
Using Of Simple Strategic Planning Tools By Bangladesh Bank

The banking industry occupies the key position in a financial system that supplies the credit needed for a country's economy. Working within the constraints established by the monetary authorities, commercial banking through its many credit decisions creates the deposits that act as the effective money supply for carrying on business activity. While fulfilling this prime responsibility to provide for the financing requirements of business, (consumers and government), banks still carry the overriding responsibility for deposit safety. Banks fulfill the role of a financial intermediary. This means that they act as vehicles for moving finance from those who have surplus money, however temporarily, to those who have a deficit. In every day banking terms, the banks channel funds from depositors whose accounts are in credit to borrowers who are in debit.

Bangladesh Bank was formed in 1965 by the movement to serve the unique financial needs of the sector and it has remained to this founding principal of providing financial services to the movement. The Annual Report and Financial statement (2016), states the facts that the Bank has a share capital of 4.8 billion, total assets of over 58 billion, customer deposits of 48 billion. It is the central Bank in Bangladesh and is the largest issuer of debit cards. Today continue to be the core clientele for the Bank and account for over 70% of the business turnover. It is the only indigenous private Bank fully owned by Bangladesh Bank shareholders. The Bank directors are elected through the delegates of the movement. The Bank currently has a total employee establishment of over 1400. With liberalization of the economy and globalization of the businesses, the Bangladesh Bank embraced the new challenges by becoming a fully - fledged Bank Bangladesh Bank in 1994. The change of Chief Executive Officer and the management at Bangladesh Bank in early 2001 ushered a new era where new ideas are adopted and managers reclaiming managerial responsibilities. The main objective then was to come up with innovative business strategies that would ensure the Bank served its core customers.

The Bangladesh Bank embarked on reviewing its five year corporate strategic plan which builds on the existing strengths of the Bangladesh Bank specifically addressing growth and development, information technology and business management, enhanced service delivery, profitability and capital growth. The strategic plan for the Bangladesh Bank has been drawn up with the theme 'Managing for Value'. The strategies are based on four perspectives: First, People; Secondly, Customers; thirdly, Financial performance and Risk; and finally, Control. The goal of the plan is to ensure that the Bangladesh Bank meets the shareholders' expectations, provides the Bangladesh Bank with a common language and clearly understood objectives, guarantee satisfaction to its chosen customer segments and business partners. A focus on these four perspectives would result in customer satisfaction, efficient and effective processes, and motivated and prepared staff.

Data Collection

The instrument of primary data collection was a semi - structured questionnaire. Targeted respondents were General Managers of Finance and Administration, Corporate and Institutional

Banking and Retail Banking. The design of the questionnaire was based on the literature pertinent to this study. The questionnaire was administered through personal interviews with sampled respondents to provide specific data in their departments

Strategies

Strategies are inevitable for any firm's success particularly in a competitive market such as the banking sector. The study found that building on their past successes, the Bangladesh Bank have lined up strategies which will ensure sustained growth for the coming years. Growth strategies singled out by the Bangladesh Bank include innovative service delivery to customers, broadening of the products range and services, and direct sales marketing. The managers believe that these strategies shall make it easier for the Bank to achieve differentiation and an unassailable competitive advantage over their competitors.

Table 1: The extent to which Bangladesh Bank employs various

N Mean Std. Deviation

extent to which co - op bank uses cost

leadership 5 5.6678 .45235

extent to which co - op bank uses focus 3 1.5557 .53335

extent to which co - op bank uses differentiation 3 2.4443 .58625

extent to which co - op bank uses retrenchment 3 3.5237 .57855

extent to which co - op bank uses divestiture

3 3.8524 .04566

extent to which co - op bank uses market

Consolidation 3

1.5203

.54523

extent to which co - op bank uses market

Penetration

3

1.3523

.57852

A five point Likert scale was used to assess managers' opinion about the extent to which that Bangladesh Bank employs various strategies. The scale ranged from 1 - 5 where 1 - 1.5 represented very small extent; 1.6 - 2.5 represented small extent; 2.6 - 3.5 represented moderate extent; 3.6 - 4.5 represented large extent; while 4.6 - 5.0 represented very large extent. The results shown on table 1 above indicate that cost leadership is the most used strategy (mean = 4.7) followed by retrenchment (mean = 3.7). The least employed strategies were market penetration (mean = 1.3), consolidation (mean = 1.7) and focus (mean = 1.7).

The study found that the Bangladesh Bank uses only simple strategic planning tools. The Consultancy Group (BCG) model is used by Bangladesh Bank to classify their markets and products and to devise appropriate strategy for each group of products and markets. Despite being aware that the model oversimplifies a complex set of decisions, the Bangladesh Bank has continued to use the BCG model for strategic planning.

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