 4 government-owned specialized banks (DFIs); (c) 30 non-bank financial institutions (NBFIs) – licensed by the Bangladesh Bank); (d) A total of 62 insurance companies have been operating in Bangladesh, of which 18 provide life insurance and 44 are in the general insurance field. Among them there are 2 large government- owned insurance companies (life and general) and rest of them are private.(e) 2 stock exchanges and, (f) some co-operative banks. Besides, a good number of semi-formal micro finance institutions (MFIs) also are operating in Bangladesh.

4.3 Segmentation, Targeting and Positioning

The process of defining and subdividing a large homogenous market into clearly identifiable segments having similar needs, wants, or demand characteristics. Its objective is to design a marketing mix that precisely matches the expectations of customers in the targeted segment. Few companies are big enough to supply the needs of an entire market; most must breakdown the total demand into segments and choose those that the company is best equipped

Figure 4.1: Types of Segmentation



4.3.1 Behavioural segmentation:

Which considers separation of the customers according to their knowledge, attitudes, responses and uses of the product. P. Kotler and G. Armstrong (2006) introduce five different varieties of segmentation. Whereby, the first form of segmentation is **occasional** segmentation. It means that segmentation is done according the particular product usage

benefit segmentation, looking at the benefits, which can be delivered to the customer according the attributes of the product. For example, tooth companies producing tooth past for customers concerned to buy such tooth pasts, which are effective for sensitive teeth with whitening features.

4.3.2 Geographic segmentation:

Means to define customers according the location they live, for instance, European consumers. Geographical segmentation is very easy to define. It is easy for distribution system and establishing contacts with customers. But, the drawback of this kind of segmentation, as Douglas and Craig state in the book of “Principles of marketing” cited by F. Brassington and S. Pettite (1997), that concentrating only on the geographical area is not correct, because even in a small location customers can have diverse wants andneeds. For example, in UK, people consider hot chocolate as a substitute to the coffee or tea and the bedtime drink. However, French consumers see the hot chocolate as a nourishing breakfast served with milk for children. Therefore, in addition to that it is important to make customer-focused segmentation.

4.3.3 Psychographic segmentation or lifestyle segmentation:

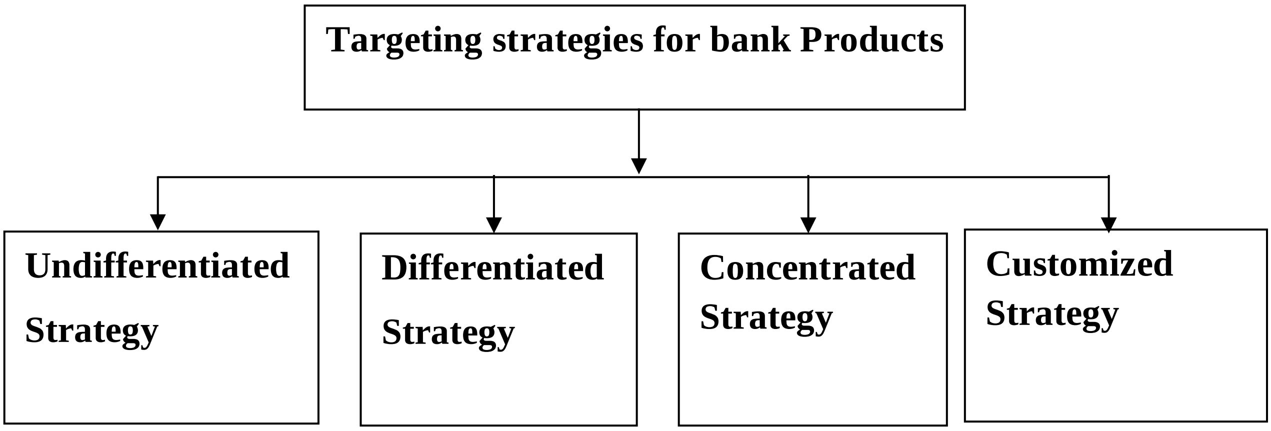
is more complicated segmentation method than mentioned above. F. Brassington and S. Pettitt (1997) define lifestyle segment as it is not based on the product‟s best qualities and the same issues but it is oriented towards customer‟s emotional state, paying more attention on the benefits, which can be given to the customer. As Geoff Lancaster et al. (2002), describe psychographic and lifestyle segmentation it is about how individuals spend time and money based on the personality, attitudes, education, cultural and social background.

4.3.4 Demographic segmentation:

Is deeper approach than geographic segmentation. It is concentrated on age, gender, race, income, occupation etc. Demographic segmentation is as easy to define as geographic. It is measurable as well and information can be accessible free.. On the other hand, similar to geographic segmentation, not all the customers in the same demographic range necessarily have the same needs and wants.

4.4 Targeting of Banking Products

Figure 4.2 Targeting of Banking Products



4.4.1 Undifferentiated or Mass Marketing

Under this strategy the marketer attempts to appeal to one large market with a single marketing strategy. While this approach offers advantages in terms of lowering development and production costs, since only one product is marketed, there are few markets in which all customers seek the same benefits. While this approach was very popular in the early days of marketing (e.g., Ford Model-T), few companies now view this as a feasible strategy.

4.4.2 Differentiated or Segmentation Marketing

Banks strongly believe in Differentiated strategies in targeting their offerings for segmented customers .Marketers choosing this strategy try to appeal to multiple smaller markets with a unique marketing strategy for each market. The underlying concept is that bigger markets can be divided into many sub-markets and an organization chooses different marketing strategies to reach each sub-market it targets. Most large consumer products firms follow this strategy as they offer multiple products (e.g., running shoes, basketball shoes) within a larger product category (e.g., footwear).

4.4.3 Concentrated or Niche Marketing

This strategy combines mass and segmentation marketing by using a single marketing strategy to appeal to one or more very small markets. It is primarily used by smaller marketers who have identified small sub-segments of a larger segment that are not served well by larger firms that follow a segmentation marketing approach. In these situations a smaller company can do quite well marketing a single product to a narrowly defined target market.

4.4.4 Customized or Micro-Marketing

This newest target marketing strategy attempts to appeal to targeted customers with individualized marketing programs. For micro-marketing segmentation to be effective the marketer must, to some degree, allow customers to "build-their-own" products. This approach requires extensive technical capability for marketers to reach individual customers and allow customers to interact with the marketer. The Internet has been the catalyst for this target marketing strategy. As more companies learn to utilize the Internet micro-marketing is expected to flourish.

4.4.5 Main Dimensions of Targeting Banking Products

According to Peter Cheverton (2004), he denotes that market targeting should be scanned in two main: segment attractiveness and company's capacity. Consideration of criterions of segment attractiveness and company's capabilities gives to company real picture either to chose or refuse particular segments. There are always some external and internal factors, which force companies to refuse addressing particular market segment. Depending on the environment and company's capabilities there are many issues to be considered during market targeting, yet most general will be reviewed below.

Segment Size: Usually large size of segment is more attractive for the company because of the benefits from economy of scale, but that becomes a battlefield for rival many companies. It is to be considered also, that small companies cannot be strong enough to operate for the large segment, considering resources and management capabilities.

Segment Growth: In this case, segment can be attractive if the growth rate is high. It is unarguable that growing segment will be place for competition as well and the market will be reach with different offerings.

Price: Price sensitive market is endangering company to gain profit. According to that, low price sensitive market is more attractive for the company. Still there is a chance to be competitive in the market if company will use other characteristics, e.g. product quality and other non-price factors.

Bargaining Power of suppliers and customers: Bargaining power of suppliers means that suppliers have dominant position over the company and supplier's decision can easily affect or control the company. Similar characteristic has bargaining power of customers, yet on the diverse. Here customers may control the company.

Entry Barriers: There are several important barriers that may affect the company's entry into the market. Some important barriers are government regulations, international agreements, environmental issues and customers‟ switching costs.

Factors of Competition: Factors of competition mainly consider how many companies are operating in the market and what an extent of competition is. Is there a room for new entrants or no. Here free areas should be explored in order to fit into there.

Capability Brand image viability: This considers such issues, if the companies brand image is viable to enter certain market. Sometimes companies enter new market by establishing a new brand.

Cost advantage: Some companies can be competitive based on the costs they can benefit from less costs of materials, labour, operation, etc. However, this is an advantageous side for the price sensitive segment of the market.

Technological and managerial factors: Technological factor is an important criterion for the company, because technological advancement gives companies to produce technologically competitive products, which are supposed to be the most wanted by customers. Obviously, managerial factor is one of the major factors. According to that is mentioned managerial capabilities, knowledge, experience and skills how to manage all the business activities (Jobber, 2000). Market targeting issue is one of the important strategic part of marketing policy of the company. It is obvious that customers‟ needs and preferences are diverse and those needs and preferences should be met. In order to meet the customers‟ "requests", firstly customers should be clustered according similarities, i.e. to conduct segmentation. After segmentation comes targeting stage based on thorough consideration of criterions of attractiveness and capability of the company. Choosing correct target market is one of the most crucial issues. That is because after this stage comes positioning phase and if target market has chosen incorrectly, all the positioning strategies will be worthless.

4.5 Positioning of Banking Products

Positioning according to the definition of David Jobber (2001) is “the choice of target market (where the company wishes to compete) and differential advantage (how the company wishes to compete).” It “is the art of creating the „mental shelf space,‟ which your company and its products occupy in the minds of prospects and clients” (Berry, Wilson, 2000). After target market has found, now comes brand positioning and value proposition stage. It has great importance as what kind of information will be given a customer about the product. Particularly this becomes dilemma for those companies who values correct communication issue. Based on the preliminary planning, it is expected to get adequate feedback from the message sent to the targeted segment. Company on this stage is working to gain its image in the customers‟ perceptions, how will consumers accepted in their minds. However, there is a pitfall of irrelevant or ambiguous positioning, which may have no effect and even negatively affect the product‟s image. Great value of positioning is to make the product different from other competitors. This can be achieved by using different combination of marketing mix. On that issue, William G. Zikmund and Michael d’Amico (1996) define positioning as “is to identify a product’s or brand’s competitive advantage and to stress salient product characteristics or consumer benefits that differentiate the product or brand from those of competitors”. Positioning is all about brand perception by customers, which is determined by variety of different factors. Academically claimed, positioning means, different brands occupying certain areas in the brain of a person. Differentiated from each other, perception of the consumer can be affected by product attributes or the qualities, which is perceived as a benefit for the customer. Yet some brands are clustered within a range of similar features. For example, 7-UP is a soft drink. It was advertised as Un-cola. Just changing the name caused intrigue consumers‟ thoughts and shaped perception that it was not cola, but something different. Distinction between different products is easy to see in consumer products rather than service industry. That can be explained by tangibility and visibility of the products. In this case tangible or visible features make the product standing alone. However, some intangible features have important value on the product as well. Philip Kotler and Kevin Keller (2006) allude Peter Posts idea about grassroots marketing, who says that ”the idea is not to sell something, but to demonstrate how brand can enrich a customer’s life.”

Therefore, despite the product’s tangibility or intangibility, it is important to keep always in mind that needs and interests of the customers are prior to the other issues to be considered.

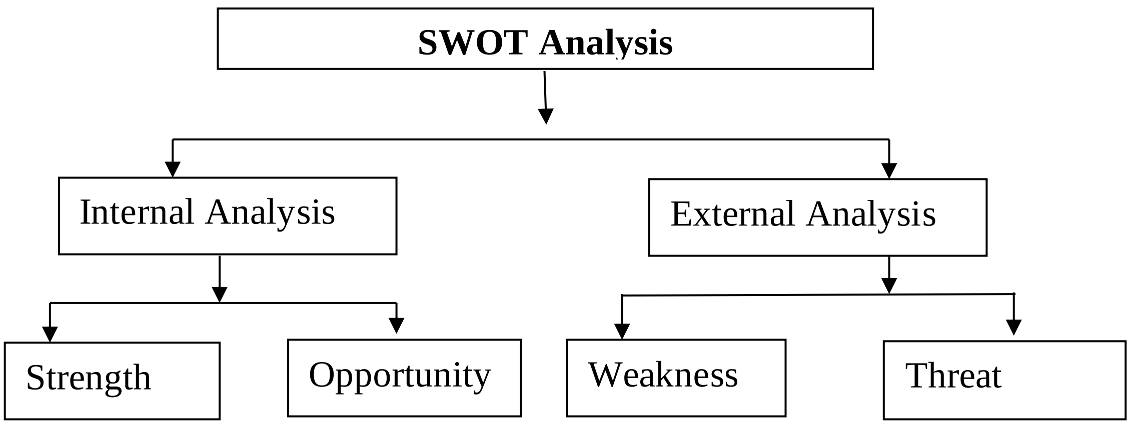
Different Approaches to Position a Product

Tim Berry and Douglas Wilson (2000) claim that to position product in a particular way requires answers to several questions, that is to say, for whom the product is designed, what is the product’s one major benefit, who are the competitors and how can customer benefit from the difference that the product offers. Author also introduce six different approaches how to position product:

1. Positioning by attribute (i.e., associating product with an attribute, feature, or customer benefit).
2. Positioning by price/quality (i.e., the price /quality attribute is so pervasive that it can be considered a separate approach to promotion).
3. Positioning with respect to use or application (i.e., associating the product with a use or application).
4. Positioning by the product user (i.e., associating a product with a user or a class of users).
5. Positioning with respect to a product class (e.g., positioning Caress soap as a bath oil product rather than as soap).
6. Positioning with respect to a competitor (i.e., making a reference to competition, as in Avis’s now-famous campaign: “We’re number two, so we try harder.”)

4.6 SWOT Analysis

Figure 4.3 SWOT Analysis



Internal Environment of Southeast Bank Limited

4.6.1 Strength

Sound Profitability and growth with good internal capital generation.

High quality of asset.

Quality products.

Experienced and effective Management Team.

Better infrastructure facilities.

Good corporate culture and friendly working environment.

Board with financial flexibility

Very good reputation as a local bank

4.6.2 Weakness

Small market share.

High concentration of fixed deposits.

Marginal capital adequacy.

Lack of effective marketing / promotional activities.

Lack of full-scale automation.

High concentration of large loans.

External Environment

4.6.3 Opportunities

Scope of market penetration through diversified products.

Regulatory environment favoring private sector development.

Increasing trend in international business.

Introduction of credit card and Tele-banking.

Value addition in products and services.

4.6.4 Threats

Increased competition for market share in the common banking arena.

Market pressure for lowering the lending rate.

Global and local unstable political situation.

Vulnerable Government regulations.

Multinational banks with good services.

Default culture all over the country.

Not surprisingly, in the competitive arena of marketing era SWOT analysis is a must based on Product, Price, Place and Promotion of a financial institution like private bank. SWOT analysis helps the bank reconstruct different sorts of shortcomings of the bank. From the SWOT analysis we can figure out ongoing scenario of the bank. So to have a better view of the present banking practices of SEBL, I did the SWOT analysis. In SWOT analysis two factors act as prime movers:

Internal factors, which are prevailing inside the concern, which include strength and weakness.

On the other hand another factor is external factor, which act as opportunity and threat. Strength related to Credit operation: Huge Capital Fund: Southeast Bank Limited has a authorized Capital of Tk. 3000 million and the Paid -up Capital of Tk. 1199.12 millions. Practically this is the second largest bank in the private sector in terms of capital fund and is next to Islamic Bank Bangladesh Limited. This huge capital fund has increased the business power of the company as the maximum amount of loan that can be disbursed to a single customer or group depends on the capital fund. This is because no bank can give funded facility more than 15% of its capital fund to a single customer as per central bank directive which was done to avoid concentration of credit and risk exposure. Delegation of Credit sanctioning authority: Unlike many other banks Southeast Bank Limited believes in the authority delegation among the executives of the bank depending on the hierarchy. The bank has authorized its executives and branch managers to sanction and disburse loans depending upon the security offered by the customer. This has improved the processing of loans and accelerated credit approval. Customers do not have to wait for long time indecisively. This faster service has been successful to address the immediate fund requirement of the customers.

Segregation of Corporate division from the credit risk management and credit Administration unit: The Bank in line with the Bangladesh Bank directive has segregated credit risk management unit from credit administration and sanctioning unit. Corporate division functions as the credit marketing unit and sends the potential lending proposals to the credit risk management unit where the lending proposals are meticulously scrutinized to judge the financial feasibility and repayment capacity of the customer. Credit administration unit monitors the repayment of the loans and supervises

documentation. This has helped to improve asset quality of the bank and reduce default loans.

Involvement of high caliber young personnel: Southeast Bank believes in the power, speed and capacity of younger generation. The bank has thus involved very young and promising young in its credit operation. These people with great analytical ability and speed have significantly bettered the credit processing.

Sectorial Allocation of Credit: The Board of Directors of the bank has put the ceiling on the amount of loan that can be sanctioned in a single industry. This has great significance as the bank loan is diversified among different industries. So the possibility of failure due to down turn in any industry is low.

Efficient Fund Management: The treasury department of the bank is very skilled in fund raising in terms of matching the maturity of its deposit and loans. The bank takes deposits with the minimum interest rate to maintain the spread.

Emphasis on Small and Medium Enterprises: Small and Medium Enterprises are expected to be the growth engine of the economy of all developing countries in the near future. This is because these countries suffer from lack of sufficient investment capital and technology to compete with the developed countries. Southeast Bank Limited eyeing the opportunities for growth in the sector has formed a special small and medium enterprise unit. This unit takes care of all investment proposals under the head of SME finance. These customers are highly remunerative as they not tough bargainers and stay loyal to the bank. And the possibility of bank's failure due to default is less.

Augmented focus of Retail Credit: Since all the big customers are highly price sensitive they are not highly remunerative to the bank. Southeast Bank has formed a retail credit unit to look after the retail credit aimed at increasing the living standard of the people. The bank is trying to inflate the retail credit portfolio. Although the possibility of default is to some extent higher retail credit is remunerative. Again the possibility of bank's failure is low.

Weaknesses

Non-availability of high technology: Southeast Bank has not yet installed any state-of-the art software and ATM machines. This has created some difficulties for the marketing as the customers now want all services under one roof. Southeast Bank is dealing with some foreign companies to install its high technology software.

Reliance on Sufficient Collateral: Southeast Bank Limited is reluctant to sanction loan in favor of business firms with insufficient collateral security. This is practically important for small customers who are new to the bank. The requirement of collateral security in many cases keeps firms away from bank's credit which has reduced profitability. Absence of Recovery agent: There is no external firm for recovery of stuck up loans. Thus many officers of the branch are engaged in recovery which retards service to customers and productivity.

Opportunities

Government Support: Government of Bangladesh has rendered its full support to the banking sector for a sound financial status of the country, as it has become one of the vital sources of employment in the country now. Such government concern will facilitate and support the long-term vision of Southeast Bank Limited.

Evolution of E-Banking: Emergence of e-banking will open more scope for the bank to reach the clients not only in Bangladesh but also in the global banking arena. Although the bank has already taken step to enter the world of e-banking but yet to provide full electronic banking facilities to its customer.

Banking and information technology: Banking and information technology might give the bank leverage to its competitors. Nevertheless there are ample opportunities for Southeast Bank to go for product innovation in line with the modern day need.

Threats

Mergers and Acquisition: The worldwide trend of merging and acquisition in financial institutions is causing concentration. The industry and competitors are increasing power in their respective areas.

Poor Telecommunication Infrastructure: As previously mentioned, the world is advancing e-technology very rapidly. Though Southeast Bank Limited has taken step to join the stream of information technology, it is not possible to complete the mission due to the poor technological infrastructure of our country.

Frequent Currency Devaluation: Frequent devaluation of Taka and exchange rate fluctuations and particularly South-East Asian currency crisis adversely affects the business globally.

Emergence of Competitors: Due to high customer demand, more and more financial institutions are being introduced in the country. There are already 52 banks of various types are operating in the country. Many banks are entering the market with new and lucrative products. The market for banking industry is now a buyer dominated market. Unless Southeast Bank Limited can come up with attractive financial products in the market, it will have to face steep competition in the days to come.

CHAPTER-5

FINDINGS, RECOMMENDATION AND CONCLUSION

5.1 Findings

Southeast Bank is an authorized dealer branch. Though customer are satisfy there not highly satisfy with there services. All kinds of transaction are occurred here. But they have to face different kinds of problems in this Branch, Like in General Division, Advance Division, Foreign Exchange Division all of three division finding some problems are as below:

- Delay in transaction and over the counter for this reason the customer very finds that there is long queue in the counter. The reason of such queues due to the lack of initiative of the concern officers.
- Absence of modern technology so works delay and it does not compete with other Bank.

  In Foreign remittance previously customer need only nationality certificate. But now change of the rules they need passport and ICDC Number. So sometime people face problem for this new rules.
- Discourteous Behavior by staff and officers very often it is found that customer and a member including branch manager on some occasion are found in heated discussion.

  Lack of Team work is a major problem in general section. It is one of the most important criteria for development of customer service in this branch.
- In Advance Division they face the various problems to recovery the loan installment. The loan installment does not realize in the proper time for that reason this branch may be assign as a problem bank.
- IBP (Inland Bill Purchase) is a risky business it is one of the main business in this branch. There are many IBP party in this branch but there not big party. IBP limit is very small so many times then face some problem. For that reason advance is not increase. Big L/C amount and the bank Purchase the big amount.

- The limit of UHRL (Uttara House Repairing Loan) only 15 lacs. Sometimes the valuation of properties are does not calculate properly for that reason customer is sufferer. It does not offer various loan projects than other Bank.
- In Foreign Exchange Division there main problems is lack of manpower for that reason the employee does not complete the job in time.
- In the Foreign Exchange document systems are not moderns so employee wastes their time for looking document for in time.
- Decisions are centralized.
- As an authorized dealer branch, they always need to correspondent with others. In credit and foreign exchange section has to proper different types of loans and L/C proposal. But they have only three computers in the whole branch.
- Broad Band line is suitable instead of on line care systems. Lack of on line banking the work is slow.
- In general banking system they follow the traditional banking system. The entire general banking procedure is not fully computerized.
- Lack of verity of services is also a drawback of the general banking area of the Southeast Bank. The bank provided only some traditional limited services to its clients. As a result the bank is falling behind in competition.
- They are not using Data Base Networking in IT department. So they have to transfer data form branch to branch and branch to Head Office by using floppy disk and it is not a good system.
- In cash of online banking service Mercantile Bank charge is Tk.1000.00 yearly, which is high compare with the other bank.
- According to some clients, opinion introducer is one of the problems to open an account. If a person who is new of the city wants to open account, it is a problem) or him/her to arrange an introducer of SB or CD accounts holder.
- The loans and advance department takes a long time to process a loan because the process of sanctioning loan is done manually.

- Bankers face enormous problem to fill up loan related paper like parties loan application, stock report, Net worth valuation report etc.
- CIB inquiry form does not provide information about new client of the bank. CIB report is not readily available from Bangladesh Bank.
- Political influence is one of the major problems in Bangladesh. Due to political intervention, the bank becomes obliged to provide loans in most of the cases, which are rarely recovered. Bank has to face this in convenience situation almost every year.
- There is no central generator. So due to load shading every day employees can' not work.
- Space shortage is another major problem in Foreign Exchange Department. Modem technical equipment such as computer is not sufficient in each department. As a result, the process makes delay and it is also complicated. In foreign exchange department it is required to communicate with foreign banks frequently and quickly. To make the process easy modem communication media for example e-mil, Fax and win fax, Internet etc. Should be used. But the bank doesn't have mass use of this medium of communication.
- In some cases the number of employee engaged in rendering specific services is insufficient.
- Employees are exposed to customer excessively which is an obstacle in systematic and prompt service.
- The location of this branch is main constraint to give its customer proper and full service. There is no easy way to go to the branch. People who want service from this branch don't feel interest because of location.
- The findings of the study suggest that, the trend of the foreign remittance inflow shows a gradual increase in remitting amount through years, which is a major contribution of country's GDP. In 2001, remittance inflow was 4.2% of GDP. Through exporting manpower from Bangladesh to other countries, the country earns a huge amount of foreign earnings. In the recent financial year (2004-05) the

remittance amount stands for US$3,866.63 million. On the other hand, it is of no doubt that the remittance inflow generated by migrants helps to stabilize the foreign currency reserve of the country, which is important for import based country like Bangladesh. Remittances into Bangladesh were equivalent to 29% of merchandise exports and 144% of official reserves in FY-2001. The proportion of the remittances can be used for savings, investments and consumption. In Bangladesh, 4.8% of remittances are used for investment in business and 3.1% is used for savings (Afsar, 2001).

- A huge amount of unrecorded remittance inflow transaction occurs through informal channel. In Bangladesh, in the period of 1981-86 the unrecorded remittance was 20% of total remittances (Mahmud, 1989). Remittance contribution of GDP, export and import will be much higher if this unrecorded amount will be added. To motivate migrants to use formal channel, the complexity of remitting process through formal channel need to reduce. On the other hand, government should take necessary steps to encourage remitters, foreign investors and beneficiaries to use formal channel which will generate more revenue, increase foreign currency reservation and even export, import and GDP contribution of the country.

5.2 Recommendations

i. Renovation of customized banking products and services:

Southeast bank should make its service prompt so that people need not give more time in the banking activities and fell easy to perform all respective activities. Moreover they have to come up with new facilities and offer which will attract more client and help to ensure their premium as well as loyal customer forever. Therefore they have to ensure-

- The working process more faster with better computers and operating systems
- Trained, experienced, smart, knowledgeable as well as intellectual personnel to provide fastest and the best services.
- Individual attention can be given to customers in order to better understand the customer’s needs and better satisfy them.

- (Cheques, deposit slips are not written properly by the customers so the employees have to do that)
- More ATM booth in merchant location
- More Gifts, Discounts as well as differentiated interest rates on several loan and deposit schemes for the Premium Customers
- Car parking facility

ii. **Ensure proper segmentation targeting and positioning strategies:** The marketing department of southeast bank have to ensure Ensure proper segmentation targeting and positioning strategies in the minds of customer.

iii. **Emphasis on advertising, specialty advertising discount and personal selling:** Ensuring proper customer service is a continuous process in banking business. Which is vital for it success. The service starts from the first day of customer interaction with banker. Put emphasis on vast advertising as promotional activities offer discount and maintain proper personal selling activities to maintain relationship and increase sales of banking products and services.

iv. **Ensure availability of diversified products and services:** Marketing department should ensure availability of diversified products and services.

v. **Ensure internal employee satisfaction and relationship marketing :** Management of the bank has to provide time to time recognition of their employee. Moreover short probationary period and on time promotion motivated the employee to perform well in their day to day activities. But the most important thing is the overall motivational activities should be proceeding under fair judgment based on performance rather internal politics. In addition through assurance of proper division of labor, incentive for over duty and mandatory leave help to overcome huge working load and enjoy a sound as well as healthy life. Besides good relationship amongst employee and sound working environment also help the employee to be satisfied with their job.

vi. **Ensure and apply marketing and customer concept:** The bank should follow the concept of marketing and customer to ensure the quality service for the customer apply properly the knowledge of marketing mix to cope with the competition .

vii. **Ensure proper marketing promotional activities:** They must prepare an organized set of plan regarding the advertising and promotional activities which should include billboards, internet advertising and sponsorship. The sales team and officers should provide periodic training on interacting and dealing with different classes of potential and existing customers.

viii. **Ensure effective computer based modern tools for promotion :** As the bank is now mostly depends on computer therefore to increase the computer skills of employees, the bank should provide training. Though they have knowledge about computer but it is not enough. So bank should provide training to their employees to make them efficient in using latest technology .

ix. **Ensure of proper Decoration and expanded office area:** Rangpur branch authorization should have to be more conscious and innovative in their interior decoration to attract client from all ages. As Rangpur area is the business area so the rush of client is the common scenario of this branch so the space should be extended for conducting and performing sound banking activities, service as well.

x. **Should use fastest software**: SEBL,MB should uses more first and modernize software for internal transaction or entry the information to compete with foreign bank. So I think the new software can help to perform internal work more easily and swiftly.

xi. **Introduce innovative products and services** : With the adaptation of technology the bank should conduct research and development program to introduce new innovative products**.**

5.3 Conclusion

During the forty five days of internship program at Southeast Bank, Rangpur Branch almost all the desk have been observed for collecting data to conduct the survey and for preparing the report. This is practical orientation program, During the session in the first phase has been arranged for gaining the knowledge of practical banking and match the theoretical knowledge of marketing with practical application in the arena of banking products and services. Comparing practical knowledge with theoretical involves identification of the application of marketing in the branch banking activities. Through all departments and sections are tried to cover in which I got the chance to gather practical experience for the internship program; it is not possible to go to the depth of each activities of branch because of time limitation. However, highest effort has been given to achieve the objectives the internship program. On the basis of above findings it can be concluded that sales promotion tools such as advertising ,personal selling sales promotion , direct marketing, public relation ,specialty advertising , discounts play significant role in selling of marketing products and services and consumer selection decision for banking transaction. The marketers should focus on reframing of the above tools for stimulating purchase decision This paper tries to throw light on effect of some specific variables of sales promotion on consumer purchase decision regarding banking products, The findings of the experiments can help the marketing department, branch managers higher officials related to sales and other related marketing personnel in framing strategies related to decision for selling banking products and services . Further, remaining of the variables of sales promotion can be considered together for further research to have wider scope in marketing. In near future I think bank and mobile companies will come together to foster the banking service and make it available to people's hand. To survive in this dynamic market and lead it from the front the bank must take every initiative steps regarding promotional activities and marketing strategies of banking products and services to overcome the weaknesses very wisely and so far they have successfully utilized their marketing knowledge and strategies efficiently to ensure better and values customer service compare to other private and public banks.

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