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ADVANCE RESEARCH ON THE FUTURE OF FLAT STEEL INDUSTRIES OF BANGLADESH – A RESEARCH REPORT OF STANDARD CHARTERED BANK

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"ADVANCE RESEARCH ON THE FUTURE OF FLAT STEEL INDUSTRIES OF BANGLADESH – A RESEARCH REPORT OF STANDARD CHARTERED BANK"

By

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ID: 0811084

An Internship Report Presented in Partial Fulfillment
Of the Requirements for the Degree
Bachelor of Business Administration

INDEPENDENT UNIVERSITY, BANGLADESH
May 2012

Letter of Transmittal

May 29, 2012

Ms. Momtaj Khanam

Senior Lecturer

School of Business

Independent University Bangladesh

Dhaka

Subject: Submission of Internship Report.

Maam,

This is a great pleasure for me to submit the Internship Report after successfully completion of all the courses of BBA program in your university. I have undertaken my internship program in Standard Chartered Bank Bangladesh (Main Branch, Chittagong) from February 20, 2012.

While preparing the report on “Advance Research on the future of Flat Steel Industries of Bangladesh – A research report of Standard Chartered Bank” I have tried to gather as much information as possible. I was appointed under Commodity Traders and Agriculture (CTA) Department of Standard Chartered Bank, and it was a worthwhile experience for me working there.

I believe that the internship program has enriched both my knowledge and practical expectance which has helped me in developing this report for you.

Thanking you,

Yours sincerely,

Mohammed Mashud ur Rahman
ID: 0811084
BBA
Independent University Bangladesh

PREFACE

I appreciate that Independent University Bangladesh has this internship program in BBA program to widen the academic curriculum and to bring the student closer to the practical work. This is undoubted a valuable appreciable addition to institutional education. The important part of Bachelors of Business Administration course is a coordination of business administration between theatrical and practical knowledge.

BBA program is designed to produce students who are capable to handle 21st century challenges. Internship program is a system by which we can familiarize ourselves with the practical situations. As an inducible part of BBA program I have undertaken my internship program in Standard Chartered Bank Bangladesh.

The role of administration is increasing day by day. Every organization is concerned about the competence of its executives. To cope with the technological advances in industrial and commercial development in these free global trade environments, the capability of the executives must be enhanced so as to make them efficient and effective in the execution of their duties and responsibilities. The principle emphasis in BBA program has been given on the operation of business organization mostly in private sector. The objective of this program is to prepare students with managerial skills and competence in depth knowledge of business management, which will help them to overcome challenging situations and work with competence in the competitive business environment.

ACKNOWLEDGEMENT

The internship report is the outcome of the contribution of many people. This report is based on the information provided by the people of Standard Chartered Bank (SCB) and various steel manufacturing industries. At the same time my supervisor at the university also helped me to prepare this report. Therefore, I would like to express my gratitude to all of them.

At first I would like to express my gratitude to my supervisor Mrs. Momtaj Khanam, who helped me a lot in every step in my internship program and as well as in developing my report.

I am particularly indebted to the Standard Chartered Bank Bangladesh for giving me the opportunity to work in there organization and support me in undertaking my internship program. I give my appreciation to the Commodity Traders and Agriculture (CTA) team and stuff of SCB for their support and assistance. Above all, I am grateful to SCB authority for allowing me to work closely with corporate banking operation system, knowledge about different areas of corporate banking and offering a pleasant working atmosphere.

I would like to express my gratitude to the whole CTA team especially Mr. Mahfuzur Rahman head of CTA and Shantanu Bhowmik associate director CTA. With out there kind help it would not be possible for me to prepare this report.

Finally I would like to thank all my colleagues at SCB for making me fell as part of their team during my internship program.

Executive Summary

This report on "Advance Research on the future of Flat Steel Industries of Bangladesh – A research report of Standard Chartered Bank", aims to present the knowledge and experience accumulated from the internship program at Standard Chartered Bank. During the short period of Internship Program, the internee had the opportunity to work hard with the professionals in one of the biggest multinational bank in the country. As defined, the internship program has given the internee a chance to see the practical business world while acting as an integral part of it.

Demand of steel in Bangladesh is steadily growing in line with the country's economic development and general increase in purchasing power. As a measure of the increasing usage of steel annual spending in the construction industry has nearly doubled in the last five years. Steel usage is projected to increase further in the intermediate future as the Government of Bangladesh plans to undertake massive infrastructural projects to keep pace with the rapidly expanding economy. With the growing urbanization, there is substantial demand from the housing industry as numerous development projects will be taken up in our major cities, satellite towns and tourist spots. Such projects result in significant increase in demand for steel and steel products along with other construction materials.

Credit Risk means uncertainty to meet financial obligations as per agreed terms by the borrowers during the tenure of the credit facilities. For maintaining steady growth rate of the bank and economic development of the country, Standard Chartered Bank manages the Credit Risk properly. Standard Chartered Bank extends credit facilities to different clients in different sectors after doing due diligence and mitigating risk factors properly as per guidelines/standard set by Bangladesh Bank, Executive Committee of the Board of Directors and Management Credit Committee of the Bank. The role of credit approval procedure of the corporate banking of the Standard Chartered Bank focus on the assessment criteria in measuring risk and pricing while providing credit facility to its corporate customers.

Customer satisfaction is one of the core objectives of the Standard Chartered Bank. To smooth the whole process the work is divided. So, before making a decision the every necessary information is carefully scrutinized by different departments and different people who have gained expertise in their related field. Thus, it helps both in making correct decision and smoothen the process to satisfy the customer need quickly.

1.1 Introduction

Today's fast growing companies need business banking services that fully meet their expectations for speed, convenience, efficiency and security. To ensure their optimum level of satisfaction, regarding their necessity for this type of affluent banking services different types of local as well as multinational banks are coming up with diverse and dynamic corporate banking services.

Bank perm the in dispensable task of intermediating between the two groups and offering convenient financial service to surplus- spending individuals and institutions in order to attract fund and these loaning those funds to deficit- spending individuals and institutions. Another contribution of the bank makes their willingness to accept risky loan from the borrower, while issuing low risk securities to their depositors. Bank also satisfies the strong needs of much customer's liquidity. It is true thus clear that the underlying principle of a business of banking is that the resources mobilized through the acceptance of deposit must contribute the main stream of funds which are to be utilized for lending or investment purpose.

Steel is a basic requirement of infrastructural development and multiple construction related usage. The steel industry of Bangladesh consists of the manufacturer of both long steel and flat steel as the final products in the industry value chain. The country kept on relying on import tertiary level steel processing facilities. For this reason Cold Roiled (CR) coil manufacturing industries were established in Bangladesh.

1.2 Background of the Internship Program

The internship program is an integral part of the Bachelor of Business Administration Degree, which all students undergo organized by Faculty of Business Studies, the students are sent to various organizations where they are assigned to take one of more projects. The students work closely with the organization and with the people of institutions that are concerned with the organizational operations. At the end of the program, the internees are required to place the accomplishments and findings of the projects through the writing of the internship report covering the related topics.

1.3 Objective of the Study

The main objective of the study is to gain practical knowledge and to acquire knowledge about the practices of banking business. In addition, the prime objective of the study is to know the existing situation of Flat Steel industry and the role of Standard Chartered Bank Limited toward the industry.

The other objectives are given below:

- To know about banking product and the corporate banking activities of Standard Chartered Bank.
- To know the present situation of Flat Steel products in Bangladesh.
- To know the financing procedure of SCB in developing Flat Steel industry.
- To identify problems and prospects of financing Flat Steel products by Standard Chartered Bank.

1.4 Significance of the Study

Since banking industry is a highly service oriented industry, its overall success depends on the customers' satisfaction regarding its service and perceived image of the banking services. So, no matter how good the bank's management or employees are, if it cannot create a good image in the minds of the customers and cannot maintain its standards as promised, then it won't be able to increase its market share and loyalty among customers.

Therefore, this study will help to determine the various aspects of the Flat Steel productions and Standard Chartered Bank Limited., and how the bank can help the Steel industry to flourish through its various services in their corporate sector.

1.5 Hypothesis

Standard Chartered Bank can help to grow Flat Steel Products and retain its existing customers by widening its services and improving its service quality through focusing on the attributes that are mostly preferred by the customers. Therefore the gap between customers' expectation and satisfaction level regarding Standard Chartered Bank's services can be reduced. So the hypothesis will be:

H0: Standard Chartered Bank can finance the Flat Steel producers for its proper growth.
H1: Standard Chartered Bank cannot finance the Flat Steel producers for its proper growth.

1.6 Methodology of the Study

The data needed for conducting the study has been collected from the primary sources as well as secondary sources. In collecting the necessary data, care has been taken so that all the variables that in some way can’t affect the objectives of the study. The information that I used in this study is collected by the following way:

Primary Data Sources:

- Direct working with officials of Standard Chartered Bank Limited.
- Face to face conversation with respondents.

Secondary Data Sources:

Different types of secondary data have been collected from different aspects; Sources of secondary information are as follows:

- Internet.
- Office files and documents.
- Study related books and journals.

The major portion of the data sources has been collected from secondary data sources. Information required formulating suggestions and recommendation have been availed from related text and research papers.

1.7 Limitations of the Study

There were few limitations in the study due to some uncontrollable and unavoidable factors as the report attempts to reflect the exact scenario of producing Flat Steel products and the role of Standard Chartered Bank. Some of the limitations of the report are as follows;

- The bank was not eager to disclose information regarding their service delivery and policy information.
- The information used in the report was limited to the Agrabad Branch, Chittagong only.
- The availability of adequate data was a major problem in making the report.
- There were a few questions which were tactfully avoided or not exactly answered by the respondents.
- Time frame for the research was very limited.
- Large scale research was not possible due to constraints and restriction posed by the organization.
- To protect the organization’s confidentiality, some parts of the report are not in depth.

2.1 History

Bangladesh is a developing country. Banking sectors place a pivotal role in the economic development of the country. The importance of bank as a significant institution of economic development for a country can hardly be overemphasized. Banking system of a country can well be said as a barometer of its economic prosperity. Well-developed banking system is indispensable for modern trade and commerce. Banks not only act as custodian of public money but also vital agent for maintenance of sound financial position of a government.

Bangladesh bank acts as a central bank for our country and it controls, supervises, and looks after the private scheduled banks as well as the nationalized banks formed by amalgamating the business of the twelve banks doing business in Bangladesh before liberation as per schedule given below:

Existing Bank	**New Bank**	**Authorized Capital (Lacs)**	**Paid Up Capital (Lacs)**
The National Bank of Pakistan, The Bank of Behawalpur Ltd.	Sonali Bank	500	100
The Premier Bank Ltd., The Habib Bank Ltd., The Commerce Bank Ltd.	Agrani Bank	500	100
The United Bank Ltd., The Union Bank Ltd.	Janata Bank	500	100
The Muslim Commercial Bank Ltd., The Standard Bank Ltd.	Rupali Bank	500	100
The Austraia Bank Ltd., The Eastern Mercantile Bank Ltd.	Pubali Bank	500	100
The Estem Banking Corporations Ltd.	Uttara Bank	500	100

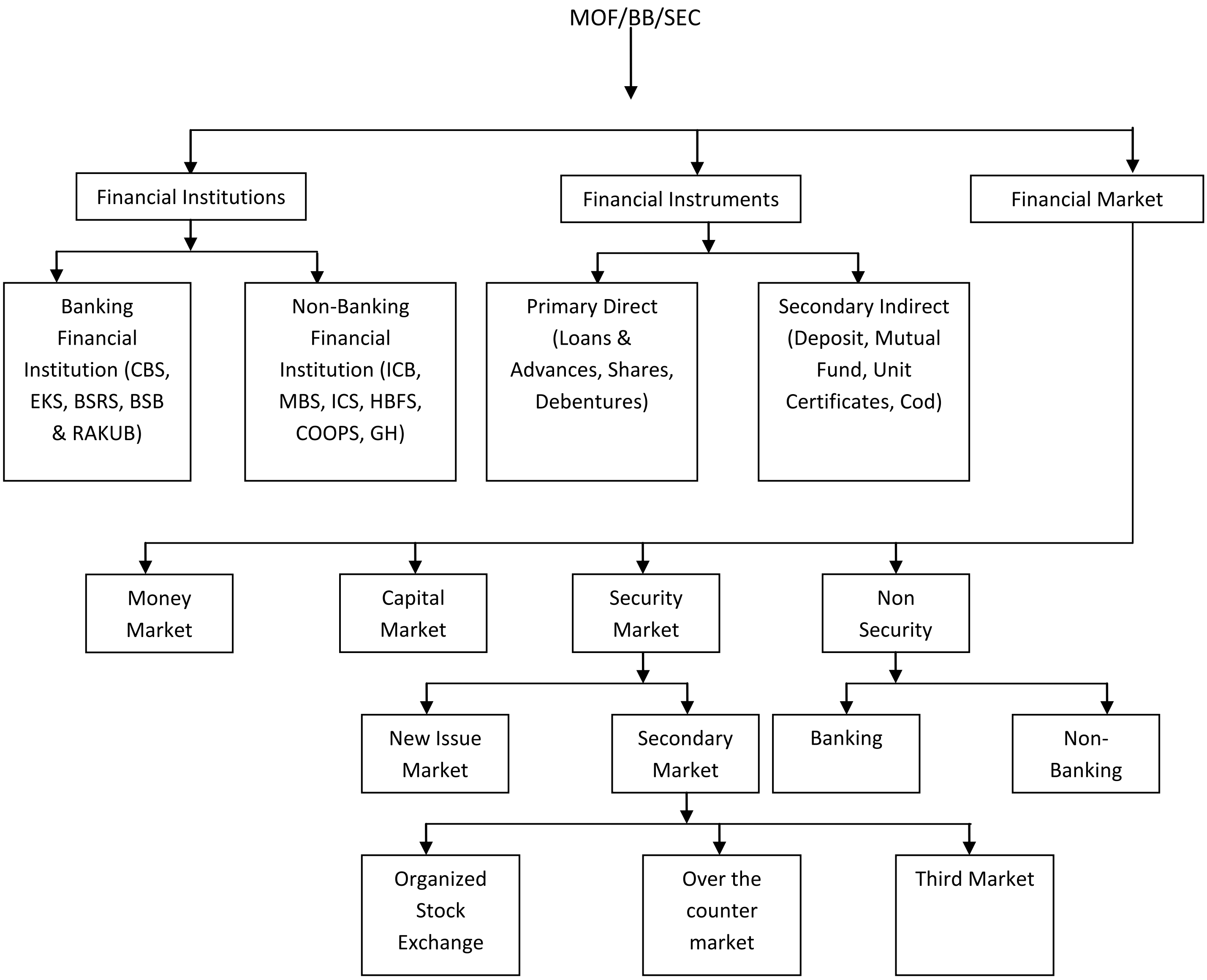
After the liberation of Bangladesh, the twelve Banking companies who were doing business in Bangladesh, were nationalized by the Government of People’s Republic of Bangladesh under president’s order no. 26 of 1972 entitled “The Bangladesh Bank (Nationalizations) Order, 1972” on 26 March 1972.

During 1983 Bangladesh Government allowed the private sector to operate banking business. Now banks are formed and operate under banking co. act 1991. At present there are 52 Banks operating their business in Bangladesh.

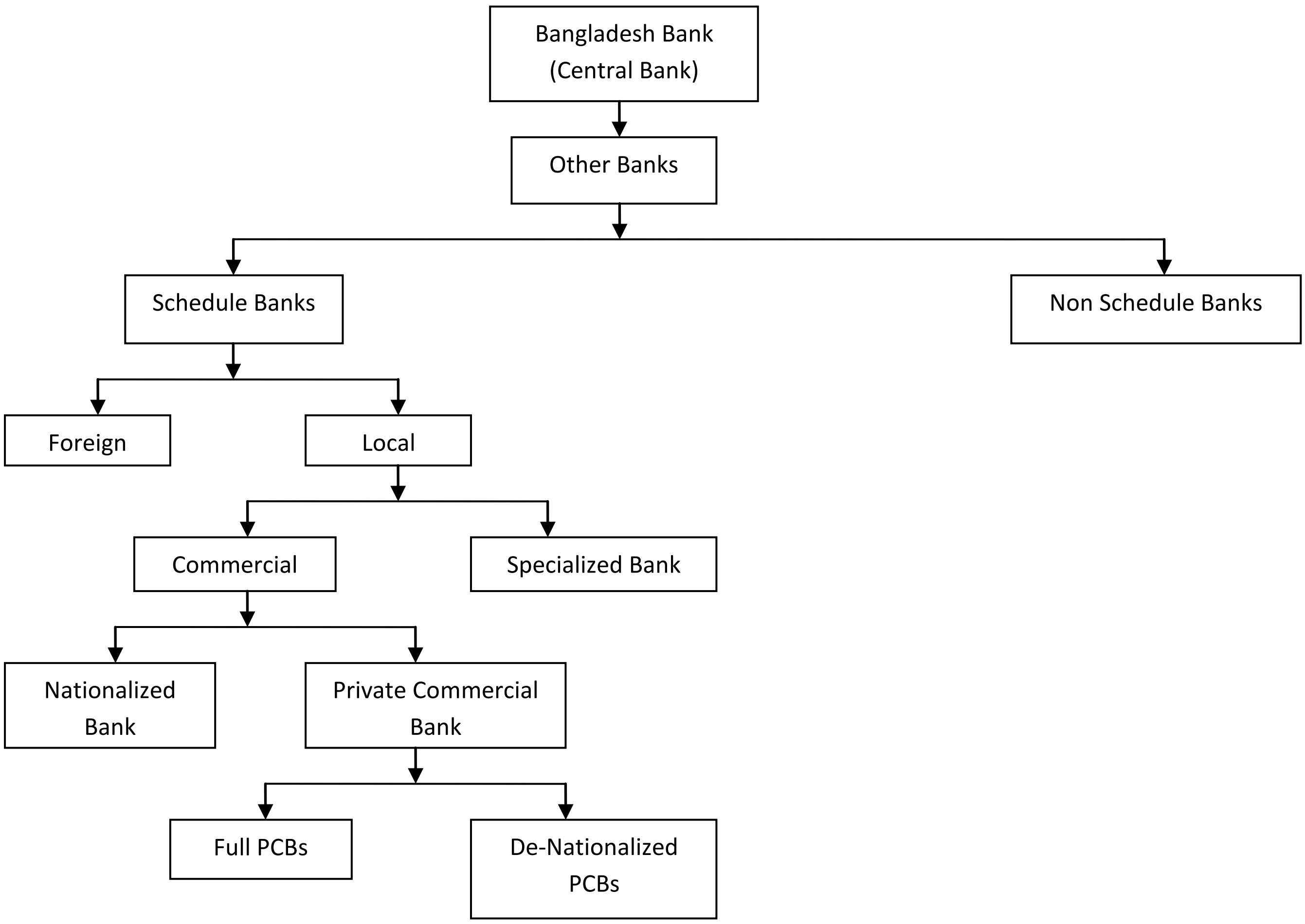
2.2 Financial System of Bangladesh

The financial system is a set of institutional agreements through which financial surpluses in the economy and mobilized from surpluses units and transferred to deficit system are financial instruments, financial market and financial institutions. The modern world of financial institution is financial intermediary because it mediates of stands between ultimate borrowers and ultimate lenders. An over view of financial institution of Bangladesh is as below:

Financial System of Bangladesh



2.3 Banking System of Bangladesh at a Glance



2.4 Relevant Laws/Acts/Order for Banks

The following Law, Acts and Order are guiding Banks and Financial Institutions operating in Bangladesh:

1. The Artha Rin Adalat Act-1990
2. The Bangladesh Bank Order-1972
3. The Banker's Books Evidence Act-1892
4. The Banking Companies Act-1991
5. The Bankruptcy Act-1997
6. The Bangladesh Bank (Nationalism) Order-1972
7. The Bill of Exchange Act-1882
8. The Companies Act-1994
9. The Contract Act 1872
10. The Co-operative Societies Act-1940
11. The Insurance Act-1938

12. The Pre-Shipment Inspection Order-1999
13. The Partnership Act-1932
14. The Securities & Exchange Commission Act-1993
15. The Foreign Exchange Regulation Act-1947
16. The Bangladesh Export Processing Zones Authority Act-1980
17. The Export Policy-1997/2002
18. The Guidelines for Foreign Exchange Transaction-1996 (Bangladesh Bank)
19. The Import Policy Order-1997/2002
20. The Uniform Customs & Practice for Documentary Credits (1993 revision, ICC Publication-600) etc.

2.5 Situation of the Banking System in Our Country

The overall situation of the Banking system of Bangladesh categorized with their ownership can also be shown as under:

Banking System Structure (billion taka)								
Bank Types	**2007**				**2008**			
	Number of Banks	Number of Branches	Total Assets	% of Industry Assets	Number of Banks	Number of Branches	Total Assets	% of Industry Assets
SCBs	04	3383	917.95	33.1	04	3386	1030.9	31.1
DFIs	05	1359	201.7	7.3	05	1362	222.3	6.7
PCBs	30	1922	1426.6	51.4	30	2082	1794.5	54.2
FCBs	09	53	227.7	8.2	09	56	265.8	8.0
Total	48	6717	2773.9	100	48	6886	3313.5	100

3.1 History

The Standard Chartered Group was formed in 1969 through a merger of two banks: The Standard Bank of British South Africa founded in 1863, and the Chartered Bank of India, Australia and China founded in 1853.

Both companies were keen to capitalize on the huge expansion of trade and to earn the handsome profits to be made from financing the movement of goods from Europe to the East and to Africa.

The Chartered Bank

- Funded by James Wilson following the grant of a Royal Charter by Queen Victoria in 1853.
- Chartered opened its first branches in Mumbai (Bombay), Calcutta and Shanghai in 1858, followed by Hong Kong and Singapore in 1859.
- Traditional business was in cotton from Mumbai (Bombay), indigo and tea from Calcutta, rice in Burma, sugar from Java, tobacco from Sumatra, hemp in Manila and silk from Yokohama.
- Played a major role in the development of trade with the East which followed the opening of the Suez Canal in 1869, and the extension of the telegraph to China 1871.
- In 1957, Chartered Bank bought Eastern Bank together with the Ionian Bank's Cyprus Branches. This established a presence in the Gulf.

The Standard Bank

- Founded in the Cape Province of South Africa in 1862 by John Paterson. Commenced business in Port Elizabeth, South Africa, in January 1863.
- Was prominent in financing the development of the diamond fields of Kimberly from 1967 and later extended its network further north to the new town of Johannesburg when gold was discovered there in 1885.
- Expanded in Southern, Central and Eastern Africa and by 1953 had 600 offices.
- In 1965, it merged with the Bank of West Africa expanding its operations in Cameroon, Gambia, Ghana, Nigeria and Sierra Leone.

In 1969, the decision was made by Chartered and by Standard to undergo a friendly merger. All was going well until 1986, when a hostile takeover bid was made for the Group by Lloyds Bank of the United Kingdom. When the bid was defeated, Standard Chartered entered a period of change. Provisions had to be made against third world debt exposure and loans to corporations and entrepreneurs who could not meet their commitments. Standard Chartered began a series of divestments notably in the United States and South Africa, and also entered into a number of asset sales.

From the early 90's, Standard Chartered has focused on developing its strong franchises in Asia, the Middle East and Africa using its operations in the United Kingdom and North America to provide customers with a bridge between these markets. Secondly, it would focus on consumer, corporate and institutional banking, and on the provision of treasury services-areas in which the Group had particular strength and expertise. In the new millennium, Standard Chartered acquired Grindlays Bank from the ANZ Group and the Chase Consumer Banking operations in Hong Kong in 2000.

3.2 Strategic Intent

- The world's best international bank.
- Leading the way in Asia, Africa and the Middle East

3.3 Brand Promise

- The Right Partner- Leading by Example

3.4 Values

Responsive

SCB believe in putting customers at the heart of our business. SCB spend time listening to their customers to understand who they are and how they operate to anticipate their needs. SCB recognize for their friendliness, and they go out of the way to make colleagues and customers feel at home. SCB empower their employees to deliver great service, through enabling them to take decisions which positively impact their customers. SCB's people take personal ownership for their dealings with customers, are knowledgeable about what they do and promise only what they know what they will deliver. SCB understand that all employees are different, and have unique talents and individual needs.

Trustworthy

It is SCB's people who set them above other organizations through their unique ability to build trusted relationships with all stakeholders. Trustworthy is about meaning what SCB say, being able to explain their actions, doing what they promise and being consistent in their approach. It means that they know how they will be treated and that there are no surprises. It requires them to be direct and honest in their dealings. SCB trust people to make the right decisions and trust them to act accordingly. Team success is as critical as individual success in achieving SCB's business goals. Trust and integrity are the foundations for working together as one Bank in supportive and productive teams.

International

SCB respect the local communities where they do business, and share their aspirations to build long-term security and prosperity. SCB know they can make a difference to the lives of others through sponsorship of community projects and by encouraging employees to actively participate in local programs. They thrive on the diversity of their people and the breadth of thinking their experience brings. SCB offer a meritocracy, where people are valued and recognized for their contributions, rather than their backgrounds. SCV believe in working as "One Bank" across all geographies and businesses, providing a seamless relationship to our customers. SCB uphold consistent ethical standards wherever we operate.

Creative

We encourage employees who can see a better way of doing things to contribute their ideas. The quality of our people and the diversity of our backgrounds mean that we have an infinite capacity for fresh ideas and alternative solutions. We seek to tap this creativity. We are courageous enough to allow employees to take considered risks, recognizing that creativity comes from experimentation rather than limiting out thinking to the tried and tested. We believe in setting clear expectations, but give our people the freedom to achieve their goals in the way that is best determined by their individual talents.

Courageous

SCB encourage their people to take measured risks to deliver improved results for all our stakeholders. Where this results in mistakes, they seek to learn from their experience, to build better long-term solutions. SCB endeavor to create an environment where employees feel confident in expressing their views in the knowledge that these will be valued, even where they run counter to prevailing thinking. They are prepared to give open and constructive feedback and take tough decisions to continually improve their performance. The support SCB provide to employees gives them the courage to develop their talents and skills so they can make a difference, and the confidence to achieve challenging goals.

3.5 Approach

Participation
Focusing on attractive, growing markets where SCB can leverage its relationships and expertise.

Competitive Positioning
Combining global capability, deep local knowledge and creativity to outperform the competitors.

Management Discipline

Continuously improving the way SCB works, balancing the pursuit of growth with firm control of costs and risks.

Commitment to Stakeholders

- Customers: Passionate about customer's success, delighting them with the quality of the service of SCB.
- Employees: Helping its people to grow enabling individuals to make a difference and teams to win.
- Communities: Trusted and caring, dedicated to making a difference.
- Investors: A distinctive investment delivering outstanding performance and superior returns.
- Regulators: Exemplary governance and ethics wherever SCB is.

3.6 Code of Conduct

The principles that govern the behavior of SCB's business and employees are reflected in a Group Code of Conduct. The Group Code of Conduct is a practical working document that guides employees through the many difficult issues they may run up against in their daily working lives. Complying with each element of the Code will not always be easy. But SCB recognize that SCB will be judges both on its own Code and on how it is reflected in the day-to-day behavior of everyone who works within the Bank.

Local Laws and Group Standards

SCB demand the highest standards in carrying out the business activities. SCB insist that:

- All employees must comply with the letter and the spirit of all relevant legal and regulatory requirements and our own internal standards.
- Breaches of the law, regulations or the Group's standards are not justified by the pursuit of profit.

- Activities are not made acceptable merely by the practice of competitors or others in the market.

<u>Confidentiality and Data Protection</u>

SCB have a strict duty of confidentiality to all of its customers and it takes the greatest care to respect the confidentiality of customer's information. Unless legally permitted, no customer information is disclosed to external third parties or internally to different Standard Chartered companies or branches in other countries.

SCB hold a growing array of information about customers, potential customers, staff, suppliers and other third parties. In handling such information, SCB have made a commitment that it will:

- Ensure that it is accurate and up to date and not biased or misleading.
- Only use it for the purpose for which it was given.
- Keep it only for as long as it's necessary.
- Keep it securely.
- Keep only adequate and relevant information, not excessive and unnecessary information.
- Refrain from disturbing it within the Standard Chartered Group unnecessarily.

<u>Money Laundering</u>

Money Laundering is the process by which banks are used to disguise or "launder" the proceeds of criminal activity. Such activities undermine a bank's integrity, damage its reputation, deter honest customers and expose a bank to severe sanctions.

SCB fully support the international drive against serious crime and are committed to assisting the authorities in preventing money laundering. SCB have adopted policies and procedures designed to protect ourselves from doing business with customers involved in criminal activity. SCB's employees must adhere to the following key principles:

- Customer Identification: The identity of every customer must be established from reliable identifying documents.
- Know your Customer: SCB staff must know enough about their customers to be able to identify transactions which are inconsistent with their business or personal status, or which do not match the normal pattern of account activity.
- Reporting of Suspicions: Suspicious transactions must be reported immediately.

SCB takes money-laundering prevention very seriously and have created a rigorous program to ensure that SCB can enforce consistent high standards across our network.

The Know Your Customer initiative, a key priority within the Bank, is a corner store of its anti-money laundering program.

<u>Fair treatment of Customers</u>

Financial products and services are increasingly sophisticated tools. Selling them calls for knowledge, skill and judgment. For SCB employees, the basic rules are:

- Do not sell an unsuitable product to a customer- that is, a product that does not meet his or her needs.
- Know enough about Standard Chartered products, and about the customer (risk appetite, objectives, finances and personal circumstances) to judge the effect which the products will have and whether they will meet his or her needs.
- Make every effort to ensure that the customer understands more complex products and their risks, properly.
- Explain product features clearly both face to face and in any marketing literature and software.

3.7 Quality of Service

Standard Chartered Bank's business will only succeed if it offers the highest standards of service to our customers, retaining the loyalty and confidence of existing customers and winning the support of new ones. SCB have set themselves the task of improving all aspects of customers' service through its **Out Serve** program which was introduced in key markets in 2004 and will be extended to all other markets in 2005. SCB want excellent customer service to be something SCB are renowned for. The **Out Serve** program includes a range of systems that will allow it to measure the performance and target areas from improvement. It will also allow SCB to respond in a systematic way to independent benchmarking information it uses to measure themselves against its competitor.

3.8 Activities of Standard Chartered Bank

<u>Corporate Banking Group</u>

Standard Chartered Bank offers it local customer's wide variety of financial services. All the accounts of corporate clients, which mainly comprise the top local and multinational companies operating in Bangladesh, are assigned to Relationship managers who maintain regular and close contact to cater to their needs.

The objective of this department is to maintain a thorough knowledge of the clients' business and to develop positive relations with them. This is maintained through interactions to offer timely advice in an increasingly competitive business environment. The expertise of the Institutional Banking and Treasury groups is also available whenever required. The unique Offshore Banking Unit (OBU) in Savar provides a full range of facilities to overseas investors. The Corporate Banking Group in Bangladesh has displayed a spirit of community involvement by working with NGO's to underwrite soft loans. Standard Chartered offers it's skilled and responsive attention. They provide project finance and investment consultancy, syndicated loans, bonds and guarantees m1d *local* and international treasury products.

Trade Finance

The trade finance of Standard Chartered Bank takes care of the commercial activity related issues, particularly those related to import and export finance services. Some of the services are:

- Trade finance facilities including counseling, confirming export L/C and issuing of import L/C's backed by its international branch and correspondent loan network.
- Bond and Guarantees
- Project finance opportunities for import substitution and export oriented projects.

Treasury

The foreign exchange and money market operation of the Standard Chartered Bank in the world is extensive. Exotic currencies happen to be one of its special areas of strength. A 24-hr service is provided to customers in Bangladesh through the Bank's network of dealing centers placed in tl1e principle areas of the world. The Bank's treasury specializes in offering solutions to those who wish to manage interest rate and currency exposures that result from trade, investment and financing activities of other dynamic economies of the region.

Institutional Banking

The IBG of Standard Chartered Bank offers a wide variety of products and services to banks and financial institutions. It has global links with leading bank institutions and agency arrangements through its network of offices in 40 countries. The Bank offers a full range of clearing, payment collection and import-export handling services.

Consumer Banking

Superior retail banking services comprising of a wide range of deposit and loan products are offered by Standard Chartered Bank to its individual customers. The consumer banking division constantly faces challenges and meets them by developing new products and services to fulfill the specific requirements of local TU. The Bank offers a 24-hour service in Bangladesh through its Money-Link ATM Network and Phone-Link Phone Banking Services.

Custodial Services: The Equator

Headquartered in Singapore, Standard Chartered equator fulfills the groups' strategic commitment to the provision of custodial service in Asia. The equator's customers are primarily foreign global custodians and broker/dealers requiring cross border information as well as sub custodian services. Standard Chartered Bank, Bangladesh is responsible to the planning in Bangladesh, but the overall management of the custody Business is based in Equator's international business strategy.

3.9 Standard Chartered in Bangladesh

Standard Chartered Bank started its business in Bangladesh in 1948, opening its first branch in the port city of Chittagong. The bank increasingly invested in people, technology and premises as its business grew in relation to the country's thriving economy. At present the bank has 25 branches all over the country.

Extensive knowledge of the market and essential expertise in a wide range of financial services underline our strength to build business opportunities for corporate and institutional clients at home and abroad. Continuous upgrading of technology and control systems has enabled the bank of offer new services, which include unique ATMs and Phone Banking.
Standard Chartered services in Bangladesh, ranges from Personal & Corporate Banking to Institutional Banking, Treasury and Custodial services.

3.10 Standard Chartered Bank's Bangladesh Services

Personal Banking

Standard Chartered offers premium retail banking services to individual customers with a large variety of deposit and loan products. Consumer banking business continuously meets the challenges of developing new products and services to match the specific requirements of customers. In Bangladesh Standard Chartered offers 24 hour service through its Money-Link ATM network and Phone-Link Phone Banking. To enhance customer convenience, Standard Chartered has pioneered off site Money-Link ATMs in Dhaka and Chittagong and is in the process of building a network of off-site Money-Link ATMs in Bangladesh. The aim is to offer world-class service on a 24 hour basis.

Priority Banking

Priority Banking means personalized wealth management program at Standard Chartered Bank. It is SCB's endeavor to the customer to be the Right Partner in all their personal and business ventures. That's why Priority Banking has been tailored to offer the highest level of service, appropriate to their customer unique requirements and status.

The Priority Banking program revolves around five main cornerstones of service- Personal, Professional, Profitable, Private and Privileged.

Some highlights of program are:

- Priority treatment and customized solutions from dedicated Customer Relationship Manager (CRM) and Customer Service Manager.
- Preferential pricing on all products and charge-free banking services like free pay orders/ drafts on every branch locations and pre-approved Global Credit Card, free for life, with enhances credit limits.
- Use of exclusive Priority Banking Centers in Bangladesh and across the globe.

Islamic Banking

Standard Chartered has been offering world-class and completely Shariah-compliant Islamic Banking solutions since 1993; and at present has coverage in 6 countries including Bahrain, Bangladesh, Indonesia, Malaysia, Pakistan and UAE.

At Standard Chartered Saadiq, they respect customers Islamic beliefs and values. That is why they offer world class Islamic Account solutions combined with modern banking facilities. SCB is at client's service with a complete range of Financial Products under Saadiq Umbrella. They take immense pride in the fact that all these products have gone through the strictest Shariah scruiny by their world-class Shariah Supervisory Committee before reaching to the customer.

SME Banking

The constant economic growth in Bangladesh means ample opportunities for people to grow their dream business. However, countless obstacles, intense business environment and steep competition require having the very best banking partner. This is where Standard Chartered Bank's SME Banking comes into play with its wide range of business responsive products, services and superior customer service.

Commercial Banking

Standard Chartered, established since 1948, is highly reputable in providing flexible and innovative financial service solutions. Our expertise is in corporate and institutional banking including cash management, trade finance and custodial services, consumer banking and treasury operations. We adopt a proactive approach in tailoring customized packages to meet our customers' ever-changing needs. We apply state-of-art technology to automate our daily operations and electronic delivery system has been put in place to ensure that transactions are handles swiftly and efficiently. Our dedicated Customer Service Centers are staffed with experienced Cash Products Specialists to ensure that all our customers are well served. The currency of the country is the Bangladesh Taka (SWIFT code: BDT). Foreign exchange has been significantly liberated and the Taka is partially convertible.

4.1 Banking Product and Corporate Banking activities of SCB

Standard Chartered Bank offers it local customer's wide variety of financial services. All the accounts of corporate clients, which mainly comprise the top local and multinational companies operating in Bangladesh, are assigned to Relationship managers who maintain regular and close contact to cater to their needs.

Standard Chartered Bank started its business in Bangladesh in 1948, opening its first branch in the port city of Chittagong. The bank increasingly invested in people, technology and premises as its business grew in relation to the country's thriving economy. At present the bank has 25 branches all over the country.

Extensive knowledge of the market and essential expertise in a wide range of financial services underline our strength to build business opportunities for corporate and institutional clients at home and abroad. Continuous upgrading of technology and control systems has enabled the bank of offer new services, which include unique ATMs and Phone Banking.

Standard Chartered services in Bangladesh, ranges from Personal & Corporate Banking to Institutional Banking, Treasury and Custodial services.

The objective of this department is to maintain a thorough knowledge of the clients' business and to develop positive relations with them. This is maintained through interactions to offer timely advice in an increasingly competitive business environment. The expertise of the Institutional Banking and Treasury groups is also available whenever required. The unique Offshore Banking Unit (OBU) in Savar provides a full range of facilities to overseas investors. The Corporate Banking Group in Bangladesh has displayed a spirit of community involvement by working with NGO's to underwrite soft loans. Standard Chartered offers its skilled and responsive attention. They provide project finance and investment consultancy, syndicated loans, bonds and guarantees m1d *local* and international treasury products.

- **Trade Finance**
- **Treasury**
- **Institutional Banking**
- **Consumer Banking**
- **Custodial Services: The Equator**

4.2 Present Situation of Flat Steel Products in Bangladesh

Bangladesh at the moment does not possess any basic steel manufacturing plant. Whatever steel products that are currently being manufactured locally are of tertiary level processing. As a result although Bangladesh is observing a sharp rise in steel consumption since last 10 years the per capita steel consumption in Bangladesh still remains far below than any other comparable country. The lone basic steel mill we used to have been located at Chittagong but were closed down much due to its adoption of rather obsolete method of steel production process. Since then, no major basic steel production facilities were developed in Bangladesh. The country kept on relying on import based territory level steel processing facilities.

In the course of this tertiary level steel processing facility development, some Cold Rolled (CR) steel sheet coil manufacturing industries were established in Bangladesh. These CR sheet oil plants need Hot Rolled (HR) coils as their input raw materials. Since these HR coils are not manufactured locally their entire requirements are currently met by import from foreign countries.

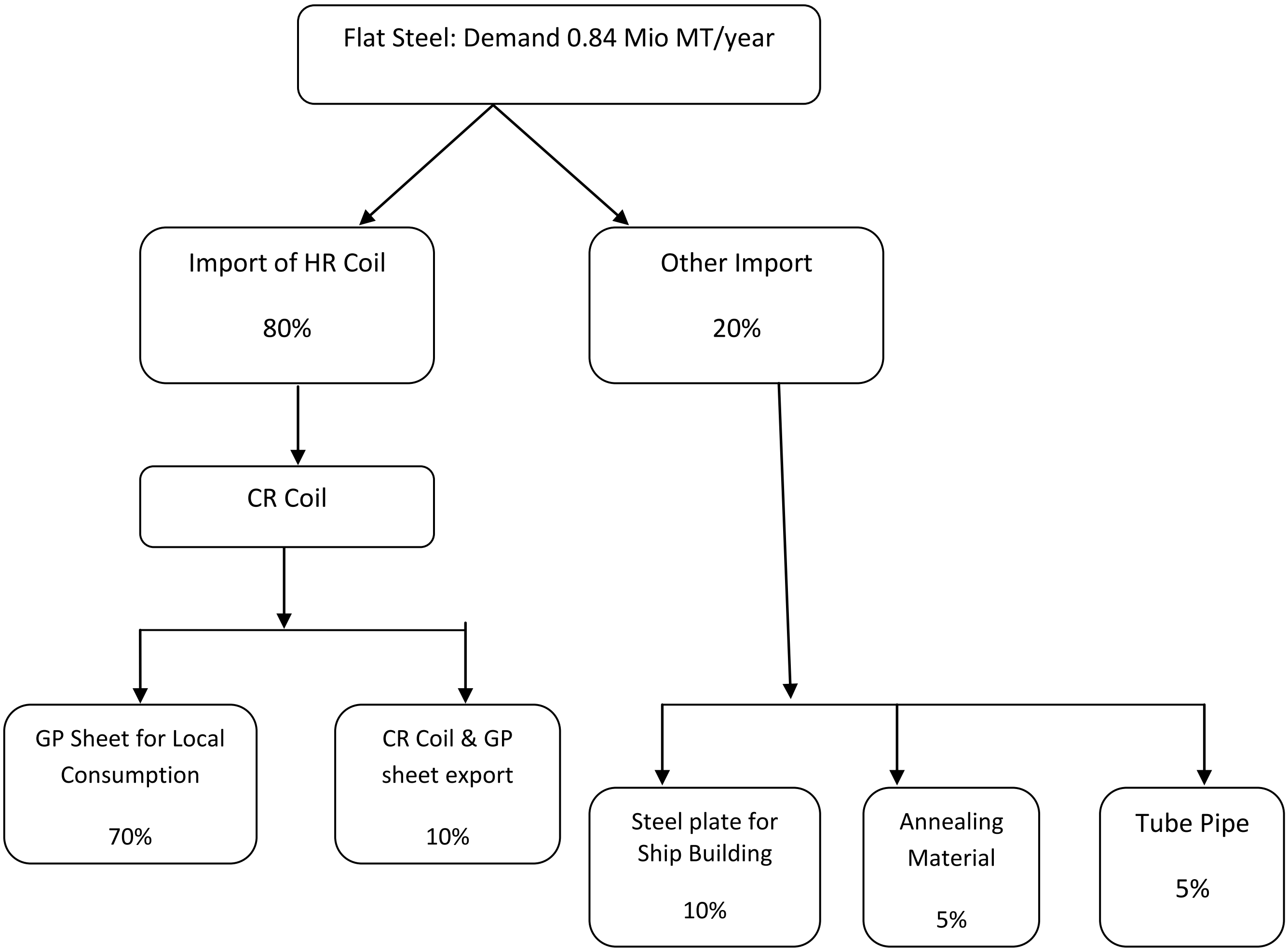
The table below shows current and future total flat steel requirements in Bangladesh avoiding double counting:

Total Flat Steel Products Consumption in Bangladesh (without double counting)			
SL No.	Name	Tons/Year	
		2004-05	2009-10
1.	Steel Plate	60,000	75,577
2.	GP & CGI sheet	615,888	749,322
3.	HR Steel Sheet	91,200	146,556
4.	HR Steel Strip	70,000	89,340
5.	CR/BP Steel Sheet	84,000	112,411
6.	CRCA Steel Sheet	70,000	70,000
7.	Electrical Steel Sheet	4,000	5,1000
8.	Tin Plate/Sheet	21,400	24,809

9.	Zinc/Gal. Alume and Color Bond Steel Sheet	1,500	3,732
10.	Stainless Steel Sheets	3,000	6,034
11.	Miscellaneous Steel Sheet/Strips	372	480

Bangladesh has limited natural resources and 80% of its population lives in rural areas. Bangladesh is still classified as a LDC and most of its people are unable to construct their dwelling houses by rod, cement & bricks given high prices compared to their average income and savings. So for household construction people mainly depend on low cost materials such as thatch, golpata, bamboo and CI sheet. Households constructed with CI sheet materials are approximately 25% and 29% in rural and urban areas respectively.

4.2 .1 Flat Steel process flow in Bangladesh:



The use of CI sheets as construction materials in the spin of last three decades has grown significantly. Besides a hug quantity of GP/CI sheet is used as support materials for other civil construction. Different development organization & govt. bodies also widely use CI sheets for different development activities. Apart from local consumption a good share of GP coil and GP steel are exported to African region and seven sister regions. The export demand from Bangladesh is growing significantly due to competitive price and quantity of the product in Bangladesh.

In the last few years, a new horizon has emerged for Bangladesh, i.e. ship building industry. Consequently the present demand in this industry is around 80 K MT within the next 2 to 3 years. Product wise demand of flat steel in Bangladesh is shown in table:

	Qty in MT	
	2010-11(actual)	2014-15(Proj.)
GP sheet	600,000	700,000
CRCA(Annealing Material)	40,000	60,000
Tube, Pipe etc	40,000	70,000
Ship Building Plate	80,000	200,000
CR/GP export	80,000	150,000
Total Demand	840,000	1,180,000

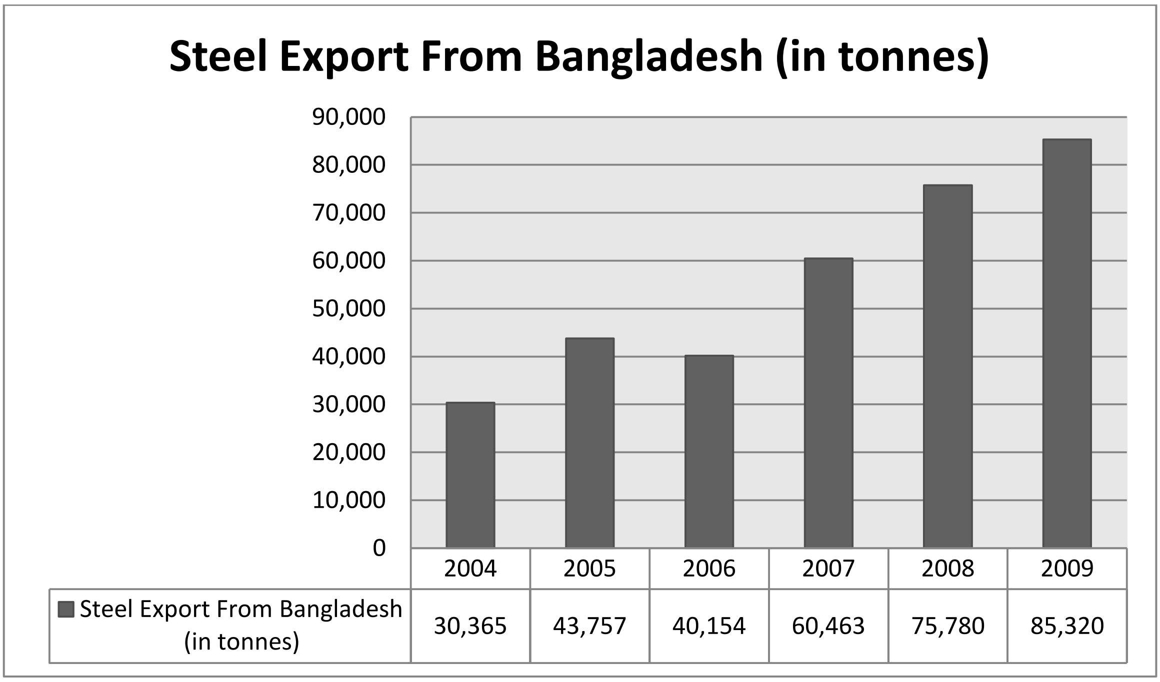
4.2.3 Market Shares & Major Players:

There is over capacity in flat steel market in Bangladesh. However, due to ongoing power crisis , actual output is 70% of the total capacity. The crisis will likely to ease to some extent by 2012 with government taking significant initiatives in setting up power plants to support country's industrial growth. At present there are 6 major players in the flat steel market. All these players have backward chain to produce C R Coil from H R Coil. The market is largely controlled by two major players namely AK &PHP. These 2 players control about half of the market and have being enjoying economy of scale which is backed by cost efficient processes, brand value better product quality, better supply chain, sizable export volume etc. However to avoid any fierce competition, it is reportedly known that the major players has formed cartel informally and allocated business volume among them. As per that allocation local market share (except export market) of major players is tabulated below:

Customer	CR Coil Capacity (in MT)	Market Share in GP Sheet
Ak Group	240,000	32%
PHP Group	240,000	30%
Apollp Steel	130,000	7%
S. Alam Steel	120,000	11%
TK. Group	35,000	5%
KIY Steel	120,000	13%
Other	50,000	2%
Total	935,000	100%
EST. MKT Size	600,000	

Demand for flat steel in Bangladesh will remain flat and entrants with CR coil capacity are unlikely to be competitive as they will find it difficult to recoup investment. Also given over capacity in industry only large volume players will survive. Usually C.I sheet picks up during post harvesting season of the major crops Aman & Boro which occur in two phase during Nov-Dec and May-June. The lean season is July - Sept during the plantation season of Aman during post harvesting season the farmers spend this income on non-food items and invest in their households. This is when the farmer families buy CI sheets to restore their respective homestead. However, the large players are already exploring opportunities in international markets to export surplus productions.

4.2.4 Export Market- Flat Steel



Source: The Daily Star Bangladesh

In recent times Bangladesh has emerged as a competitor to major steel making countries Japan, South Korea, Brazil, Russia and India with strongholds in African markets due to low production cost of the country and his quality of the items. About 85,000 MT of steel products mainly corrugated iron (CI) and galvanized plain (GP) sheets were exported to the African countries during FYE 2009.

4.2.5 Critical Success Factors in flat steel industry:

- Availability of full value chain from HR and CR to GP sheet. Backward integration is a must.
- Captive power source to combat the ongoing power crisis and ensure uninterrupted supply in the market
- Economies of scales to minimize production cost.
- Superior product quality to ensure sustainability both in local and export market.
- Available presence in the rural area
- Optimum capacity and other logistic support to ensue presence in the market
- Strong brand image and distribution network.

4.2.6 Duty Structure:

Product	**Duty**
Slab	BDT 2500/MT
H R Coil	7% Duty and 15% VAT
C R Coil	12 % Duty and 15% VAT
C I sheet	25 % Duty and 15% VAT

4.2.7 SCB Wallet Share:

Market Size	USD 1.4 Billion
SCB Exposure in the market	USD 42 Mio
SCB Share in the market (taking 200 days cycle)	5.6 %

4.3 Financing Procedure of SCB in producing Flat Steel Products:

Standard Chartered bank provides various financial facilities to their corporate clients and currently they are facilitating the flat steel industry with -

- Overdraft
- Secured L/C (Import)
- Loan against Trust Receipts (LATR)
- Acceptance against L/Cs
- Import Invoice Financing (for local purchase/duty payment)
- Government Fee's

SCB Strategy for Flat Steel Segment:

- Top 3 players (AK, PHP and KDS) cater 75% of the market and SCB is main banker for PHP and KDS, while they have limited exposure on AK's Flat Steel Segment.
- With present limit, SCB can only cater 5.5% of the CI sheet market. They want to create at least 15% of the market and for this they need limit of USD 115Mio.
- SCB wants to grow with their existing name and provide higher limit to cater greater wallet share of their clients.

4.4 Identifying problems to finance Flat Steel productions by SCB:

There were few limitations due to some uncontrollable and unavoidable factors as the report attempts to reflect the exact scenario of producing Flat Steel products and the role of Standard Chartered Bank. Some of the limitations of the report are as follows;

- The bank was not eager to disclose information regarding their service delivery and policy information.
- The information used in the report was limited to the Agrabad Branch, Chittagong only.
- The availability of adequate data was a major problem in making the report.
- There were a few questions which were tactfully avoided or not exactly answered by the respondents.
- Time frame for the research was very limited.
- Large scale research was not possible due to constraints and restriction posed by the organization.
- To protect the organization's confidentiality, some parts of the report are not in depth

5. Conclusion

After completing my advance research on the future of flat steel industries in Bangladesh I have come to the conclusion that Standard Chartered Bank should invest in this sector as Bangladesh is a developing country and the infrastructure of Bangladesh is developing day by day in which Steel Industries plays a major role and hence the future of steel industry in Bangladesh is very positive.

There is no doubt that Standard Chartered Bank has made a good position in modern banking arena. It is a model banking institution with different outlook to the valued customers, a comprehensive range of financial Services and innovative products for sustainable mutual growth & prosperity. My course of internship in this bank has been the best part of gathering knowledge.

Embedded in their strategic intent is the importance of focusing on infrastructural projects which includes investing in communication. Roads and Bridges and Ports. Given this fact it will only be natural to increase our exposure to the construction in general and thus, the steel industry as well. This will help them align their growth momentum to that of the country.

The strategy is to increase wallet share with existing top quartile players and also build on emerging players which have economics of scale, cost efficient processes, brand value, better product quality, better supply chain and management experience and vision.

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