

# Report of dutch bangla bank limited assignment

[Economics](#)



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Subject: – “ Macro Economics” Assignment Topic: – Past 5 years concept of Dutch Bangla Bank Limited Dutch Bangla Bank Limited Dutch-Bangla Bank is the first bank in Bangladesh to be fully automated and introduce Electronic Banking. The automation was completed in 2003, but further additions and features are continuously being added and upgraded. DBBL has adopted the same exact automation solution used by many international banking giants. Although this was significantly more expensive than other solutions, it is a small price to pay for a client’s peace of mind.

A DBBL client now has unrivaled access to banking from any DBBL branch, ATM and POS. All of these services are free-of-charge and are surprisingly affordable for everyone. Even though DBBL has invested more in Electronic Banking more than any other bank, the division was never intended to be profitable. It was undertaken with the same mindset DBBL undertakes its Corporate Social Responsibility tasks. This is why you pay nothing even though these same services would cost you much more in other countries and other banks. Never has any bank given so much for free.

DBBL also has the largest ATM network in Bangladesh. This gives DBBL clients full access to ‘ anytime anywhere’ banking nationwide. All international and many local banks use the DBBL ATM network for their own clients. DBBL has installed over 800 ATMs nationwide. As with most things, ATM access to all DBBL ATMs is unlimited and free for all DBBL clients. If a client of a member bank (not DBBL) uses a DBBL ATM, the member bank may add a transaction charge. DBBL has the largest IT budget in Bangladesh. DBBL maintains the state-of-the-art Electronic-Banking Division.

The Electronic-Banking Division oversees and maintains DBBL's investment as well as implementing upcoming projects. DBBL is the only local bank to have a off-site Data Recovery Site (DRS). DRS ensure that customer records are safe, backed-up, and up to date in the event of a major catastrophe at the Electronic-Banking Division headquarters. Since 2004, DBBL has introduced mobile and SMS banking. With a mobile phone, customers can perform many banking operations with their phone. DBBL is a primary license holder for both VISA and MasterCard. It is authorized to issue and accept payments from both organizations.

DBBL also works closely with both organizations to bring you the latest in card technology. DBBL also offer Visa and MasterCard Debit Cards. • Board of Directors (Dutch Bangla Bank Limited) | Name | Designation | | Mr. Abul Hasnat MD. Rashidul Islam | Chairman | | Mr. Md. Yeasin Ali | Managing Director | | Mr.

Zaheed Hossain Khan | Director | | Mr. Bernhard Frey | Director | | Mr. Shahabuddin Ahmed | Director | | Mr. Md. Shahidur Rahman | Director | | Mr.

Abedur Rashid Khan | Director | Savings, investments, employment generation, productions, distribution and consumptions are essential part of any economic system. The Bank being a financial intermediary plays a significant role in this process by mobilizing savings & other resources, allocating such resources to productive investments, local & international trades and consumptions. In the process the Bank is directly or indirectly accelerating economic activities & growth.

By offering its unique products & services the Bank is engaged in maximizing savings, investments, productions, trading, employment, consumptions etc. to maximize economic growth and welfare of the society. Therefore, banking company is holding a key position in economic and social development of a country. The Bank is a corporate citizen. It can not act on its own without its stakeholders. The stakeholders as a whole help, direct and monitor the Bank to perform its operations in an effective way to create and maximize value for the economy and society.

Shareholders provide the vital equity capital, depositors & lenders put their money in the Bank, borrowers take the credits for production, trading or consumptions, employees put their services to serve the customers, and government, Bangladesh Bank and Securities and Exchange Commission provide legal & regulatory framework, infrastructure, economic & business environment etc to ensure smooth operations of banking activities with transparency and accountability.

With the support & resources from various stakeholders, DBBL conducts its businesses to provide services to the customers and society at large and in the process creates and maximizes value for all its stakeholders in a fair, transparent and ethical way. Maximization of profit can not be the only objective of the Bank, rather maximizing benefits & value for all stakeholders in a fair and balanced way thereby maximizing welfare of the economy & society as a whole is the objective of DBBL.

However, profit is also important to give satisfactory returns to all the stakeholders and to ensure sustainable operations, growth and long term

solvency of the Bank which in turns enable the Bank to contribute in a greater way to the economy & society. As DBBL is dependent on its stakeholders to continue its operation and wealth creation activities, therefore, wealth created by the Bank is also distributed to its various stakeholders.

Shareholders get dividends, depositors get interest, employees receive salaries and government gets tax, VAT etc. ## Measures taken by DBBL to maximize value for its stakeholders and to increase its contribution to the economy & society in a sustainable way DBBL as a responsible corporate citizen has taken effective measures to sustain its operations in a sustainable way thereby to increase its contribution to the economy & society.

DBBL has undertaken due process, procedures and systems in compliance with best practices in corporate governance, risk management, regulatory requirements, environmental issues, staff welfare and customer services and business practices to strengthen its ability to serve the stakeholders and society increasingly in a greater way. ## Some of the measures taken by DBBL to maximize value are given below: 1) Corporate governance ensuring best practices

DBBL complies with good corporate governance practices in line with industry best practices and regulatory requirements ensuring transparency, accountability and fairness at every step of its business operations to maximize performance with governance. 2) Managing risks to ensure quality and value of assets and uninterrupted operations Risk management covering

credit risks, operational risks and market risks is at the heart of all business operations and transactions of DBBL.

Risk management systems are designed and implemented to ensure quality and value of assets and smooth banking operations and services in a sustainable way to protect interest of shareholders, depositors and all the stakeholders. Risk management system also complies with Bangladesh Bank's core risk management guidelines. Risk management systems in DBBL are set out on pages 43 to 51 of this Annual Report. ) Maintaining adequate capital and capital adequacy ratio - cushion to absorb unforeseen shocks As part of risk management system, it is the policy of DBBL to maintain strong capital adequacy ratio to have sufficient cushion to absorb any unforeseen shocks arising from any potential risk, to ensure long term solvency of the Bank and to help sustainable business and profit growth of the Bank that can maximize value for stakeholders.

At the end of 2008, Bank's regulatory capital reached Taka 4, 616 million as against Taka 3, 399 million as at 31 December 2007. This rise in regulatory capital would also help the Bank to increase the volume of business as per prevailing regulatory norms. ## Summary of total capital and capital adequacy ratio of DBBL is as follows

In million Taka	Particulars	2008	2007
	Tier 1 (Capital A)	2, 911	2, 089
	Tier 2 (Capital B)	1, 705	1, 310
	Total Capital (Tier 1 & Tier 2) [C]	4, 616	3, 399
	Risk Weighted assets (D)	42, 114	28, 900
	Tier 1 capital (against minimum requirement	6. 91%	7. 23%
	of 5%) [A/D]		
	Total capital (against minimum requirement	10. 6%	11. 76%
	of 10%) [C/D]		

## Sustainable dividend policy to ensure growth and maximize value for shareholders DBBL's dividend policy  
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is designed in a way to ensure sustainable growth of the Bank with strong capital adequacy ratio which must maximize value for shareholders. DBBL paid 395% stock dividend for 2007. The proposed stock dividend for 2008 is 50%. The market capitalization of DBBL increased by 215 % in 2008 from Taka 14 billion to Taka 43 billion. [pic] # Mobilization and allocation of resources in optimum way-extending loans to important sectors at reasonable interest rate and charges T is the policy of DBBL to mobilize resources from diversified sources to make it cost effective and sustainable to support business growth. Depositors are offered the best technology driven products & services available in the market to encourage them in savings. While resources are allocated at competitive rates preferably in most productive as well as export oriented sectors to maximize economic and social development of the country. Credit-deposit ratio is contained within optimum limits to ensure maximum utilization of resources within tolerable risks.

In 2008, total liability including capital, deposit, borrowing and others increased from Taka 49, 371 million to Taka 60, 682 million. Loans & advances increased from Taka 29, 403 million to Taka 41, 698 million. ## Extending technology driven services to customers at affordable cost In DBBL, banking products and services based on the latest technology and multiple delivery channels are aimed at faster and better customer services at the doorsteps of customers at affordable cost. At the end of 2008 such services were provided through 64 branches, 350 units of ATMs and 750 units of POS terminals spread throughout the country. By providing such services DBBL is enabling the customers to maximize their business

potentials and to fulfill their personal aspirations. pic] ## Progressive working environment for staff A high quality and competent human resource is crucial to continued growth and success of any country which can be achieved by improving skill, knowledge and productivity of employees. DBBL focuses on attracting, developing and motivating the very best individuals in the industry and encouraging professionalism by imparting training to staff both at home and abroad. In order to provide better, faster and coordinated services to the clients by a skilled and dedicated team, the Bank has been providing healthy and progressive working environment and competitive compensation package to its workforce. # Contribution to the national exchequer DBBL made significant contribution to the government in boosting its revenue collection. As per the prevailing law of the country, the Bank being a corporate citizen pays tax on its own income. Besides, the Bank deducts income tax, VAT and excise duty at sources from clients, depositors and suppliers, and deposits the same to the national exchequer. During the year 2008, the Bank contributed Taka 1, 009 million to national exchequer as against DBBL being a responsible corporate citizen of the country has been playing a pioneering role in implementing various social and philanthropic programs to help disadvantaged people of the country.

Education, healthcare, human resource development, conservation of nature, creation of social awareness, rehabilitation of distress humanities and such other programs to redress human sufferings are some of the important areas where the Bank carries out its social and philanthropic activities. [pic] [pic] [pic] Last five years [pic] [pic] Dutch Bangla bank's major products and services are given below; 1) Card Products: i. DBBL-



NEXUS Classic Card (debit) ii. DBBL-NEXUS Maestro card (debit) iii. DBBL-NEXUS VISA Electron card (debit) iv. DBBL-NEXUS Silver OD card (credit) v. DBBL-NEXUS Gold OD card (credit) 2) IT Products 3) SMS & ALERT banking service 4) Retail Banking Products: i. DBBL Life Line ii. DBBL Future Line 5) Other Banking Products: Deposits | Loans & Advances | | 1) Savings Deposit Account | 1) Life Line (a complete series of personnel credit facility) | | 2) Loan against. Trust Receipt | | 2) Current Deposit Account | 3) Transport Loan | | 3) Short Term Deposit Account | 4) Real Estate Loan (Res. & Comm. ) | | 4) Resident Foreign Currency Deposit | 5) Loan Against.

Accepted Bill | | 5) Foreign Currency Deposit | 6) Industrial Term Loan | | 6) Convertible Taka Account | 7) Agricultural Term Loan | | 7) Non-Convertible Taka Account | 8) Lease Finance | | 8) Exporter's FC Deposit (FBPAR) | 9) Other Term Loan | | 9) Current Deposit Account-Bank | 10) FMO Local currency Loan for SME | | 10) Short Term Deposit Account-Bank | 11) FMO Foreign currency Loan | | 12) Cash Credit (Hypothecation) | | 13) Small Shop Financing Scheme | | | Overdraft |

Dutch-Bangla Bank started operation is Bangladesh's first joint venture bank. The bank was an effort by local shareholders spearheaded by M Sahabuddin Ahmed (founder chairman) and the Dutch company FMO. From the onset, the focus of the bank has been financing high-growth manufacturing industries in Bangladesh. The rationale being that the manufacturing sector exports Bangladeshi products worldwide. Thereby financing and concentrating on this sector allows Bangladesh to achieve the desired growth. DBBL's other focus is Corporate Social Responsibility (CSR). Even

though CSR is now a cliché, DBBL is the pioneer in this sector and termed the contribution simply as ‘social responsibility’.

Due to its investment in this sector, DBBL has become one of the largest donors and the largest bank donor in Bangladesh. The bank has won numerous international awards because of its unique approach as a socially conscious bank. DBBL was the first bank in Bangladesh to be fully automated. The Electronic-Banking Division was established in 2002 to undertake rapid automation and bring modern banking services into this field. Full automation was completed in 2003 and hereby introduced plastic money to the Bangladeshi masses. DBBL also operates the nation’s largest ATM fleet and in the process drastically cut consumer costs and fees by 80%. Moreover, DBBL choosing the low profitability route for this sector has surprised many critics.

DBBL had pursued the mass automation in Banking as a CSR activity and never intended profitability from this sector. As a result it now provides unrivaled banking technology offerings to all its customers. Because of this mindset, most local banks have joined DBBL’s banking infrastructure instead of pursuing their own. Even with a history of hefty technological investments and even larger donations, consumer and investor confidence has never waned. Dutch-Bangla Bank stock set the record for the highest share price in the Dhaka Stock Exchange in 2008. [pic] ————— Introduction  
Economic Contribution to Bangladesh Major products and services of Dutch Bangla Bank Limited Conclusion