

Study on customer service quality and customer satisfaction at credit card in the...

[Business](#)



In the Fall- 2008 semester, he has taken the course Bus. 499, which requires a formal report on a specific topic or on a specific organization after completing a three months of work experience. For this purpose, he requires to gather relevant information about the chosen organization. It is worth mentioning that the gathered information will only be used for pure academic purposes and will be kept classified. It will be highly appreciated if you help him to get relevant information about your esteemed organization.

Thank you for your kind cooperation. _____ S I Nusrat A
Choudhury Lecturer Department of Business Administration East West
University [pic] 4 December 2008 To Saadia Shabnam Lecturer Department
of Business Administration East West University Subject: Submission of the
Internship report “ Study on Customer Service Quality and Customer
Satisfaction at credit card in the context of Prime Bank Limited” DearSir: It is
an honor and great pleasure for me to submit my internship report on “
Study on Customer Service Quality and Customer Satisfaction at credit card
in the context of Prime Bank Limited in Bangladesh” An Study on PRIME Bank
Ltd. ” in a professional way. I am now submitting my internship report on my
activities. During the process of preparing the report, I had the chance of
experiencing and rediscovering my potentials. This report gave me an
opportunity to apply my theoretical expertise, sharpen my views, ideas and
communication skills, which will definitely help me in my future professional
career.

Please feel free to contact me if you have any inquiries. I would be very
happy to provide you with any clarifications regarding my Report. Thanking
you and looking forward to receive your cordial approval of my submission.
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Sincerely yours Shahriar Hossain Id # 2004-2-10-274 Department of Business Administration East West University [pic] Firstly I am grateful to Almighty Allah for whose blessing I have successfully completed my internship program and then it goes to our honorable course coordinator “ S I Nusrat A Choudhury”, who has been very much friendly and approachable to me throughout the course and has given me lot of guidance in the preparation of my report. I am indebted to many persons that a complete acknowledgement would be encyclopedic.

This paper is the outcome of my practical work at PRIME Bank Ltd. , Mohakhali Branch after 90 days of working and data collection. The report could never been completed without the help of some helpful cooperative officials and accommodating authorities. I thank all the officers, staffs, especially all the heads of different departments of PRIME Bank Ltd. , Mohakhali Branch, Dhaka for their nice co-operation. I would also like to express my appreciation to the people who have helped all through the internship work.

Above all, this report is a combined effort of my sincerity, efficiency and determination. However, I hope that this course as well as this work experience will help me to build my career in a successful and precise way in this arena. And finally I like to say that I have tried heart and soul to prepare this report accurately. However, there might be some errors and silly mistakes due to my limited aptitude and time constraint. In this regard, I seek your kind consideration as I am in the process of learning. Executive Summary Credit Card is an electronic based plastic card bearing an account

number assigned to a cardholder with a credit limit that can be used to purchase goods and pay for services with a credit facility and without cash transaction.

The Prime Bank Ltd. (PBL) has started its credit card business in 1999 through Master-card and VISA card. The report titled “ Study on Customer Service Quality and Customer Satisfaction at credit card in the context of Prime Bank Limited in Bangladesh” is prepared with a view to provide the bank some valuable after sale information in this business. The broad objective of the study is to draw an overall view of the satisfaction level of the credit card user of the Prime Bank Ltd. and then identify how to improve the level. The specific focuses of the study are analysis of the satisfaction level of the card users of The Prime Bank Ltd.

, comparing their product and service offerings with other issuers, judging cardholders’ level of satisfaction, and exploring the opportunities and competitive advantages that can be exploited by PBL. Both primary and secondary sources of data have been used to gather the necessary information for the analyses of the study. Primary data sources are the cardholders (convenient sample size of 77), merchants (sample size of 20) and 4 issuers namely Standard Chartered Bank (SCB), Prime Bank Limited (PBL), National Bank Limited (NBL) and Dhaka Bank Limited (DBL). All the primary data sources are reached through questionnaire survey. In the market share analysis, at present, SCB has the highest market share of 69% with around 200, 000 cardholders (as on 15th April, 05).

Amongst the service offerings of different issuers, the average time for processing the card and delivery is only 2 days of NBL, 3 days in PBL and 10 days of SCB. The same for others is 7 days.. The lowest subscription fee for principal card local silver is Tk. 1000 (offered by PBL) and local gold is Tk 2000 (PBL & NBL)..

The monthly interest rate is 2% of NBL, which is the lowest. In the customer satisfaction survey, the largest portion (35. 25% of the total) of the respondents has the limit of Tk 10000 to Tk 24000. The highest satisfaction level of the cardholders regarding the overall service including all aspects of credit card operation is of SCB, which secured 4. 13 CPA (Cumulative Point Average, see Appendix C). The second in this category is PBL with CPA of 4.

8. Part One Introduction to the Project Chapter-1 Introduction to the Project
1. 1 Background The report titled “ Study on Customer Service Quality and Customer Satisfaction” at credit card in the context of Prime Bank Limited in Bangladesh” is prepared as a requirement of the three month long internship program at The Prime Bank Ltd. After consulting with my internship supervisor S. I Nusrat A Chaudhury and the supervisor in the host organization Quazi Anwarul Azim, I decided to work on the customer services and satisfaction using Prime Bank Master-card and VISA-Card.

In Bangladesh here are several local and foreign banks that are in the credit card business and have a good customer base. In this paper I have tried to analyze the existing card market to accumulate various data and information regarding the offers of various banks and institutes, customer bases, marketing strategies, customers’ satisfaction level etc of all the competitors

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and in the process helped to explore opportunities and set strategies etc. This is the basic rationale behind the study. At the same time, it would be a huge boost for me to get acquainted with the credit card business. So, this study is very significant for both the bank and myself.

. 2 Origin of the Study There is a common phenomenon we observe in our life that a cultural shock strikes as people step ahead from their academic lives to the job fields. To make students overcome from this problem it is very useful to have a practical orientation to the job environment during the academic lives and internship program enables us to do so. This research paper has been prepared as a part of Internship Program of BBA , East West University. The report titled “ Study on Customer Service Quality and Customer Satisfaction at card division in the context of Prime Bank Limited in Bangladesh” is a collaborative. epresentation of three month long Internship Program at The Prime Bank Ltd.

, Mohakhali Branch. 1. 3 Objectives of the Study The broad objective of the study is to draw an overall view of the customer services and satisfaction at PBL and then to identify the ways to improve the customer satisfaction at the card business of PBL. The objectives of the study are: Broad Objectives: (To identify the level of customer satisfaction of the cardholders of PBL Master card, Visa card and ATM Debit card. Specific Objective: (To identify the present customer service provided by other banks and financial institutions (issuers). To identify, analyze and compare their product offerings.

(To identify, analyze and evaluate the cardholders’ level of satisfaction for the services of those Issuers. (To identify the strengths and weaknesses, if

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any, of those organizations. (To evaluate the prospects of The Prime Bank Ltd. (PBL) in the credit card business. 1.

4 SCOPE OF THE REPORT: The study focuses on a comprehensive market analysis of Credit Card and the level of satisfaction of Cardholders of the issuers. The scope of the study was strictly confined to Dhaka City. Here it should be noted that the cardholders outside the Dhaka City are not included here in the study due to the inconvenience of reaching them. 1. 5 Expected Findings of the Study Prior to all research works, there are some expected results, which are hypothesized for the evaluation of the study. The expected findings of the study were: (Comparison of the process of the evaluation of creditworthiness, card delivery times, interest rate, different fees & charges, sources of customer dissatisfaction of the issuers to find out whether there is any opportunity to exploit.

. 6 Methodology: 1. 6. 1 Sampling Technique Used a) Population: There are two different finite population parameters involved in the study. They are: I. Issuers: For smooth analysis four issuers of credit card have been taken. These are Standard Chartered Bank (SCB), The Prime Bank Limited (PBL), National Bank Limited (NBL) and Dhaka Bank Limited (DBL). II. Cardholders: The following table shows the existing cardholders of different offering organizations at present. As on 10th June 2008 | Issuers | Cardholders | Standard Chartered Bank | 250000 | | The Prime Bank Ltd. | 18000 | | The National Bank Ltd.

| 8000 | | Dhaka Bank Ltd. | 6000 | Table 4. 1: Cardholders of different issuers
 b) Sampling Design and Sample Size: All the four issuers were addressed for interview. But, because of the large population size of the cardholders, it was difficult to determine a representative sample size. So, a purposive quota sampling was used for the cardholders. The total sample size of cardholders that were interviewed was 122.

The Cardholders were selected on a convenient basis for the face-to-face personal interview as well as the telephone interview. | Issuers | Percentage | Sample Size | | PBL | 65. 44 | 68 | | SCB | 8. 38 | 27 | | DBL | 12. 31 | 12 | | NBL | 6. 2 | 15 | | Total | 100 | 122 | Table 4.

2: Sample size taken of different issuers Finally, to get a general idea about the problems and demands of 11700 merchants, a small sample size of 20 merchants were selected and interviewed. It was not necessarily required that they are to be selected on a quota basis, rather they were reached on a convenient basis. 1. 6. 2 Data Administering Method The cardholders, merchants and the most knowledgeable persons of the card division of the issuers were personally interviewed. Due to some inconvenience and also to avoid wastage of time, some respondents were also interviewed over the telephone by making them understand the technical terms.

Three semi-structured questionnaires were developed to collect all the data and information. 1. 6. 3 Techniques of Data Analysis Quantitative approaches like frequency calculation, cumulative percentage measurement have been used for analyzing the collected data. Mathematical tool like geometric mean

calculation and some analysis tools that are most commonly used in analyzing marketing research now a days are also used.

For example, to rank various attributes/factors according to the relative importance of others Mean Score Relative Importance (MSRI) scale has been used and to determine the relative position of various card issuers on a single attribute, Cumulative Point Average (CPA) scale has been used. The formulas for these tools are described as under: MSRI for a factor = $\frac{\sum (f_i \times w_i)}{N}$ Here, \sum = Total weight for the factor on a scale = Frequency of the factor (f) x Weight assigned to the scale (w) N = Number of total respondents n = Number of total factors CPA of a factor = $\frac{\sum (f_i \times w_i)}{N}$ Here, f_i = Frequency of the factor w_i = Weight assigned to the scale N = Number of total respondents Finally, to give the analyzed data a structural figure and express them in a constructive manner, some standard computer software was used which are MS Word 2000 and MS Excel 2000. 1. 7 Limitations of the Study There are some specific problems and limitations that were faced during the entire process of preparing the report. Some of them are: (Because of time and cost constraints, it was not possible to generate a representative sample size and also to use simple random sampling procedure. And, it was not possible to interview .

International cardholders who are very high-profile personal and more frequent users of credit cards. (Initially the sample size of cardholders that was targeted was 200; but due to time constraints, the size that could be finally obtained was 122. (American Express Bank is also a provider of the credit card; but it offers credit card only to its valued corporate clients. So, it

was not possible to get idea about its product/service offerings. (The cardholders outside Dhaka City cannot be covered due to time and cost constraints.

During the interview, there was some amount of non co-operation from a section of the respondents, which were unavoidable. Hesitation and refusal of the respondents caused one of the major limitations. (The lack of experience of the researcher in the field may become another limiting factor. (Lack of time and resource constraint has also limited the scope to conduct the survey smoothly and so as to prepare the report. Part Two

INTRODUCTION TO THE ORGANIZATION & ORGANIZATIONAL OVERVIEW

Chapter: 2 Introduction to the Organization 2. 1 INTRODUCTION TO THE

ORGANIZATION In the backdrop of economic liberalization and financial sector reforms, a group of highly successful local entrepreneurs conceived an idea of floating a commercial bank with different outlook.

For them, it was competence, excellence and consistent delivery of reliable service with superior value products. Accordingly, Prime Bank Ltd. was created and commencement of business started on 17th April 1995. The sponsors are reputed personalities in the field of trade and commerce and their stake ranges from shipping to textile and finance to energy etc. As a fully licensed commercial bank, Prime Bank Ltd.

s being managed by a highly professional and dedicated team with long experience in banking. They constantly focus on understanding and anticipating customer needs. As the banking scenario undergoes changes so is the bank and it repositions itself in the changed market condition. Prime

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Bank Ltd. has already made significant progress within a very short period of its existence.

The bank has been graded as a top class bank in the country through internationally accepted CAMEL rating. The bank has already occupied an enviable position among its competitors after achieving success in all areas of business operation. Prime Bank Ltd. offers all kinds of Commercial Corporate and Personal Banking services covering all segments of society within the framework of Banking Company Act and rules and regulations laid down by our central bank. Diversification of products and services include Corporate Banking, Retail Banking and Consumer Banking right from industry to agriculture, and real state to software The bank has consistently turned over good returns on Assets and Capital.

During the year 2006, the bank has posted an operating profit of Tk. 2131 million and its capital funds stood at Tk 4409. 1 million. Out of this, Tk. 1750 million consists of paid up capital by shareholders and Tk.

2659. 21 million represents reserves and retained earnings. The bank's current capital adequacy ratio of 9. 95% is in the market. In spite of complex business environment and default culture, quantum of classified loan in the bank is very insignificant and stood at less than 0. 82%.

Prime Bank Ltd. , since its beginning has attached more importance in technology integration. In order to retain competitive edge, investment in technology is always a top agenda and under constant focus. Keeping the network within a reasonable limit, our strategy is to serve the customers

through capacity building across multi delivery channels. Our past performance gives an indication of our strength. 2.

2: Mission and vision of the Prime Bank Ltd. 2. 2. 1: Mission of PBL To build Prime Bank Limited into an efficient, market driven, customer focused institution with good corporate governance structure. Continuous improvement in our business policies, procedures and efficiency through integration of technology at all levels. 2.

2. 2: Visions of PBL To be the best Private Commercial Bank in Bangladesh in terms of efficiency, capital adequacy, asset quality, sound management and profitability having strong liquidity. 2. 3: Slogan of PBL To keep continue the growth with reputation and social responsibility, it has it's own slogan is, " A Bank with a difference" 2. 4: PBL's efforts are focused On delivery of quality service in all areas of banking activities with the aim to add increased value to shareholders investment and offer highest possible benefits to our customers. 2.

5: Goals and objectives of PBL Maximization of Profit through customer satisfaction is the main objective of the bank. In addition, the others relevant objectives are: • To be market leader in high quality banking products and services. • Active excellence in customer service through providing the most modern and advance technology in the different spheres of banking. • To participate in the industrial development of the country to encourage the new and educated young entrepreneurs to under take productive venture and demonstrate their creativity and there by participate in the national development. To provide credit facilities to the small and medium size

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entrepreneur located in urban ; sub-Urban area and easily accessible by our branches.

- To develop saving attitude and making acquaintance with modern banking facilities.
- To inspire for undertaking small projects for creation employment through income generating activities.
- To play a significant role in the economic development of the country.

2. 6: Departments of PBL All branches of Prime Bank Ltd.

are divided into three departments:

- General Banking Department.
- Foreign Exchange Department.
- Credit Department.

2. 6.

1: General banking department General banking department is one of the most important departments of Prime Bank Limited. Basically bank provides the main services to the customer through this department. In general this section of the Prime Bank Ltd. is divided into five sections.

- Accounts opening section
- Cash section
- Remittance section
- Bills and clearing section
- Accounts section

2.

6. 2: Foreign exchange department Banks play a very important role in effecting foreign exchange transaction of a country. Mainly transactions with overseas countries are in respect of imports, exports and foreign remittance come under the purview of foreign exchange department. Banks are the vital sectors by which such transactions are effected / settled. Central Bank records all sorts of foreign exchange transactions.

The other banks dealing with foreign exchange are to report to Bangladesh Bank regularly (viz. daily, monthly, quarterly, yearly etc.) the foreign

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exchange department consists of three sections. They are: • Import section • Export section • Foreign remittance section

2. 6. 3: Credit department

Banking business consists of borrowing and lending.

Banks act as intermediaries between surplus and deficit economic units. Thus a banker is a dealer in money and credit. Banks accept deposit from large number of customers and then lend a major portion of the accumulated money to those who wish to borrow. In this process banks secure reasonable return to the savers, make funds available to the borrowers at a cost and earn a profit after covering the cost of funds. Banks, besides their role of intermediation between savers and borrowers and providing an effective payment mechanism, have been allowed to diversify into many new areas of better paying business activities.

7: CAMEL rating

Bangladesh Bank (BB) has rated CAMEL (Capital Assets Management Earning and Liquidity) of all commercial banks on the basis of credit management performance till September 2002. There are two systems of CAMEL Rating. One is 'on-site' and the other is 'off-site'. In off-site rating Prime Bank Ltd treated as not only A-Class bank and but also number one among all other A-Class bank.

chapter: 3 Organizational Overview

3. 1 A glance of Prime Bank;

- Creation of the Bank: 17th April, 1995
- Number of Branches: 67
- No.

- of Employees: 1250
- Board of Directors:
- Chairman: Azam J. Chowdhury
- Vice Chairman: Shahnaz Qasem and Hasina Khan
- Directors: Mohammed Aminul Haque Quazi Sirajul Islam Capt. Imam Anwar Hossain Qazi Saleemul Haque Razia Rahman Ferdousi Islam Nafis Sikder Nafisa Parvin Trisa

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Mohammad Delwar Hossain Maksudur Rahman Sarker • Managing Director :
 Ehsanul Haque 3. 2: Hierarchy of Prime Bank Limited Figure 2. 2: Hierarchy
 of Prime Bank Limited 3. 3Branches of PBL There are sixty seven branches of
 prime Bank in six divisions.

? Dhaka Division ? Chittagong Division ? Sylhet Division ? Khulna Division ?
 Barisal Division ? Rajshahi DivisionThe head office of prime Bank situated in
 119-120 Motiizheel C/A, Adamjee court, Annex building-2, Dhaka-1000 3. 3.
 1: Branches Prime Bank has 62 existing branches and some other proposed
 branch all over the Bangladesh to provide better service to their valuable
 customers. Figure 2. 3: Branch Locations Prime Bank Limited in Bangladesh
 Prime Bank aims to continuously update and develop its product line and
 range of services to cater to the needs of retail and corporate customers.

To achieve this goal, efforts have been directed in three main areas: ?
 Design and introduction of new products and services Shaping and
 developing the system to face new challenges and emerging need of the
 market ? Full implementation and utilization of the Bank's excellence
 program which aims to provide service to customers. While strengthening
 risk management and improving asset quality is the main focus of the bank,
 it is also aware of its responsibility to the society. With this noble intention,
 Prime Bank Foundation was established in 2001, which took part in diverse
 charitable and voluntary programs to alleviate poverty and community
 welfare. . 3.

4 General Service Division (GSD)The functions of GSD are classified as
 Establishment and General Banking (GB). (a) Establishment The main

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function of GSD is to procure and supply the tangible goods to branches of PBL. Those are: ? Tangible functions of opening a branch, for example, interior decoration, making lease agreement ? Print all security papers and bank stationeries, forms, registers and distribute them to the branches ? Purchase and distribution of bank's furniture and fixtures ? Find out the demand of equipment from the branches and divisions and arrange the purchase and delivery of them to the branches concerned ? Install and maintain different facilities in different branches. (b) General Banking General department performs the majority functions of a bank. It is the core department of any bank.

The activities of GB of PBL are mainly divided into the following categories: ? Account opening section ? Local remittance section ? Online branch banking section ? Deposit scheme section ? Clearing section ? Collection section ? Cash section ? Accounts section 3. 5 Head Office Accounts Its deals with the Head Office transactions with banks and its different branches and these are recorded under the following headings: ? Income and expenditure positioning: It maintains all the income and expenditure information ? Cash section: It handles cash expenditure for office operations and payments. ? Bills section: It deals with inland bill transactions. ? Salary and wages section: Salary and wages of head office executives are given from this account. ? Provident fund: Employee provident fund are maintained here 3.

5. 1Credit Division The main functions of this division are: ? To Manage PBL's credit portfolio ? Receive credit proposal from branches ? Appraise and approve the proposals ? Sanction letters and send them to branches Monitor

and follow up the loans and advances provided by the bank ? Set up prices for credits and ensure their effectiveness ? Prepare various statements to submit to Bangladesh Bank

3. 5. 2 International Division

This division is responsible for monitoring and supervising the foreign exchange dealings of the bank. It performs the following functions: ? Making guidelines and frameworks for foreign dealings complying the rules of Bangladesh Bank ? Circulating instructions of Bangladesh Bank ? Maintaining correspondence with foreign banks and exchange houses with which it has exchange arrangement ? Maintaining NOSTRO accounts with banks in abroad ? Fixing and sending foreign exchange rates to Authorized Dealer (AD) branches and Bangladesh Bank.

3. 5. 3 Treasury

Treasury is considered to be an important division for income generation purpose within the head office. The treasury of PBL continues to efficiently manage bank's cash flow. It optimizes the investment of the bank's excess liquidity.

Treasury is also expected to provide quality services and products to meet the demand of the customer needs and play a major role in raising bank's income.

3. 5. 4 Computer Division

This division operates and keeps the record of all transactions, assets, liabilities of PBL by using integrated software. Though the technology of PBL is not advanced, the computer division tries to provide the following functions: ? Supply and installation of computer as per requirement ? Design software to support accounts operation ? Train the officers and employees about the operation of different software ? Updating the software if there is any lagging in its operation.

3.

5. 5 Marketing Division There are two types of Marketing division. These are:
Asset Marketing: It refers to various kinds of loan and advances. This division maintains communication with corporate clients gives incentive to take loan from PBL and approaches them to borrow from PBL in profitable projects.
Liability Marketing: This refers to marketing for collecting funds through buying of depository products from large depositors.

The division communicates to the persons or organization having excess fund of deposit, informs them about the attractive features of the depository products and convince them to invest in PBL in various deposit scheme. 3. 5.

6 HR Division The Human Resource Division performs the activities related to administration and personnel. The main functions of HRD are: ? Selection and recruitment of new personnel ? Appropriate placement of human resources ? Maintain the detail about transfer, promotion and leave of personnel ? Training and development of human resource ? Keeping employee records and personal file ? Taking disciplinary action if necessary.

3. 5. 7 Credit Card Division In 1999, PBL obtained the membership of Both Master card and Visa card and a separate division has been assigned to look after the credit card operation. There are four types of credit card, Local Silver Credit Card, International Silver Credit Card, Local Gold Credit Card, International Gold Credit Card. 3.

5. 8 Research and Development This division is maintained to do the research and development work to innovate new products and services as well as to improve existing products and services. 3. 5. 9 Committees and Group Division Prime Bank Ltd.

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has both democratic and consultative decision making process. The subordinates are given chance to participate in the goal and objective setting of the bank. In this regard, there are three committees functioning in the bank. These are: Policy Committee: In this case, the committee members are drawn from the Board of Directors. The committee reviews the principles, policies, rules and gives a decision which later requires the approval of the Board.

Executive Committee: This committee consists of the members of the Board. To approve the matters beyond the delegation of the board, this committee exercises the power delegated by the Board from time to time. Management Committee: This committee consists of the Managing Directors and Head Office Executives. They discuss about the progress and improvement on the guidelines regarding deposit, loans, gives different ideas, decision regarding various issues. 3. 6 Nature of Customer Services Rendered by Prime Bank Ltd.

Bank tries to serves the customers in various ways. These are: ? Bank acceptance and withdrawal of deposit. ? Bank collect and payment customer's money as a agent. Banks have to three-solvency certificate to the customer. ? Locker services. ? Providing information.

? Payment and collection of cheques. ? Acceptance of bill of exchange. ? Safety of the deposit. ? Loan extension. Payment and collection of bill.

? Bills discounting. ? Purchased and sales of share and securities. ?

Preparation of income tax return. ? Creation of medium of exchange. ?

Money transfer. ? Underwriting facility.

3. 7 Deposits of Prime Bank Ltd. Prime Bank Ltd. mobilizes deposit as a source of fund through the following accounts: ? Current & other Deposit. ? Savings Bank Deposit.

? Fixed deposit. ? Short term deposit ? Deposit scheme. ? Bills Payable. 3. 7.

1 Deposits of Prime Bank Ltd. Prime Bank Ltd. mobilizes deposit as a source of fund through the following accounts: pic] Figure: Deposit Services Of PBL

3. 8 Types of Customer A/C's Deposits and Advances of Prime Bank Ltd. 1.

Current Account A current account is a running and active account, which may be operated upon any number of times during a working day. The depositors can freely deposit/withdraw money as many times as he feels necessary in each working day. The primary object of current account is to save customers like businessmen, joint stock companies, public authorities etc. from the risk of handling cash themselves. No interest is providing for the deposit in a current account. Current account opened with a minimum initial deposit of.

not less than Tk. 3000/= which is also minimum balance required to be maintained by the account holder. 2. **Savings Bank Account** Savings Bank Account is suitable for savers who want to save for meeting future needs. This deposit account for people who do not want to withdraw frequently or

who do not want to keep money for fixed long period. It is a midway between current account and fixed deposits.

Savings bank account holder may deposit money as and when he feels necessary. At present, withdrawals of money from the SB A/c are allowed twice in a week. But such withdrawal up to a maximum 25% of deposits which should not exceed Tk. 10, 000 can be allowed in a week. For withdrawal of amounts over and above the limit, the account holder shall be required to give seven days notice in writing.

No interest will be paid in a savings bank account for the month in which withdrawals have been made more than twice a week involving more than 25% of the total deposits and above Tk. 10, 000 without notice. For savings bank account the present interest rate of Prime Bank Ltd. is 6% and the minimum required amount for opening account is Tk. 3000/=.

Short Term Deposit Account There are people and organizations who want to keep funds in the bank so that it can be withdrawal without any restrictions. They also want to earn some interest. For neither current account is suitable, nor savings bank account is suitable. These types of people and organizations keep their funds in the bank, which is withdraw able by a written notice for a specified period. These deposits are called Short Term Deposit Account. Prime Bank Ltd.

pays 4. 5% interest for this account. Interests in STDA are paid only at the expiry of the term on daily product basis. STDA are highly liquid in nature

though not equivalent to the liquidity of current accounts. The minimum amount required for the opening / maintaining STDA is Tk.

25000. 4. Fixed Deposit Fixed deposits are moneys deposited by the customer for a fixed period, which ranges currently from three months to one year and over. For different duration interest paid is different. As the duration increase rate of interest also increase. Highest interest is paid to the fixed deposit of one year duration.

For deposits of more than three years, interest rate applicable is the interest rate applicable to deposits of three years duration. Fixed deposit bear higher interest compared to other deposit as these accounts are less liquid in nature. 5. Call Deposit Some times bank may secure funds from the money market usually from other bankers who have surplus funds against a receipt to meet temporary short fall of their funds. These deposits have an element of over-night stay usually. The rate of interest for such funds is not fixed.

It depends on demand ; supply of funds in the money market. When the money market is tight such deposits such deposits attract higher rate of interest, but when the demand is less, lower rate of interest prevails in the market. . Contributory Savings Scheme Prime Bank Ltd. Contributory Savings Scheme which offers 5 years savings plan with attractive interest and bonus option at maturity by its all branches.

The monthly installment is Tk. 500 and multiples of tk. 1000. Maximum installments shall beTk. 25000.

Lump sum amount shall be paid after maturity or monthly Pension Shall be paid for the next five years according to the size of deposit. 7. Monthly Benefit Deposit Scheme Prime Bank Ltd. provides Monthly Benefit Deposit Scheme by its 45 branches. The duration of the account is 5 years. Amount to be deposited in this scheme is Tk.

25000/= and multiple thereof but maximum Tk. 2500000. Profit shall be paid on monthly basis @ Tk. 1000 ; net of Taxes @ Tk. 900 per Tk. 100000.

8. Others Deposit Account Prime Bank also maintains some other deposit account. Such as – Double Benefit Deposit Scheme, Lakhopoti Deposit Scheme, Prime Millionaire Scheme, House Building Deposit Scheme, Education Savings Scheme and Mudaraba Contributory Savings Scheme (MCSS) for Islamic Banking Branches. 3. 9 Five Years' Corporate Information of The Prime Bank Ltd Performance at a glance | |(Taka in Million) | | | |

Particulars	2003	2004	2005	2006	2007
Income Statement					
Interest Income	2159	2641	3446	5199	7170
Interest Expense	1408	1616	2271	3698	5267
Net Interest Income	751	1025	1175	1500	1903
Non-interest Income	841	946	1232	1732	2913
Non-interest Expense	591	824	886	1101	1559
Net Non-interest Income	250	121	346	631	1354
Profit before provision and tax	1001	1146	1520	2131	3257
Provision for loans and assets	232	82	320	390	910
Profit after provision before tax	770	1064	1201	1741	2347
Tax including deferred tax	394	452	633	689	946
Profit after tax	375	612	568	1052	1401
Balance Sheet					

Authorized Capital | | 1000 | | 1000 | | 4000 | | 4000 | | 4000 | | | | Paid-up
 Capital | | 700 | | 1000 | | 1400 | | 1750 | | 2275 | | | | Total Shareholder's
 equity | | 1732 | | 2240 | | 2808 | | 3860 | | 5273 | | | | Deposits | | 20483 | |
 28069 | 36022 | | 54724 | | 70512 | | | | Long-term liabilities | | 7052 | | 7371 |
 | 11406 | | 16877 | | 15267 | | | | Loans and advances | | 16492 | | 23220 | |
 31916 | | 45010 | | 57683 | | | | Investments | | 2750 | | 3084 | | 3940 | | 7844
 | | 12698 | | | | Property, Plant and Equipment | | 256 | | 322 | | 372 | | 412 | |
 660 | | | | EarningAssets | | 19335 | | 27131 | | 36727 | | 55458 | | 72798 | | | |
 Net current assets | | 583 | | (1299) | | 31 | | 5286 | | 1338 | | | | Total assets | |
 24249 | | 32362 | | 41506 | | 60899 | | 79588 | | | | Current ratio | | 0.

96 | | 1. 06 | | 1. 0 | | 0. 88 | | 0. 97 | | | | Debt equity ratio | | 8% | | 7% | | 7%
 | | 7% | 7% | | | | Other Business | | | | Import | | 25441 | | 36747 | | 40303 | |
 52639 | | 70617 | | | | Export | | 16490 | | 19502 | | 28882 | | 41801 | | 51316 |
 | | | | Remittance | | 3063 | | 2140 | | 3688 | | 15050 | | 15905 | | | | Guarantee
 Business | | 4248 | | 4085 | | 5303 | | 5386 | | 7033 | | | | Inland letter of credit
 | 3729 | | 4267 | | 5405 | | 10174 | | 11943 | | | | Capital Measures | | | | Total
 risk weighted assets | | 16455 | | 23050 | | 31890 | | 44324 | | 55485 | | | |
 Core capital (Tier-I) | | 1782 | | 2240 | | 2808 | | 3860 | | 5273 | | | |
 Supplementary capital (Tier-II) | | 176 | | 236 | | 369 | | 549 | | 1109 | | | |
 Total Capital | | 1958 | | 2476 | | 3177 | | 4409 | | 6382 | | | | Tier-I capital
 ratio | | 10.

83 | | 9. 72 | | 8. 0 | | 8. 71 | | 9. 50 | | | | Tier-II capital ratio | | 1. 07% | | 1.

02 | | 1. 16 | | 1. 4 | | 2. 00 | | | | Total capital ratio | | 11. 90% | | 10. 74 | | 9.

96 || 9.95 || 11.0 || || Credit Quality || || Non performing loans (NPLs) ||
326.53 || 352.73 || 308.

21 || 367.15 || 777 || || % of NPLs to total loans and advances || 1.8% ||
1.52% || 0.96% || 0.

82% || 1.35% || || Provision for unclassified loans || 171.73% || 231.73 ||
364.0 || 544.

80 || 895 || || Provision for classified loans || 249.44 || 174 || 127.0 ||
308.52 || 478 || || Share Information || || Market price per share (Taka) ||
374.25 || 879.50 || 681.

0 || 528.75 || 924 || || No. of shares outstanding || 7 || 10 || 14 || 17.50 ||
| 22.5 || || No.

of shareholders at actual || 1993 || 2620 || 4467 || 5262 || 7368 || ||

Earning per share (Taka) || 37.5 || 43.71 || 40.59 || 60.11 || 61.57 || ||

Dividend || 62.

86% || 40.00% || 25.0% || 30% || 35% || || Cash || 20.00% || 0.00% ||
0.00% || 0.

00% || 10% || || Bonus || 42.86% || 40.0% || 25.00% || 30% || 25% || ||
| Effective dividend ratio || 67.70% || 47.

06% || 29.7% || 33% || 40% || || Market capitalization || 2619.75 ||
8795.00 || 9541.00 || 9253.

13 || 21021 || || Net assets per share (Taka) || 233. 2 || 223. 98 || 200. 57
 || 220. 57% || 232 || || Price earning ratio (times) || 9. 97 || 20.

2 || 16. 79 || 8. 80% || 15. 00 || || Operating Performance Ratio || || Net
 interest margin on average earning assets || 4. 36% || 4.

1% || 3. 68% || 3. 23% || 2. 97% || || Net non-interest margin on average
 earning assets || 1. 45% || 0. 52% || 1.

8% || 1. 37% || 2. 11% || || Earning base in assets (average) || 79. 02% ||
 82. 08% || 86.

45% || 90. 2% || 91. 29% || || Cost income ratio || 37. 11% || 41. 83% ||
 36.

82% || 34. 7% || 32. 37% || || Credit deposit ratio || 80. 52% || 80. 72% ||
 88.

60% || 82. 25% || 81. 81% || || Cost of funds on average deposits || 7. 2% ||
 | 6. 66% || 7.

09% || 8. 15% || 8. 41% || || Yield on average advance || 14. 80% || 13.
 30% || 12. 0% || 13.

52% || 13. 96% || || Return on average assets || 1. 72% || 2. 16% || 1. 4%
 || 2.

05% || 1. 99% || || Return on average equity || 22. 70% || 30. 43% || 22.
 51% || 31.

55% | | 30. 8% | | | | Other information | | | | No of Branches | | 30 | | 36 | | 41
 | | 50 | | 61 | | | | No of employees | | 777 | | 894 | | 1024 | | 1172 | | 1400 | | |
 | No of foreign correspondents | | 441 | | 501 | | 517 | | 528 | | 553 | | | |
 Average earning assets | | 17230. 3 | | 23233. 08 | | 31929. 08 | | 46092. 85 |
 | 64128 | | | | Average total assets | | 21804.

03 | | 28305. 38 | | 36933. 6 | | 51202. 88 | | 70244 | | | | Average deposits | |
 18482. 42 | | 24276.

24 | | 32045. 85 | | 45373. 7 | | 62618 | | | | Average advance | | 14590 | |
 19856 | | 27568 | | 384634 | | 51347 | | | | Average equity | | 1654. 14 | |
 2010. 83 | | 2523. 90 | | 3333.

94 | | 4567 | | | | | | Table 2. Five Years' Corporate Information of The Prime
 Bank Ltd. 3. 9. 1 Total Asset: The Authorized Capital of the bank has been
 increased from Tk. 24, 249 million to Tk.

79, 588 million in the year 2007. The bank current ratio is 0. 97%. [pic]

Figure 2. 1: Growth of the total Asset of PBL for five years 3. 9. 2 Deposits

The deposit base of the bank registered a significant growth. The amount of
 deposit has been increased 20, 483 million to 70512 million from 2003 to

2007. 3. 9. 3 Loans ; Advances The amount of total loans and advances of
 the bank was Tk. 16492 million, increase compared to Tk. 57683 million from
 the year 2007. 3. 9. 4 Profit The operating profit of the bank increased to Tk.

375 million to 1401 million from 2003 to 2007. [pic] Figure 2. 2: Five years'

profit performance of PBL Chapter-4 Introduction to the Credit card system 4.

1 What is a Credit Card? Credit card is a form of Bankcard. A bankcard is a

card issued by a financial institution. Cardholders can use the cards to access their financial resources, such as a checking account or a line of credit. Credit Card is an electronic based plastic card bearing an account number assigned to a cardholder with a credit limit that can be used to purchase goods and pay for services with a credit facility and without cash/currency ote transactions from the appointed merchants of issuer of the card and to obtain cash disbursements on credit, for which the card holder is subsequently billed by an issuer for repayment of credit extended at once or on an installment basis. By definition, Credit Card is a continuous credit facility given to the card subscribers. People prefer the Credit Card transaction instead of cash because of its following advantages: (It increases purchasing power. (It eases the transaction process (money less transaction). (It allows for obtaining credit facility for a definite period (of maximum of 50 days and minimum of 15 days). (It is convenient to carry a plastic card rather than bundles of cash. It lowers risks of losing money as often occurred through hijacking/snatching or forged currency notes. (It is usually issued for a year with renewal facility available. Not all bankcards are credit cards. Other bankcard products include: (ATM Cards (Proprietary Debit Card (Buy now pay now) (Prepaid Card (Pay now buy later) (Check Guarantee Cards (Charge Card (Buy now pay monthly) Likewise, not all credit cards are issued by a financial institution. Non-bank credit cards include: (Private Labeled Retail Cards (Oil Company Cards (Travel ; Entertainment Cards 4. 2 History of the Credit Card The payment system in today's economy has come a long way since the days of barter. The most form of this system is the use of credit card. But the history of credit card routed through the need

of individual retail merchants who wanted to extend credit facility to their customers, allowing them to charge purchases to an account held by the merchants. This provided an opportunity for financial institutions to become involved. Western Union introduced the concept of cards or plastic money in the United States in 1914. The basic objective of this initiative was to use an alternative of notes and coins while traveling from one place to another. The system was appreciated by everyone and began to spread in other context also. In 1926, General Petroleum Corporation of California introduced its own fuel card to be used by the customers for buying gas from any of its oil stations all over the country instead of cash. The earliest form of the bank credit card was Charge-it, a system of credit developed by John Biggins in 1946; which allowed customers to charge local retail purchases. The merchants deposited the charge slips at the Biggins' bank; the bank then reimbursed the merchant for the sale and collected payment from the customers. The system paved the way for the first bank credit card circulated by The Franklin National Bank of New York, presently known as European American Bank; which formalized the practice by introducing the first modern credit card in 1951. At the same period of time, Dinners Club introduced the first Traveling ; Entertainment (T; E) card. The incident that triggered the constitution of this organization is quite fascinating. Mr. Robert McNamara, the founder of Dinners Club, once experienced a very common embarrassment of forgetting to carry his wallet while entertaining his guests at a restaurant in New York. Over the next few years, more and more financial institutions initiated credit card programs. In 1958, American Express Bank introduced its corporate cards. By the following year, many

card issuers were offering an added service of revolving credit. With this new service, the cardholder could maintain a balance on the account. The customer's monthly payment included a finance charge on the unpaid balance. At this stage, California-based Bank of America extended the idea through out the United States by introducing the BankAmericard (now VISA Card) in 1960 and franchising a single bank in each major city as its local affiliates. These affiliates were responsible for signing contracts with merchants to accept cards as payment, as well as enrolling cardholders in their respective areas. In the meantime, a group of enterprising US bankers who were not the franchisees of BankAmericard created their own network by accepting one another's local credit cards. On August 16, 1966, the group of fourteen banks formed the Interbank Card Association (ICA), which later became MasterCharge International. The following year, in 1967, four California based banks changed their name from the California Bankcard Association to the Western States Bankcard Association (WSBA). Its bankcard product was known as MasterCharge. In 1960s, numerous financial institutions became MasterCharge members to compete with the BankAmericard. Afterwards, the two associations – Interbank (MasterCharge) and Bank of America (BankAmericard) created international processing system to handle the exchange of money and information and establish an arbitrary procedure to settle disputes between members. As a result Interbank and Bank of America emerges as the leading bankcard system. In 1977, BankAmericard becomes Visa USA/Visa International. In 1979, MasterCharge changed its name to MasterCard to reflect its expanding service.

4. 3 A Brief Overview of Global Card Issuers

The strategic players'

activities vary from region to region, but four of them remain constant worldwide. They are Both Master card and Visa card, Visa, American Express, and Diners Club.

4. 3. 1 Master card Since its beginning in 1996 as the Interbank Card Association, Both Master card and Visa card has evolved into a global payments franchise. Through the Both Master card and Visa card global family of brands, they offer a full range of payment products, including credit card, online debit cards, ATM cash access, and travelers' cheques.

4. 3. 2 VISA Card As Prime Bank Ltd. is the issuer of VISA Card the details of VISA Card has been mentioned below: VISA is the largest payment system in the world owned by its member financial institutions. It is managed by Board of Directors elected by and from members. In mid 40's different merchants issued cards to their own customers. Those cards were only used from where they were issued (merchant location). So if someone takes a card from a particular merchant he has to go to that merchant to use the card. In 1966 BankAmericard Service Corp. (A clearing and settlement association of card) was formed. The members of this origination were issuing BankAmericard. In 1970 BankAmericard transferred control to the banks in the US National BankAmericard Incorporated (NBI). In 1976 the name VISA came and NBI became VISA USA and IBANCO became VISA International. The mission of VISA Intl. Is to enhance member profitability and customer. relationship by providing a global, secured and efficient payment service so that buyers and sellers can conduct commerce with ease and confidence in both the physical and virtual world.

4. 3. 3 American Express American Express (AMEX), which introduced its Green card in 1958, is the world's largest issuer of T; E cards.

4. 3. 4 Diners Club The Diners Club Card, the first T; E card, was introduced

in 1950. In 1960, it was the first card issued in Japan. JCB, the Japanese Credit Bureau, is also a global force on the acceptance side, although its card issuance is primarily relegated to Japan. Discovery is strengthening its merchant network in the United States and the Caribbean but is not a worldwide player. It targeted at the traveling and the entertainment market competes directly with the American Express Card.

4. 4 Players of the Credit Card Transaction System

Credit card business grew from a direct relationship between the customers, merchant and financial institution to a system where financial institutions joined the Both Master card and Visa card and Visa Association. Membership enables financial institution to:

- ? Issue Credit Cards with world wide utility.
- ? Hold contractual relationship with merchants.
- ? Participate in the interchange and settlement systems of Both Master card and Visa card and Visa.

The players in Credit Card transactions are: A. Cardholder B. Issuer C. Agent Banks D. Acquirer and E. Merchant

4. 4. 1 Cardholder

The cardholder is solicited, screened and approved by the issuer that establishes a line of credit for the customer and issues the credit card. The cardholder uses the credit card either to purchase goods and pay for services from a merchant or to obtain cash advance from a member for which the cardholder receives a monthly bill from the issuer.

4. 4. 2 Issuer

The Cardholder's financial institution (usually called the issuing member, or issuer) is a licensed member of Both Master card and Visa card and/or Visa. The issuer:

- ? Issues the card to the approved cardholder.
- ? Receives and pays for transactions from Both Master card and Visa card and /or Visa.
- ? Bills and collects from the cardholder. The issuer may also benefit from the services of a third party and /or association in processing information and

payments. 4. 4. 3 Agent banks Managing a credit card program is expensive and some small financial institutions prefer to offer credit cards to their customers without taking on the complications and responsibilities of becoming an issuing member. These small financial institutions can contract to become an issuing agent of an issuing member. The issuing agent solicits cardholders' applications for the issuer. The issuer, in turn, issues the card in its name, has the cardholder relationship, make all formalities of the Credit Divisions, and completes the management of the card program. If the agent bank's name appears on the card, then the agent bank must be an affiliate/associate member of the franchiser. The issuer usually keeps most of the income from the cardholder account; the agent member may or may not receive a small commission for providing the application. While the issuing agent's income from this arrangement is small, it does retain its customers who might shift their business elsewhere if a Credit Card Program were not available at their local financial institution. When the issuing agent's name appears on the card, it tends to preserve the financial institution-cardholder relationship.

4. 4. 4 Acquirer The acquire member or acquirer solicits, screens, and accepts merchants into its Credit Card Program. The acquirer is a member of Both Master card and Visa card and/or Visa, and holds a written agreement with the merchant to:

- ? Accept the merchant's sales slips.
- Provide the merchant card authorization terminals, instructions and contracted service
- ? Handle and process the credit card transactions. The acquirer usually charges the merchant a discount for handling the transaction. The acquirer is licensed by Both Master card and Visa card and/or Visa and agrees to follow the operating rules and regulations of the

two associations. Both Master card and Visa card and Visa provide various services to the acquirer, including authorization and settlement processing, interchange and resolution of member disputes. 4. 5 a general overview of Card issuing process ; operations It is essential for us to get a general understanding of the card issuing process and how the credit card operations are maintained and settled between the parties involved. The Card issuance activities can be divided into two major parts – Pre Issuance Activity ; Post Issuance Activity that are shown below in a flow chart. 4. 5. 1 Pre Issuance Activity The process begins with compiling the credit card applications. With proper documentation, the bank gathers necessary information regarding the applicants. Then the risk assessment division checks the application and sends it to the Center Point Verification (CPV) for further testing of the authenticity of the documents. They also approve or refuse the application afterward and determine the credit limit for the client. These jobs can be done either by the organization itself or through outsourcing. Then the bank prepares a master file and issues the cards and then delivers them to the customers. On receiving the card the applicant calls for their card activation and thus the card is ready to use. Pre-Issuance Activities Post-Issuance Activities Figure 3. 1: Flow chart of card issuing process 4. 5. 2 Post Issuance Activity The credit card operations that we normally refer are actually the post-issuance activities. A cardholder may charge his/her Credit Card at an outlet either on-line or off-line. On-line information flies to the issuer through the POS (Point on Sale) machine and in case of off-line transaction the sales vouchers are collected by field representatives from those outlets. And issuer enters the detailed information into their software. Afterwards, cheques are

delivered to the merchants as their fund disbursement. While receiving the transaction, the issuer prints monthly bills for cardholders and delivers them.

Finally the cardholders pay the bill to the issuer.

4. 6 different forms of credit Card

4. 6. 1 Principal/Primary Card When people refer to a credit card holder, they usually mean a holder of the principal/primary card, obtained by

him/her by subscribing a fee to the issuer for a specific period of time

(usually one year). These cards can be renewed after the expiry of that

period.

4. 6. 2 Supplementary Card This card is issued for free of cost to the person nominated by the basic cardholder. That person might be someone

close to the cardholder like husband/wife, brother/sister, daughter/son

father/mother or anyone. But, if the basic cardholder wishes to have an

additional card (called as Add-on Cards) for someone else, he is required to

pay fees for that.

Chapter Five Analysis and findings of the study

5. 1 Analysis and findings of the study The Prime Bank Ltd. is the first local bank to introduce Both Master card and Visa card-credit card in Bangladesh. So it has the comparative advantage to grab a good market share of card users.

The interview has been taken of card holders and merchants as well as the employees and customer service department of the card division of the

Prime Bank Ltd. There are two major parts of the analysis, these are ?

Issuers ? Cardholders

5. 1. 1 issuers This section includes comparative analysis of merchant coverage, service offerings and charges ; fees of

different cards of different issuers.

5. 1. 2 Reasons for Using Credit Card As stated earlier, the credit card industry in Bangladesh involves eight players,

namely Standard Chartered Bank (SCB), The City Bank Ltd. , Lanka Bangla Finance Ltd. (LBFL), Prime Bank Limited (PBL), Premier Bank Ltd. , National

Bank Limited (NBL), Dhaka Bank Limited (DBL) and NCC Bank Ltd. The following graph shows the percentage of the reasons why people uses credit card. If this can be identified then the reason can be given more value for customer satisfaction. [pic] Figure 5. 1: Reasons for using credit card

5. 1. 3 Service Offerings All the service offerings of different issuers are listed at the following page in Table 2. 1. The following are the highlights of them. |

Facility	SCB	NBL	PBL	DBL
Avg. Card Processing	10 Days	7 Days	3 Days	7 Days
Delivery Time				
Avg. Fund Disbursement Time	1 Day	3 Days	3 Days	2 Days
Grace Period	45 Days	50 Days	45 Days	45 Days
Payment Due Date From Statement	15 days	20 Days	20 days	15 Days
Date				
Cash Withdrawal/ Advance Facility	Available (50% of credit limit)	Available (50%)	Available (50%)	Available (50%)
ATM Facility	Available	Available	Available	Available
Utility Bill Payment	Available (Mobile ; ISP bill)	Unavailable	Available (GP Bill)	Available (GP bill)
Merchant Price	1. -3 %	3 %	3 %	2-3 %

Table 5. 1: Service offerings/facilities of different issuers' cards

Grace Period/Interest Free Period PBL is enjoying a competitive edge by providing the maximum grace period of 50 days, comparing to 45 days provided by the other issuers. Payment Due Date from Statement Date PBL is also the provider of the maximum time in the market for payment due date from statement date with 20 days comparing to the same of 15 days provided by the other issuers. Cash Withdrawal/Advance and ATM Facility All the issuers provide cash advance facility of 50% of the credit limit, except DBL, which provides only 10% of the same. Cash advance facility has a close relation with ATM (Automated Teller Machine) facility for credit card, which is very convenient

for the cardholders to draw cash from ATM rather than going to the bank.

The ATM facility is provided by SCB and DBL. SCB and DBL provides the facility through ATM provided by Master and Visa Card and NBL provides the facility though shared ATM network of eight Banks (described earlier).

Although NBL is a member of that ATM network, it is not availing the facility presently. Fund Disbursement Time The average time for the disbursement of fund (through cheque or pay order) to the merchants is 1 day of SCB, 1-2 day(s) of DBL, and 3 days of PBL and NBL. DBL has been the leader in this area of operation for a long time and for so has been able to win the hearts of many merchants. Being aware of the importance of this matter, SCB is now providing the fastest service in the market. Utility Bill Payment SCB is providing a wider range of this facility in the form of mobile bills of AKTEL, Grameen Phone (GP), Banglalink and City Cell and also the Internet Service Providers' (ISP) bills. Merchant Price Usually this rate is 3% that is prevalent in the market. But it can be lowered through negotiation. SCB takes as less as 1.5% from some merchants and DBL takes 2% from some merchants. 5.

1. 4 Charges ; Fees The schedule of different charges and fees of various cards of different issuers are given in the next page in Table 2. 2 (local). The focus of this study is primarily on the local cardholders; so, the best offers in cases of all the local charges are listed below: (The lowest subscription fee for principal card local silver is Tk. 1000 (offered by PBL) and local gold is Tk 2000 (PBL ; NBL). (The lowest renewal fee for local silver principal card is Tk. 1000 (PBL ; DBL) and local gold is Tk 2000 (PBL, NBL ; DBL). (The lowest subscription fee for add on supplementary card local silver is Tk. 600 (PBL) and local gold is Tk 1000 (PBL ; NBL). (The lowest renewal fee for add on

supplementary card local silver is Tk. 600 (PBL) and local gold is Tk 1000 (PBL ; NBL). (The lowest late payment fee for silver card is Tk 300 (all except NBL) and for gold card Tk 300 (PBL). Card replacement fee of SCB cards (Tk 200 for silver and Tk 500 for gold) is low comparing to other issuers. (The lowest return cheque fee is fully free for card holders. (The sales voucher retrieval fee is highest of PBL with Tk. 200 (for silver)/250 (gold) and the PBL offers in free. 5. 1. 5 Attractive Features of Different Issuers Standard

Chartered Bank Bonus Points: the cardholder (gold or silver) accumulating 1200 SCB Bonus Points (Tk 50 transaction = 1 Bonus point) are notified that s/he is eligible to get a non-sticky fry pan. The cardholder, however, can refuse to receive that and accumulate more points. The most attractive prize is a Dhaka-Singapore-Dhaka air ticket, eligible after acquiring 1. 50 lac bonus points. Air Insurance: If any cardholder dies while flying on an aero plane, his/her nominated beneficiary will get Tk 5 lac, in case of gold card, or Tk. 1 lac, in case of silver card. The Prime Bank Ltd. Waiver of Annual Fee for International Card: If the cardholder accumulates 20000 Prime Bank Bonus Points (\$1 Transaction = 1 Bonus Point) for his/her Gold Card or 10000 bonus Points for Silver Card in a year, then s/he will enjoy the Card without fee. 5.

1. 5 Schedule of charges and facilities of different issuers' local cards | | SCB | PBL | NBL | DBL | | Scope | | Annual Fee